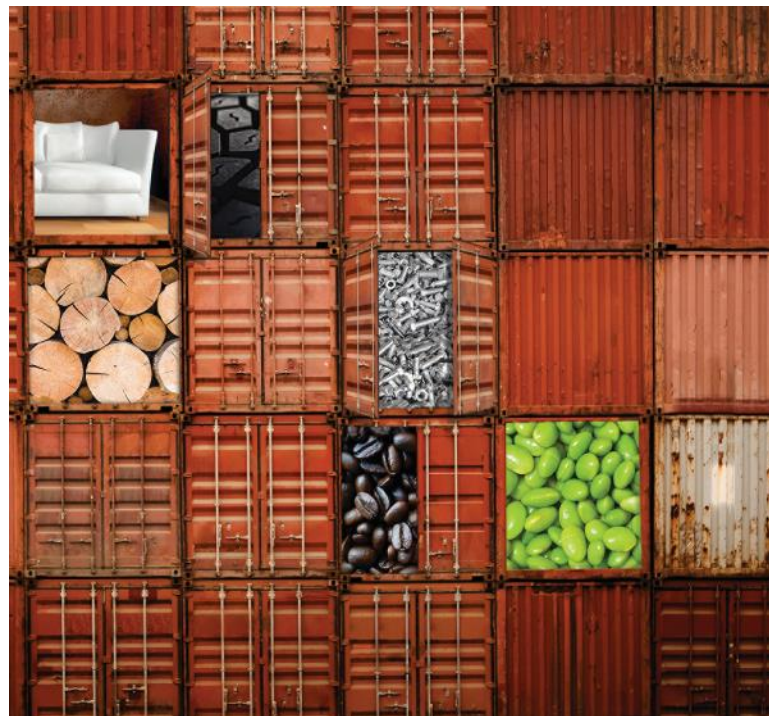


THE PORT OF VIRGINIA:

A CATALYST FOR COMMERCE

AGENDA

- Port performance update
- NIT projects update
- VIG capital lease update
- Financial update



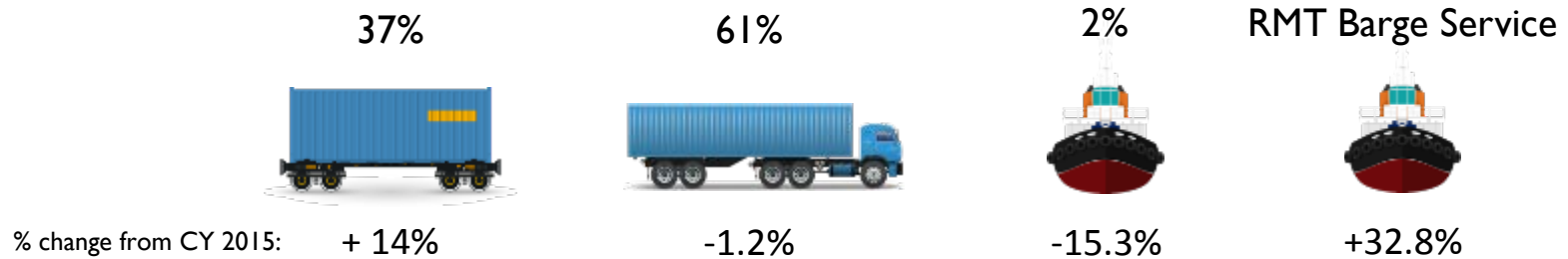
CY2016 PERFORMANCE SUMMARY

Calendar Year-to-Date: Jan - Dec 2016

	CY 2015	CY 2016	Change	% Change
Total TEUs	2,549,270	2,655,705	106,435	4.2%
Export TEUs	1,392,212	1,428,962	36,750	2.6%
Import TEUs	1,157,058	1,226,744	69,686	6.0%
Total Containers	1,454,748	1,503,886	49,138	3.4%
General Cargo Tonnage	19,977,708	20,869,313	891,605	4.5%
Container Tonnage	19,681,989	20,664,887	982,898	5.0%
Breakbulk Tonnage	295,719	204,426	(91,293)	-30.9%
Total Rail Containers	484,082	551,496	67,414	13.9%
VIP Containers	37,254	37,726	472	1.3%
Total Barge Containers	47,606	40,344	(7,262)	-15.3%
RMT Containers	14,760	19,602	4,842	32.8%
Total Truck Containers	923,060	912,046	(11,014)	-1.2%
Ship Calls	1,997	1,919	(78)	-3.9%
Vehicle Units	49,473	30,206	(19,267)	-38.9%

HOW WE MOVED THE CARGO: CY 2016

2.65 million 20-Foot Equivalent Units (TEUs)



4.2% growth over CY 2015

HOW WE MOVED THE CARGO: CY 2016

37%



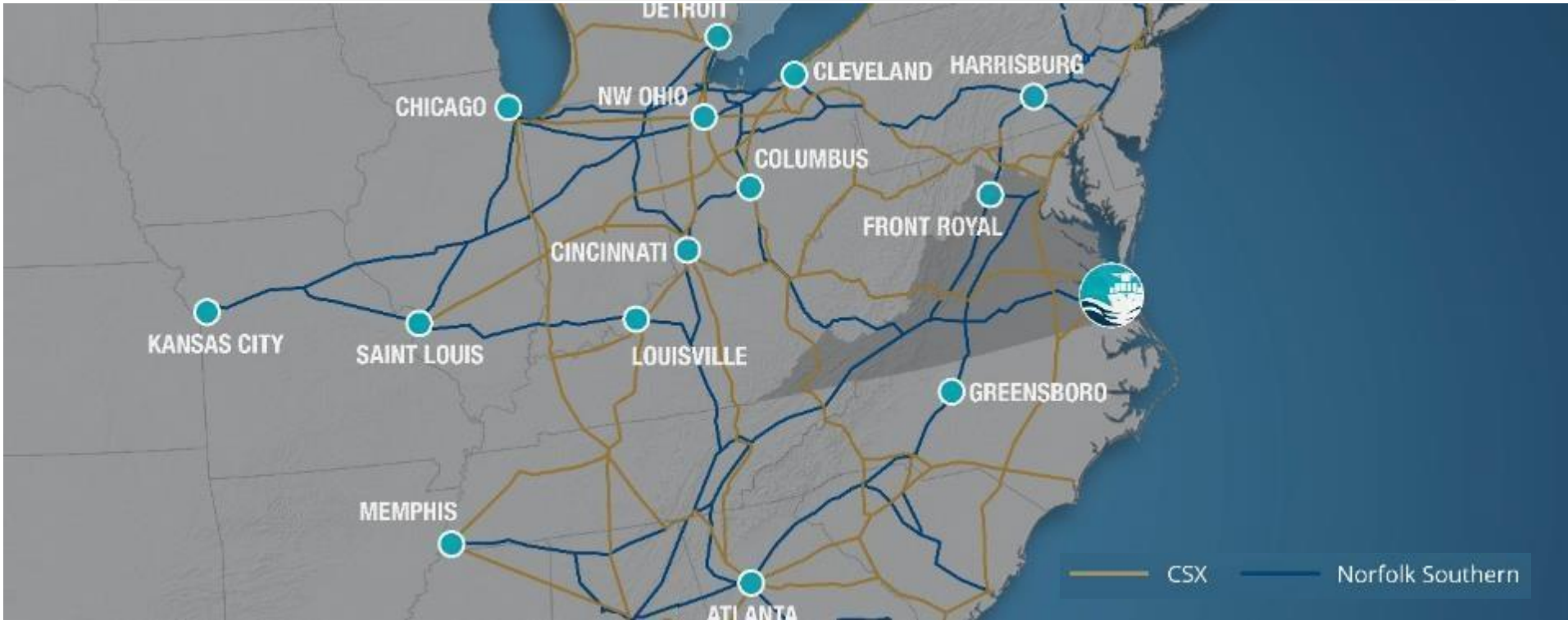
+ 14%

The Port of Virginia is now the **highest rail-volume port on the East Coast.**

CSX's double stack-capable **Virginia Avenue tunnel** will propel us even further.



QUICK ACCESS BY RAIL

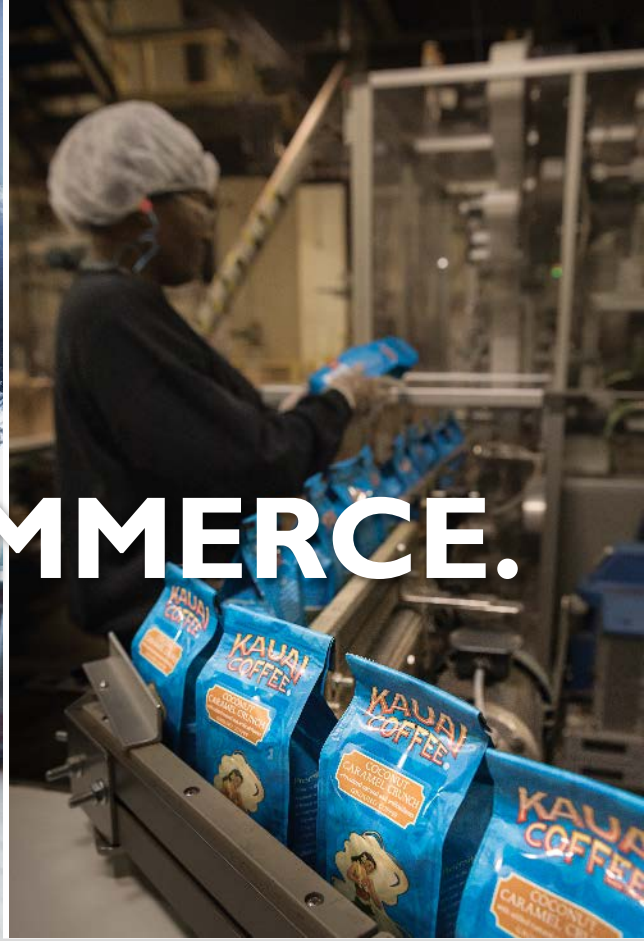


MARKET SIZE/PORT POSITIONING



Source: Colliers, population categories defined by R K Johns

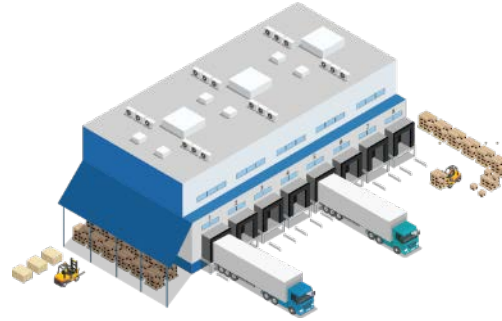
Our location and primary market size positions us perfectly to serve the American Heartland.



**WE ARE A
CATALYST FOR COMMERCE.**

CY 2016 ECONOMIC DEVELOPMENT TOTALS

41 ANNOUNCEMENTS

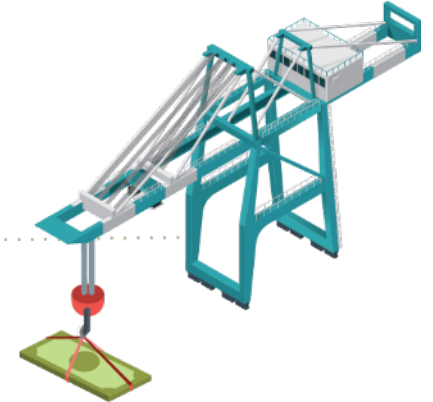


MORE THAN 3.5 MILLION
SQ. FT. OF SPACE

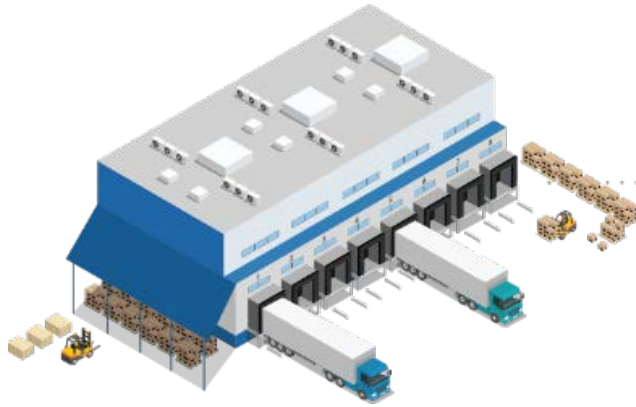


CREATED
3,808 JOBS

INVESTED MORE
THAN \$924 MILLION



CY 2016 ECONOMIC DEVELOPMENT TOTALS



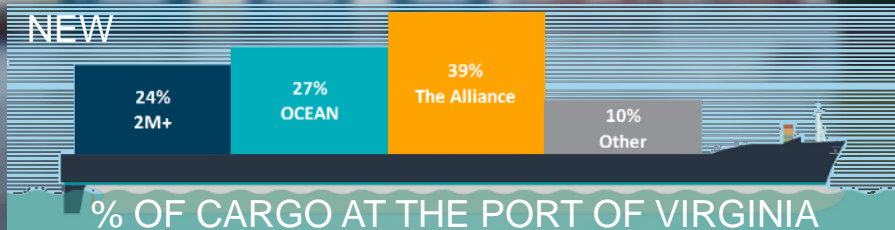
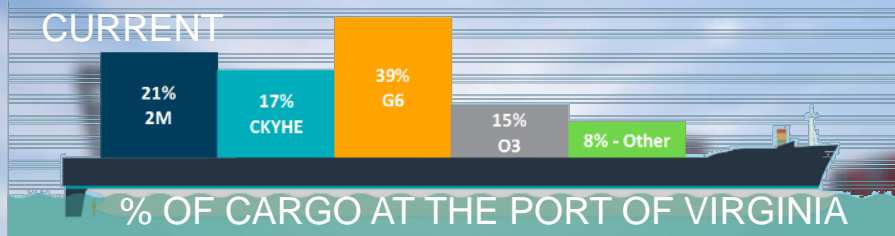
**MORE THAN 1.3 MILLION
SQ. FT. OF SPECULATIVE
WAREHOUSE SPACE
ANNOUNCED IN 2016**

A NEW EAST COAST ERA HAS BEGUN



JULY 10, 2016
MOL BENEFACTOR
10,000 TEU

A NEW EAST COAST ERA HAS BEGUN



12 ships larger than the MOL BENEFACTOR have made calls since July.

DEEPER. WIDER. SAFER.

July 21, 2016:

CW999: In-Progress Review Number 2

Nov. 18, 2016:

Issue Resolution Conference (IRC)

Aug. 25, 2017:

CW262: Tentatively Selected Plan (TSP Milestone)

Oct. 20, 2017:

CW150: Submit Draft Feasibility Report
CW250: Draft Integrated Report-Public Review Period Starts

Dec. 4, 2017:

CW151: Certify ATR

2016

2017

Jan. 26, 2018:

CW263: Agency Decision Milestone

June 25, 2018:

CW160: District Submit Final Feasibility Report

July 23, 2018:

CW260: Division Engineer Transmittal

Sept. 19, 2018:

CW245: Civil Works Review Board

Dec. 19, 2018:

CW270: Signed Chief's Report

2018

INVESTING IN THE FUTURE





NIT NORTH GATE EXPANSION

26 new truck gates

Ties into new I-564 connector

\$31 million investment

June 2017 completion

NIT SOUTH EXPANSION



Increase capacity by 400,000 containers (46%)

2018: first stacks complete

2020: all 30 stacks complete

\$350 million investment

RECENT MILESTONES

- July 2016 – NIT investment event
- August 2016 RMG RFP released
- November 2016 – VPA finalized order from Konecranes for 86 Rail Mounted Gantry Cranes (RMGs)



ON THE HORIZON FOR 2017

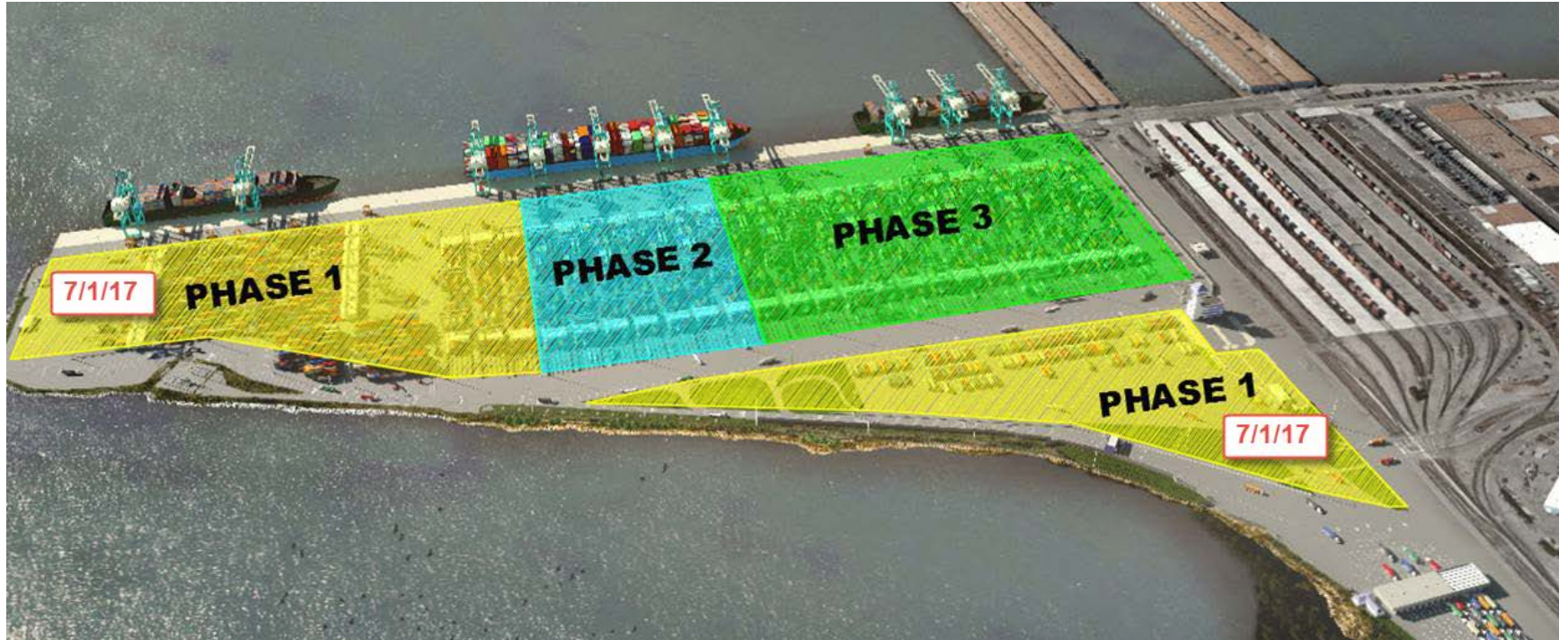
- The short term milestones for NIT South are:
 - 3/31/17 – Design 100% Complete
 - 4/15/17 – Bid process starts
 - 6/1/17 – Bids received and supplier selected
 - 7/1/17 – Work started at NIT

NIT PROJECT vs BUDGET

<i>(USD thousands)</i>	Budget	Current Forecast	Spending to Date*	Cost to Complete
Civil Works	\$ 123,279	\$ 123,279	\$ -	\$ 123,279
Equipment:				
STS Cranes	25,000	25,000	-	25,000
RMGs	163,386	163,386	24,508	138,878
Shuttles	10,000	10,000	-	10,000
Other	8,300	8,300	-	8,300
IT	20,000	20,000	-	20,000
Total	\$ 349,965	\$ 349,965	\$ 24,508	\$ 325,457

* As of December 31, 2016

A MINDFUL APPROACH

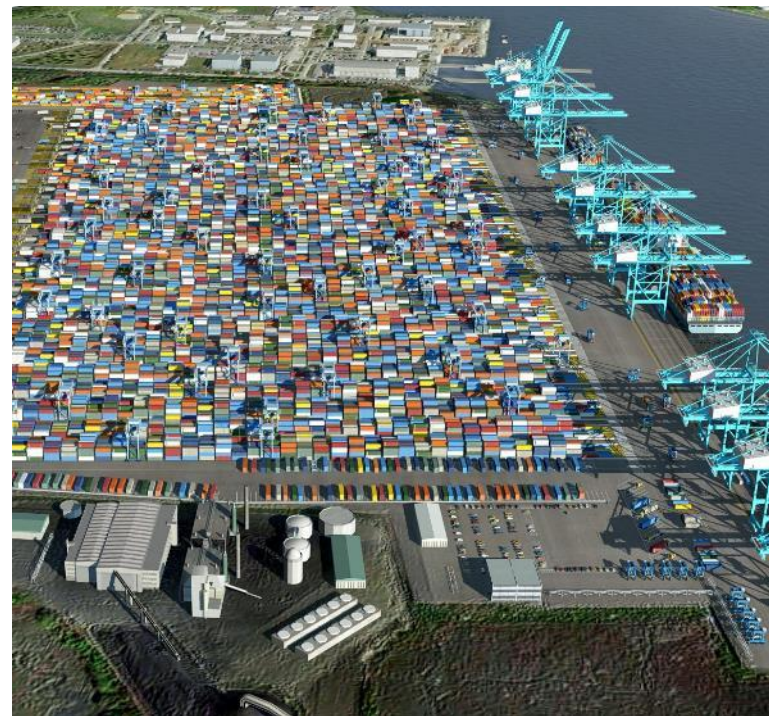


SAFELY. SWIFTLY. SUSTAINABLY.



VIG PROJECT UPDATE

- Commencement Date – Completed
11/17/16
- Project Plan
 - Final Update - October 28 (RMG finalized, CRMG in progress, Civil Works Bids In Hand)
 - Final Budget - \$320.5M – with \$8.6M of “**provisional contingency**”



VIG PROJECT COMPONENTS



VIRGINIA INTERNATIONAL GATEWAY



Increases capacity to 1.2 million containers

Expanded Rail Operation

Extended Berth

4 new STS Cranes

VIG PROJECT VS BUDGET

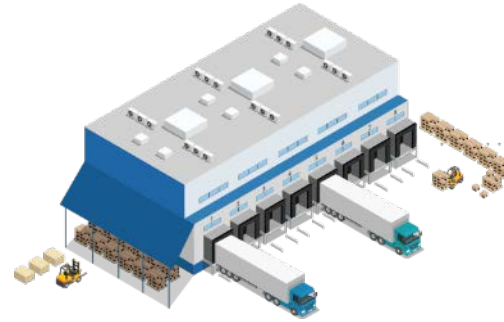
<i>(USD thousands)</i>	Budget	Current Forecast	Spending to Date*	Cost to Complete
Civil Works	\$ 139,882	\$ 129,102	\$ 86	\$ 129,016
Equipment	163,850	158,982	-	158,982
IT	10,000	10,000	-	10,000
Other	1,000	2,100	332	1,768
Contingency	6,556	11,679	-	11,679
Provisional Contingency	-	8,600	-	8,600
Total	\$ 321,288	\$ 320,463	\$ 418	\$ 320,045

* As of December 31, 2016

THE ROI HAS ALREADY BEGUN

Announcements
since July 1, 2016

16 ANNOUNCEMENTS

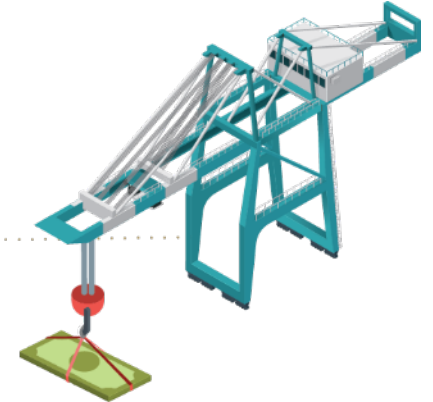


MORE THAN 1.3 MILLION SQ.
FT. OF SPACE



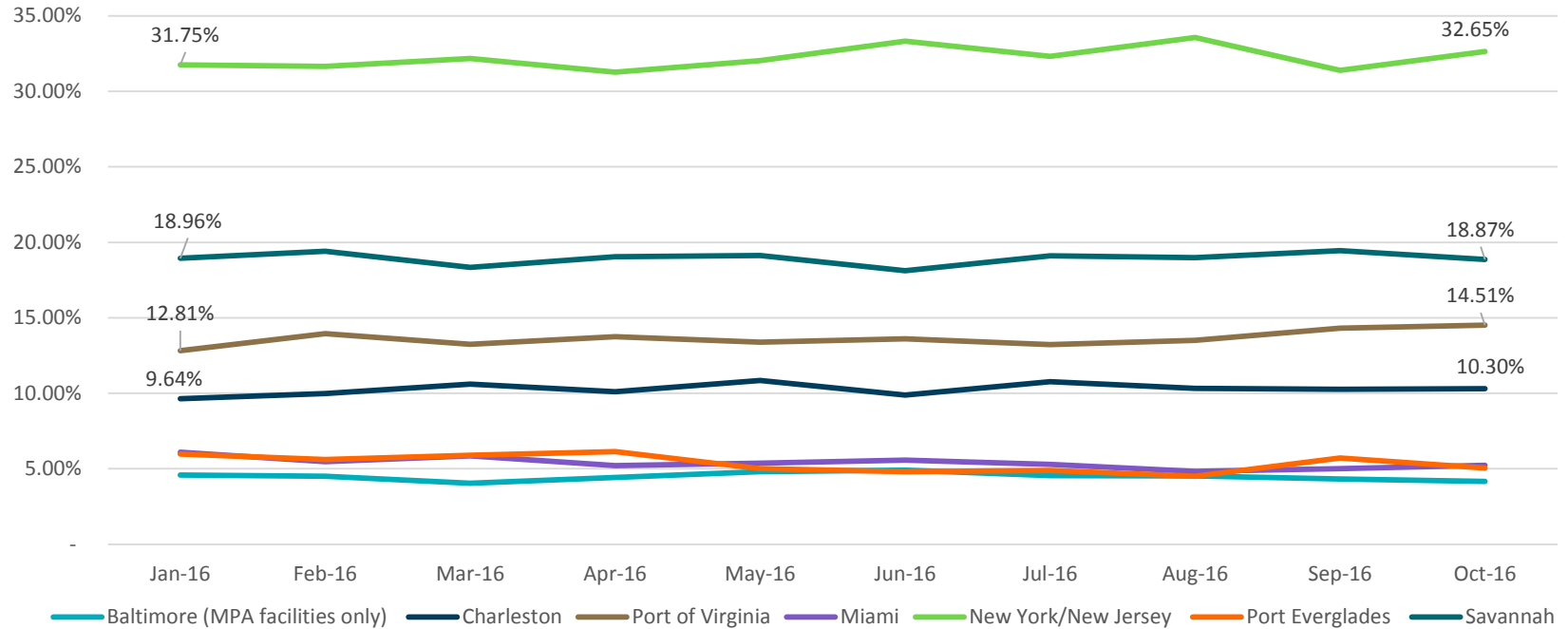
CREATED 1,455
JOBS

INVESTED MORE THAN
\$425 MILLION

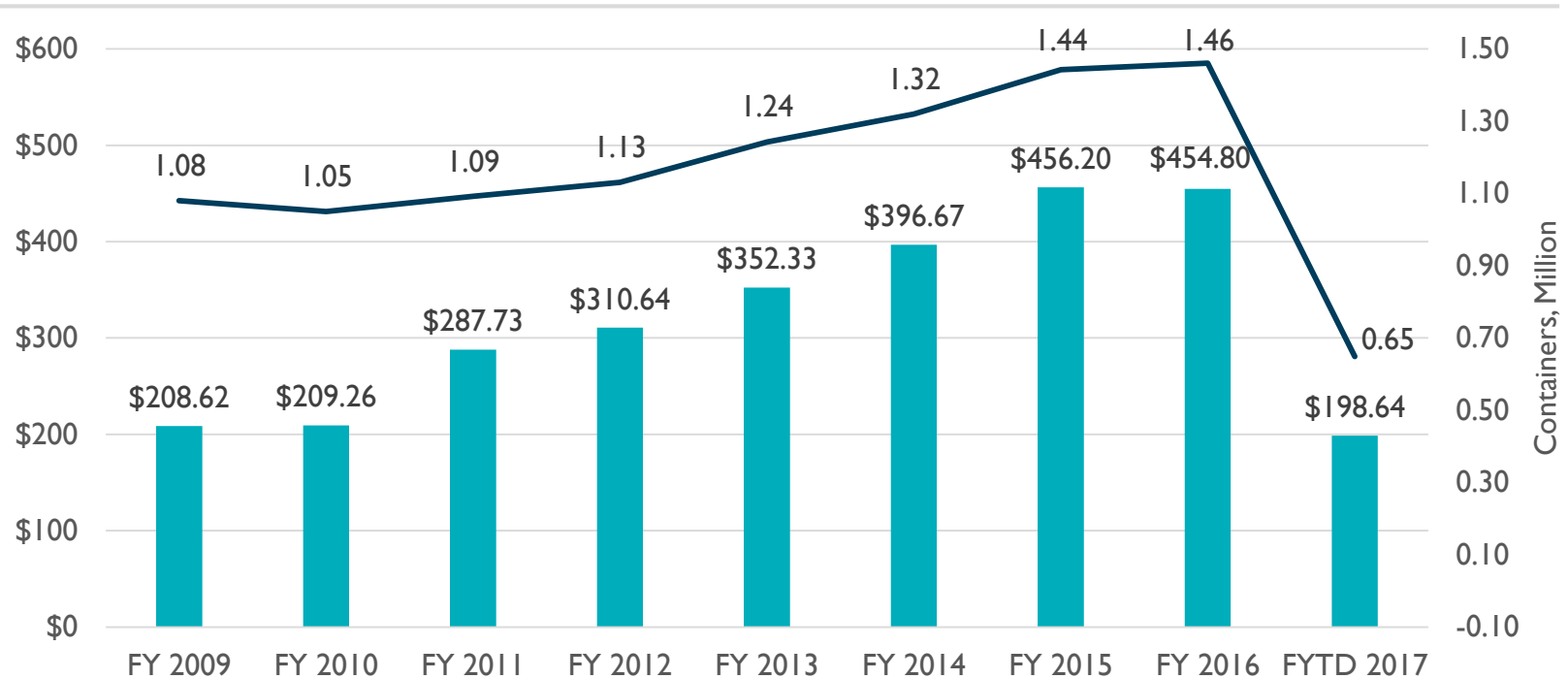




GAINING MOMENTUM: East Coast Ports Market Share



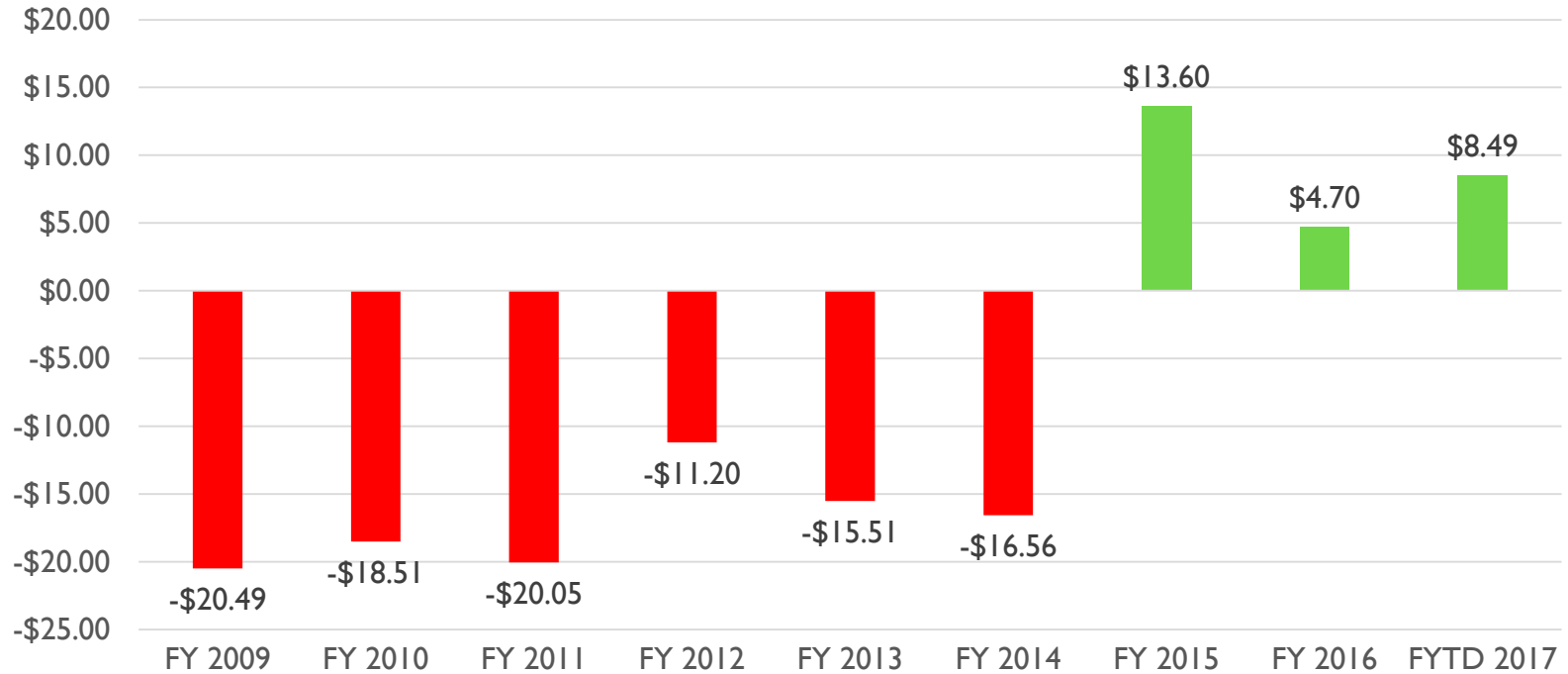
OPERATING REVENUE: FY 2009 – FYTD 2017



FY 2009 and FY 2010 do not include APM statistics.

Operating Revenue Compound Annual Growth Rate 2011 – 2016 = 9.6%

OPERATING RESULTS: FY 2009 – FYTD 2017



P&L EFFECT OF THE CAPITAL LEASE (YTD):

USD thousands	"Before"		"After"	
	November		November	
	2016 YTD -		2016 YTD - w/	
	NO lease/debt	Effect of Lease	Effect of Debt	lease/debt
Total Operating Revenues	\$ 198,696	\$ -	\$ -	\$ 198,696
Operating Expenses:				
Terminal Operations, Maintenance and G&A	145,267			145,267
Facility Rental	24,583	(7,259)		17,324
Depreciation and amortization	20,352	2,910		23,262
<i>Total operating expenses</i>	190,203			185,853
<i>Operating income (loss)</i>	8,493	4,350	-	12,843
Non-operating revenues (expenses)				
Interest income	338			338
Interest expense	(7,574)	(8,436)	(73)	(16,083)
Bond Issue Costs	(285)		(1,312)	(1,597)
Other (Federal Govt revenue + lease conversion gain)	12,017	13,277		25,294
	4,496	4,841	(1,385)	7,952
<i>Income (loss) before capital contributions and transfers</i>	12,990	9,191	(1,385)	20,795
Capital Contributions and transfers, net	15,306			15,306
Increase (decrease) in Net Position	28,296	9,191	(1,385)	36,101
Net Position - Beginning of Year	522,997			522,997
Net Position - End of Year	\$ 551,293	\$ 9,191	\$ (1,385)	\$ 559,098

P&L EFFECT OF THE CAPITAL LEASE (BUDGET):

USD thousands	"Before"		"After"	
	ORIGINAL FY17 BUDGET	Effect of Lease	Effect of Debt	REVISED FY17 BUDGET
Total Operating Revenues	\$ 485,020	\$ -	\$ -	\$ 485,020
Operating Expenses:				
Terminal Operations, Maintenance and G&A	372,023			372,023
Facility Rental	61,154	(43,387)		17,767
Depreciation and amortization	49,633	23,258		72,891
<i>Total operating expenses</i>	482,810			462,681
<i>Operating income (loss)</i>	2,210	20,129	-	22,340
Non-operating revenues (expenses)				
Interest income	491			491
Interest expense	(18,594)	(67,822)	806	(85,609)
Bond Issue Costs	(650)		(2,368)	(3,018)
Other (Federal Govt revenue + lease conversion gain)	14,832			14,832
	(3,921)	(67,822)	(1,562)	(73,304)
<i>Income (loss) before capital contributions and transfers</i>	(1,711)	(47,692)	(1,562)	(50,965)
Capital Contributions and transfers, net	41,726			41,726
Increase (decrease) in Net Position	40,015	(47,692)	(1,562)	(9,239)
Net Position - Beginning of Year	471,371			471,371
Net Position - End of Year	\$ 511,386	\$ (47,692)	\$ (1,562)	\$ 462,132

BALANCE SHEET EFFECT OF CAPITAL LEASE:

November 30, 2016 (USD thousands)	"Before"			"After"	
	<u>Nov 2016 without lease/ defeasance</u>	<u>Lease</u>	<u>Debt</u>	<u>Nov 2016 with lease/ defeasance</u>	<u>Increase/ (Decrease) to SONP</u>
ASSETS:					
Current assets	\$ 290,610			\$ 290,610	\$ -
Capital assets	779,590	\$ 2,176,540		2,956,130	2,176,540
Other assets	78,051		(6,114)	71,937	(6,114)
Total assets	1,148,251			3,318,677	2,170,426
Deferred outflows	16,790		24,353	41,143	24,353
Total assets and deferred outflows	\$ 1,165,041			\$ 3,359,820	\$ 2,194,779
LIABILITIES:					
Current liabilities	\$ 70,393	\$ (1,935)	\$ (14,069)	\$ 54,389	\$ (16,004)
Noncurrent liabilities	538,126	2,169,285	33,693	2,741,103	2,202,977
Total liabilities	608,518			2,795,492	2,186,974
Deferred inflows	5,230			5,230	-
Total liabilities and deferred inflows	613,748			2,800,722	2,186,974
NET POSITION	\$ 551,293	\$ 9,191	\$ (1,385)	\$ 559,098	\$ 7,805



1,000,000 ADDITIONAL CONTAINERS ANNUALLY (A 40% INCREASE)

286,000 NEW JOBS ACROSS THE STATE
\$38 BILLION IN SPENDING
\$1.1 BILLION IN NEW STATE & LOCAL TAXES



**WE HAVE A CLEAR
PATH FORWARD**

5 YEARS

- NIT Phase I, VIG II projects complete
- Total POV capacity: >2.6 million containers
- Capacity to handle 40% of volume moved by rail



10 YEARS

- NIT II, VIG II complete
- Craney Island cells being built
- Total POV capacity:
>3 million containers
- Capacity to handle 42% of
volume moved by rail



20 YEARS – AND BEYOND

- Craney Island Phase I & II
- Total POV capacity:
5.5 million containers
- Capacity to handle 45% of
volume moved by rail
- Craney Island capacity
when complete:
2.87 million containers



THE PIECES ARE IN PLACE

- Strategic location
- Water depth
- Lack of height restrictions
- Plan for capacity and throughput
- Rail & road infrastructure
- First In, Last Out Ready



WE ARE VIRGINIA'S GLOBAL GATEWAY.

**ACCESSIBILITY
FORTITUDE
HELPFULNESS
INNOVATION
MINDFULNESS
SUSTAINABILITY**