

AMENDED AND RESTATED MINUTES
Virginia Port Authority Board of Commissioners
Public Session 403
November 16, 2021

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held its regular meeting on November 16, 2021, immediately following the annual meeting, in the VPA Boardroom, 600 World Trade Center, 101 West Main Street, Norfolk, VA.

Commissioners Present:

John G. Milliken, Chairman
John C. Asbury
Joni L. Ivey
Maurice A. Jones
Val S. McWhorter
Stephen M. Moret
Edward F. O’Callaghan
Faith B. Power
Louisa M. Strayhorn
Deborah C. Waters

Commissioners Absent:

Aubrey L. Layne
Manju S. Ganeriwala
Eva Teig Hardy

VPA Staff Present:

Stephen A. Edwards, CEO and Executive Director
Rodney W. Oliver, Chief Financial Officer
Joseph P. Ruddy, Chief Innovation Officer
Monica Y. Sturgis, Chief Human Resources Officer
Cathie J. Vick, Chief Development and Public Affairs Officer
Sarah J. McCoy, General Counsel
Ryenne A. Shields, Secretary to the Board
Jodie Asbell, Sr. Executive Administrative Assistant and Assistant Secretary to the Board
Jason Barlow, Vice President, Contracts and Risk Management
Daniel Hendrickson, Vice President, Asset Management and Special Projects
Andrew Sinclair, Director, Federal Government Affairs
Joe Harris, Director, Communications
Jamie O’Brien, temporary staff serving as an Executive Administrative Assistant

Virginia International Terminals, LLC (VIT) Staff Present:

Thomas D. Capozzi, Chief Sales Officer
Kevin Price, Chief Operations Officer

Guests:

Hon. Shannon Valentine, Secretary of Transportation
W. Brice Fiske, Office of the Attorney General
Mike Garber, PB Mares

Public:

Larry Bachtel, International Longshoremen’s Association
Jonathan Coley, International Longshoremen’s Association
Brandon Edwards, International Longshoremen’s Association
Stephen Walton, International Longshoremen’s Association
JoAnne Carter, PFM
Brian Jeffreys, CMA CGM
Joel Andrus, Kemper Consulting
David White, Virginia Maritime Association
Whiting Chisman – Virginia Pilots Association

Chairman Milliken called the meeting to order at 9:00am, followed by a safety briefing conducted by Joe Ruddy.

I. Approval of Minutes

Minutes of the meeting held September 28, 2021 were approved as circulated.

II. Consideration of Resolution 21-13

Chairman presented Resolution 21-13 Authorizing the Adoption of the VPA Board of Commissioners Electronic Participation Policy, that would allow a member of the Board to participate in Board meetings remotely, given that they state the reason to do so and that met the requirements as outlined in the Virginia Code.

Action: Upon motion by Chairman Milliken seconded by Commissioner McWhorter, the Board unanimously (10-0) approved Resolution 21-13 adopting the VPA Board of Commissioners Electronic Participation Policy.

Ayes: 10 (Milliken, Asbury, Jones, Ivey, McWhorter, Moret, O'Callaghan, Power, Strayhorn, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 3 (Ganeriwala, Hardy, Layne)

Absent During Meeting: 3 (Ganeriwala, Hardy, Layne)

III. Reports of Committees

a. Executive Committee – John G. Milliken, Chairman

The Chairman reported that the Executive Committee discussed several operations and personnel issues but no action was taken. Additionally, it was discussed that the Board wished to recognize and commend the services of the current Secretary of Transportation, Shannon Valentine as her tenure will end with the inauguration of the new Governor. Chairman reported that the strong partnership of Secretary Valentine within her position over the past four years has led the VPA, along with the Executive Director and the Board, to the positive position the port finds itself in as a US East Coast port. In remembrance of those successes and in appreciation of the partnership, Chairman Milliken presented a Resolution Commending the Services of Shannon Valentine, Secretary of Transportation. At this time, the Chairman read a selection of passages from the Resolution recognizing the successes, extending gratitude, and expressing best wishes for the future.

Secretary Valentine shared that it has been a privilege to be able to serve in the capacity of Secretary of Transportation and has enjoyed her tenure. She has learned and enjoyed the partnership along the way.

Chairman Milliken then reported on the Memorandum of Board Action, offered to the Board as notification of the action taken pursuant to Bylaws Section 3.4.1: The Executive Director's authority to execute the Deed of Lease with Siemens Gamesa Renewable Energy, Inc. (SGRE). Chairman reported that the Memorandum reflects the terms of the lease and advised that no further action was needed at this time.

At this time, the Chairman announced the following dates for the 2022 meetings of the VPA Board of Commissioners, scheduled to be held on the second Tuesday in the months of

January, March, May, July, September, and November, according to the VPA Bylaws. The Public Sessions begin at 9:00 a.m. (dates and times are subject to change). Committee meetings are scheduled on Monday afternoon prior to the Tuesday morning Public Session.

January 11
March 8
May 10
July 12 (Annual Meeting + Election of Board Officers)
September 13
November 8

b. Growth and Operations Committee – Val S. McWhorter

i. Report of Growth and Operations Committee – Chair McWhorter

Chair McWhorter reported that the Growth and Operations Committee held its regularly scheduled meeting on Monday and received presentations from staff on safety and operations, VIT's integrated marine terminal operations status report, volume, and development. Additionally, Committee received an update on offshore wind, channel deepening and widening, infrastructure, as well as the Norfolk International Terminals Central Rail Yard.

Chair McWhorter briefed that Committee discussed two resolutions that were presented for the Board's consideration:

Resolution 21-14 Authorizing the VPA to Enter into a Contract for the Expansion of the Central Rail Yard at Norfolk International Terminals and Approval of the Amended Capital Budget and,

Resolution 21-15 Authorizing the VPA to Enter into Contract Documents for the Acquisition of Cantilever Rail Mounted Gantry Cranes

At this time, Chair McWhorter requested presentations from staff.

I. Report on Safety and Operations – Kevin Price, Chief Operations Officer, VIT

Kevin Price opened with a brief on safety, reporting that the fiscal year to date Lost Work Day metric was 1.72, reflecting a 25% decrease from last year and with a focus on safety, both VIT management and International Longshoreman Association (ILA) partners have performed well in an effort to ensure safety in the workplace.

K. Price reported the best September on record for overall cargo volumes at 170,000 containers, with rail at 31% of the volume. The port experienced a downward trend in on-time rail ready followed by an uptick again due to the embargoes on rail freight to Chicago and the Midwest, with rail volume heavy and performing well. Truck gate turn times are down from September's previous report, with credit given to the reservation system which has sorted container stacks and prepared a consistent product. Presently, truck turn times are best in class with over 96% of truck moves completed in under two hours. With regards to missed truck reservation metrics, K. Price reported that the team has been working with truckers who missed reservations in an effort to reduce missed reservations to under 5%. This that will assist with maintaining overall terminal capacity.

Chair McWhorter asked K. Price how truck turn times are measured, to which it was explained that extended turn times are measured starting at the OCR portal located outside the terminal gate and traditional turn times are measured from gate to gate.

Commissioner Asbury asked K. Price to define rail dwell to which K. Price answered that rail dwell is the amount of time a container is on terminal after being discharged from the vessel to when it is rail billed and ready to be loaded onto the rail.

At this time, Chairman Milliken requested Joe Harris introduce all guests in the room.

Chair McWhorter then turned the meeting over to Thomas C. Capozzi.

II. Sales and Volume Report – Thomas C. Capozzi, Chief Sales Officer, VIT

T. Capozzi shared a cargo volume statistics and market share update beginning with an overview of the August and September figures, highlighting September's momentum and volume growth as well as exported loaded container increase largely driven by agriculture and forest product exports. T. Capozzi reported strong rail cargo growth, crediting performance of the VIT operations teams. Total barge containers were up, with Columbia Coastal barge seeing substantial growth but challenges on short-haul moves are impacting Richmond and Front Royal and while that volume is still moving through the port, it is being moved by truck rather than by barge. With truck container volume up, T. Capozzi gave praise to excellent turn time productivity at the gate. It was also reported that vessel calls were up with an additional 21 vessel calls, largely due to the addition of new vessel services and extra loader services.

At this time, T. Capozzi reviewed October actual and November forecasted cargo volumes, explaining that while the increase drops off it is largely related to the strong performance in last year's comparable months. T. Capozzi reported strong volumes and a similar dynamic at play throughout the remaining categories of growth. T. Capozzi added that the port is actively engaged with steamship lines and BCO customers to reverse the low cargo volume trend into Richmond.

Reporting on market share comparison, T. Capozzi noted that the port is performing well in comparison to US East Coast (USEC) competition and confirmed that the PIERS data on which the port relies is very dependable as it comes directly from customs manifest. Performance is up for the port with 27.6% increase in cargo volume year over year in comparison to a 19.4% USEC growth average. Over the last two years, the port continues to outperform with a 14% growth in comparison to an USEC growth average of 10%. Looking forward, T. Capozzi expects the port to finish strong, with a new north European service calling late November, and finally a new Asia service being finalized to begin calling in December.

There were no further questions.

At this time, Chair McWhorter asked Cathie Vick for the Development Report.

III. Development Report – Cathie J. Vick, Chief Development and Public Affairs Officer

C. Vick reviewed the approval of the SGRE lease and thanked Chairman Milliken and Commissioner Strayhorn for their review, the colleagues at Virginia Economic Development Partnership (VEDP) specifically Commissioner Moret, colleagues across the port, Secretary Valentine's office, and the Governor's office. C. Vick presented the leased areas for SGRE and Orsted with additional areas for the option to exercise and their term lengths. C. Vick then

thanked the VEDP for additional funding approvals for site readiness improvements as well as work with SGRE on their Talent Accelerator Program. C. Vick reported the 120 day due diligence inspection period had begun and SGRE would be on the site at the VPA in December along with additional meetings with staff. C. Vick briefed that there is the possibility for financing a build to suit wind blade coating plant and look forward to presenting additional detail at the January board meeting. C. Vick then reviewed future milestones in the Dominion wind energy project.

C. Vick reported on the second segment of the channel deepening and widening, noting the status as well as upcoming milestones in the project.

Commissioner Waters requested clarification on the roles of SGRE and Orsted; to which C. Vick explained SGRE would provide blades to the Coastal VA Offshore Wind Project, where Dominion is the developer, as well as support other projects along USEC as awarded. While Orsted is not involved in Dominion's Coastal Virginia Offshore Wind Project, it has six separate projects along the USEC it serves.

There were no further questions.

At this time, Chair McWhorter asked Rodney Oliver to report on the Central Rail Yard.

R. Oliver reported that the largest components of the Central Rail Yard project are the civil works aspect and the equipment. R. Oliver reviewed the winning bid received for the civil works project and the details contained within the resolution, which led to the requested increase to the capital budget.

Then, R. Oliver reviewed the equipment portion of the project and highlighted the winning bid details.

At this time, Chairman presented Resolution 21-14 Authorizing the Executive Director to Execute a Contract for the Acquisition of Civil Works as Part of the Expansion of the Central Rail Yard of Norfolk International Terminals and Authorizing an Increase to the Fiscal Year 2022 Capital Budget.

Action: Upon motion by Chair McWhorter and seconded by Commissioner O'Callaghan, the Board unanimously (10-0) approved Resolution 21-14.

Ayes: 10 (Milliken, Asbury, Jones, Ivey, McWhorter, Moret, O'Callaghan, Power, Strayhorn, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 3 (Ganeriwala, Hardy, Layne)

Absent During Meeting: 3 (Ganeriwala, Hardy, Layne)

At this time, Chairman presented Resolution 21-15 Authorizing the Executive Director to Enter into Contract Documents for the Acquisition of Cantilever Rail Mounted Gantry Cranes.

Action: Upon motion by Chair McWhorter and seconded by Commissioner O'Callaghan, the Board unanimously (10-0) approved Resolution 21-15.

Ayes: 10 (Milliken, Asbury, Jones, Ivey, McWhorter, Moret, O'Callaghan, Power, Strayhorn, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 3 (Ganeriwala, Hardy, Layne)
Absent During Meeting: 3 (Ganeriwala, Hardy, Layne)

On behalf of the Growth and Operations Committee, Chair McWhorter then offered his appreciation to Kevin Price for his meaningful contributions to the success of the port. Chairman Milliken also relayed that the full board shared its appreciation for K. Price's exemplary leadership and wished him well upon his departure from VIT.

c. **Finance and Audit Committee**– Louisa M. Strayhorn, Chair of Finance and Audit Committee

i. Report of Finance and Audit Committee – Chair Strayhorn

Chair Strayhorn reported that the Finance and Audit Committee met the previous day and received presentations from management on fiscal year 2022 financial performance to date, internal audit and compliance, diversity equity and inclusion initiatives, and Financial and Debt Management Guidelines. With regards to Internal Audit and Compliance, Chair Strayhorn relayed that management addressed the roles and responsibilities included in the Internal Audit Charter, as well as the planned internal audits for fiscal year 2022, as well as a timeline for risk and compliance-related presentations at future Finance & Audit Committee meetings.

Chair Strayhorn went on to report that management presented on initiatives surrounding Diversity, Equity, and Inclusion that addressed the foundational aspects of the DEI initiatives, the five strategic priorities that align with the Commonwealth's One Virginia initiative, and a status of work done to-date on those priorities.

With regards to the Financial and Debt Management Guidelines, Chair Strayhorn reported that Committee heard from management on the parameters for Days Cash on Hand, Net Revenue Coverage, Fixed Obligation Coverage, and CPF debt service coverage, noting that administrative updates to two exhibits included in the guidelines that had been previously approved by the Board in 2005; guidance on the issuance of variable rate debt, and guidance on the use of derivatives.

Chairman Milliken shared that the Financial and Debt Management guidelines are updated from the approval in 2005 should the VPA deem it appropriate to use that tool in the future.

At this time, Chairman Milliken presented Resolution 21-16 Authorizing the Adoption of the VPA Financial and Debt Management Guidelines.

Action: Upon motion by Chair Strayhorn and seconded by Commissioner Asbury, the Board unanimously (10-0) approved Resolution 21-16.

Ayes: 10 (Milliken, Asbury, Jones, Ivey, McWhorter, Moret, O'Callaghan, Power, Strayhorn, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 3 (Ganeriwala, Hardy, Layne)

Absent During Meeting: 3 (Ganeriwala, Hardy, Layne)

At this time, Chair Strayhorn turned the meeting over to R. Oliver for his presentation, to be followed by Mike Garber, Partner with PB Mares, to address the results of the fiscal year 2021 external audits.

ii. VPA and VIT Consolidated Financial Reports for the month ended
October 30, 2021 – Rodney W. Oliver

R. Oliver was pleased to report a positive financial position. R. Oliver reported first quarter results, with cargo volume ahead of budget, and operating revenues up largely due to volume and storage charges. Operating expenses, R. Oliver reported, were up only slightly which is a testament to the VIT operations team managing costs well even given the increased volumes. Depreciation and amortization while slightly higher than budgeted, was attributed to the revaluation of the Virginia International Gateway Terminal lease. R. Oliver then reviewed the statement of cash flows and capital related activities, highlighting strong performance and a positive first quarter of the fiscal year.

At this time, Mike Garber with PB Mares, presented the fiscal year 2021 external audit results. M. Garber reported that overall audit results issued an unmodified or clean opinion with clean internal control compliance reports including the single audit of federal dollars spent each year. Additionally, M. Garber reported that there were no audit adjustments proposed to management and no disagreements with management. Additionally, there were no difficulties during the audit and no accounting standards were adopted this year. M. Garber thanked the Committee as well as the VPA Finance team for their excellence and assistance during the audit process. R. Oliver also thanked the PB Mares audit team for their efficiency and professionalism. Chair Strayhorn offered appreciation on behalf of the Finance and Audit Committee.

Commissioner McWhorter inquired what a passed adjustment was, to which M. Garber explained that a passed adjustment would be an immaterial adjustment that could be remedied in the following year.

At this time, Chairman Milliken recognized that this session would be the last for Commissioner Moret, as CEO for VEDP, who has been an extraordinary partner for the port and for the Commonwealth to help businesses grow. Chairman Milliken wished Commissioner Moret well in his new endeavor. Commissioner Moret relayed what a privilege it has been to work alongside the port and commended the excellence of the board and staff. Commissioner Moret recognized the exemplary leadership and for the leadership of Chairman Milliken and the partnership of John F. Reinhart and Stephen A. Edwards.

IV. Report by CEO and Executive Director – Stephen A. Edwards

Stephen Edwards began by acknowledging the offshore wind hub, recognizing that the achievement of securing three agreements and being the only major container port in the nation to become an offshore wind hub. The economic value first seen will be the construction that follows and the construction jobs created.

S. Edwards noted that the supply chain challenges are a major topic and The Port of Virginia is performing well and it is not going unnoticed in the market, as evidenced by the volume reports and interest in local markets.

At this time, S. Edwards reports that important steps have been taken with the CRY project and the channel deepening project to offer expanded rail capacity and capacity for larger vessels. Attracting and securing announcements in the direct hinterlands will add to winning additional market growth.

In summary, S. Edwards reported that the port is in a good place with every opportunity to secure the market position.

At this time, Chairman opened the floor for comments from the public. On behalf of the Virginia Maritime Association, David White shared appreciation for the leadership of Secretary Valentine, Stephen Edwards, and Kevin Price and on behalf of the ILA, Larry Bachtell commented that the leadership and partnership of Kevin Price was recognized and appreciated.

IV. Unfinished Business

There was no unfinished business to report.

V. New Business

There was no new business to report.

VI. Other Business and Adjournment

There being no further business or comments, the meeting adjourned at 10:11am.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ryanne A. Shields". The signature is written in a cursive style.

Ryanne A. Shields
Secretary to the Board

The VPA Board of Commissioners public meeting is scheduled for 9:00am on January 11, 2022. Committee meetings are scheduled the Monday before the full board meeting.