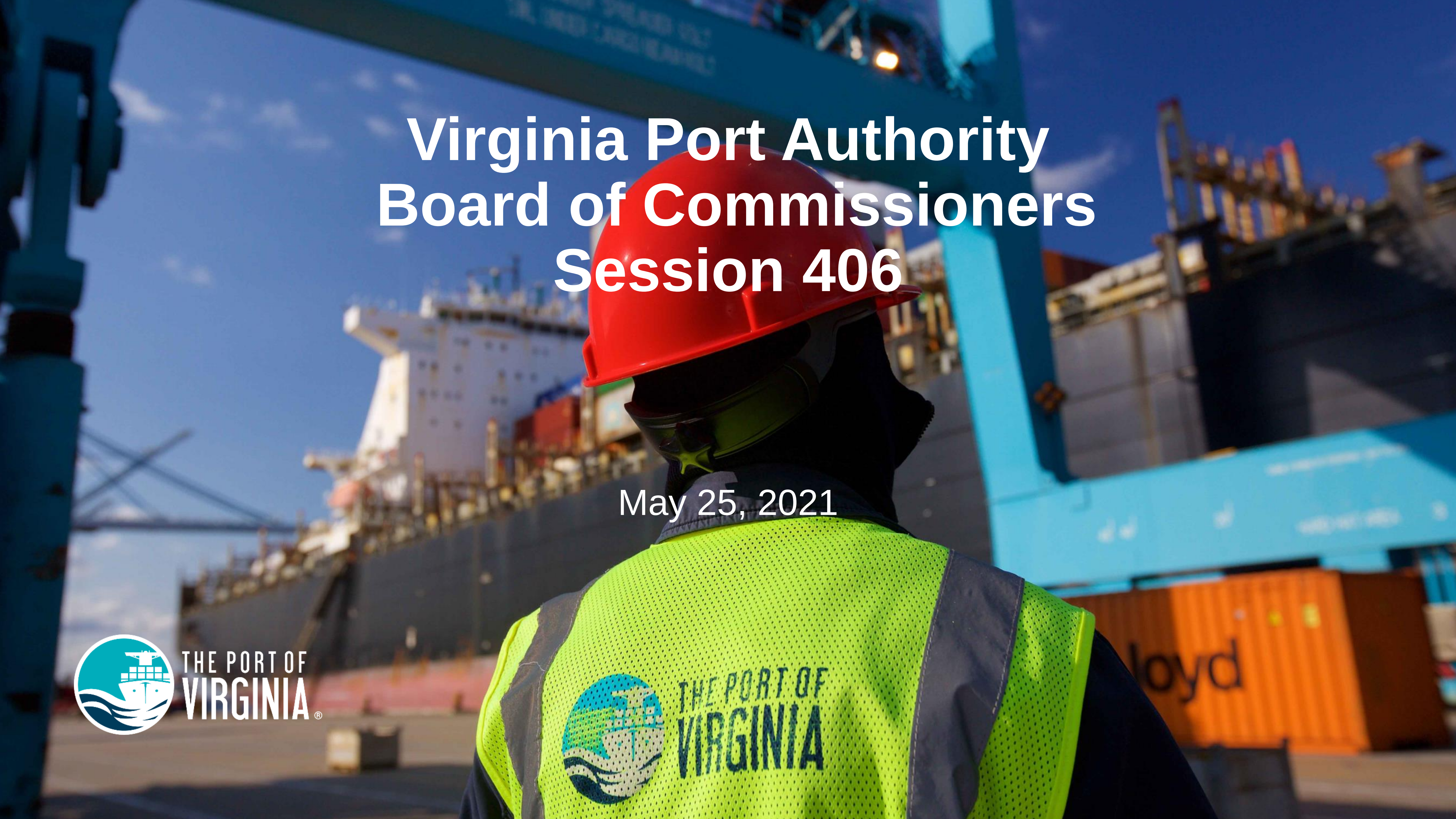
Virginia Port Authority Board of Commissioners Session 406

May 25, 2021



THE PORT OF VIRGINIA®

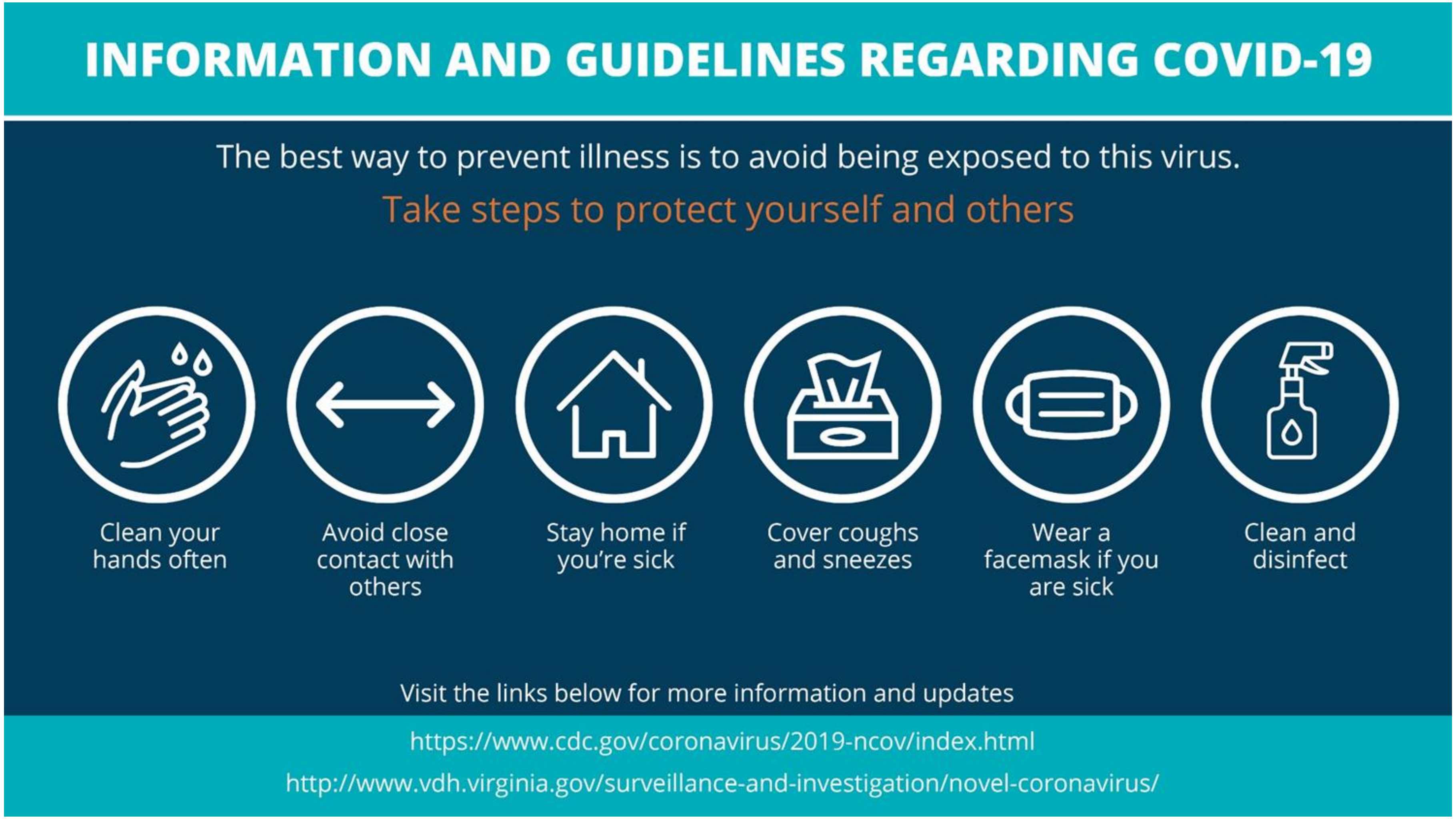
Agenda

- Presentations
- Announcement of Debra McNulty Retirement/Approval of minutes
- Covid 19 Update
- Reports of committees
- Report by Chief Development and Public Affairs Officer – Cathie Vick
- CEO & Executive Director Report
- Other business, opportunity for public comment, and adjournment

Covid 19 Update

Cathie Vick, Chief Development & Government Affairs Officer

COVID-19 Task Force Update



Executive Committee

Chairman Milliken

Finance & Audit Committee Report

Chair Power

VPA FY 22 Budget

Rodney Oliver, Chief Financial Officer

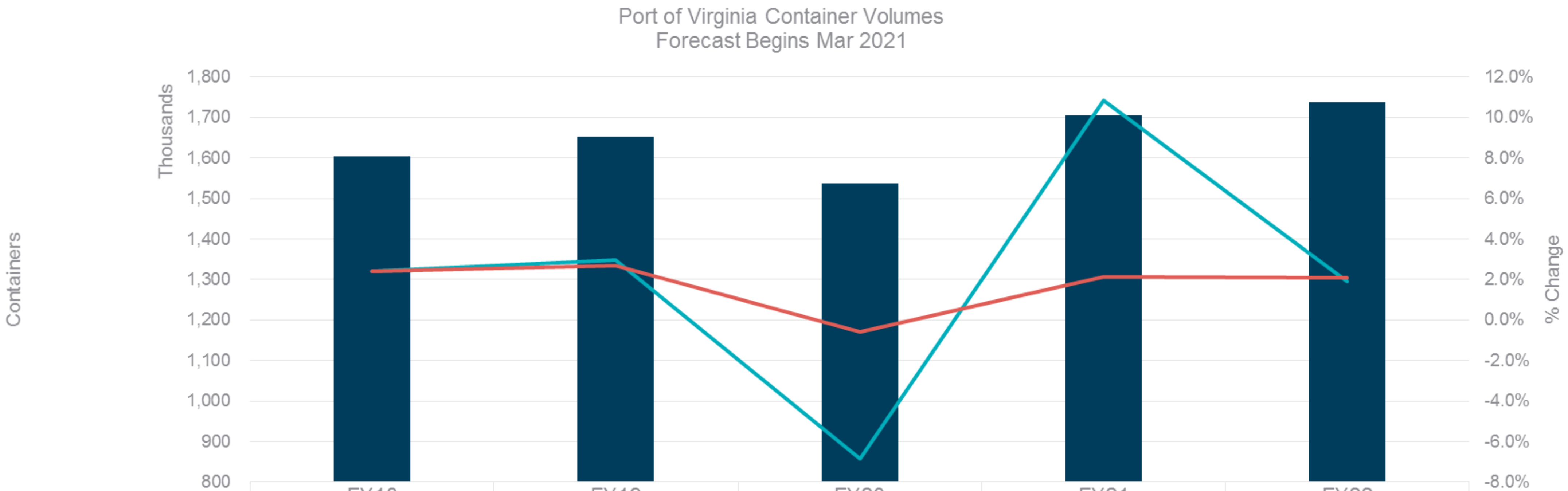
Highlights

			Prior to GASB		Post GASB	
	2020 ACTUAL	2021 FORECAST	2022 BUDGET		2022 BUDGET	
FOR THE YEAR *(dollars in millions)*				*YoY %*		*YoY %*
Container Volume	1,538,169	1,704,713	1,736,799	▲1.9%	1,736,799	▲1.9%
Operating Revenues	$512.9	$590.6	$601.1	▲1.8%	$601.0	▲1.8%
Operating Income	$19.6	$82.4	$71.6	▼13.1%	$34.6	▼58.1%
AT YEAR END						
Net Position Change	$41.8	$35.1	$27.0		($36.3)	
Residual Fund & Operating Cash	$188.0	$275.4	$307.0		$307.0	
FINANCIAL RATIOS						
EBITDA	$123.4	$201.1	$194.1		$210.0	
EBITDA Margin	24.1%	34.0%	32.3%		34.9%	
Agg Net Revenue Coverage (1.1x test)	1.29	2.25	1.91		1.91	

Main Assumptions

Volume	Operating Income	Other
Container volume increase of 1.9% compared with FY21 forecast	CPI – 3.1% Labor rate – 4.00% Revenue SOR – 3.55% Salary and Benefits Pay increases at CPI Compensation incentives funded at 100% Personnel vacancy at 5% Considerations for BTO initiative, spot awards, in-grade/promotion adjustments Existing VIT Stevedoring framework COVID-19 expenses & reimbursements	VIG lease payment CPI – 3.7% CPF Revenue based on FY21 projection from VDOT GASB 87 & 89

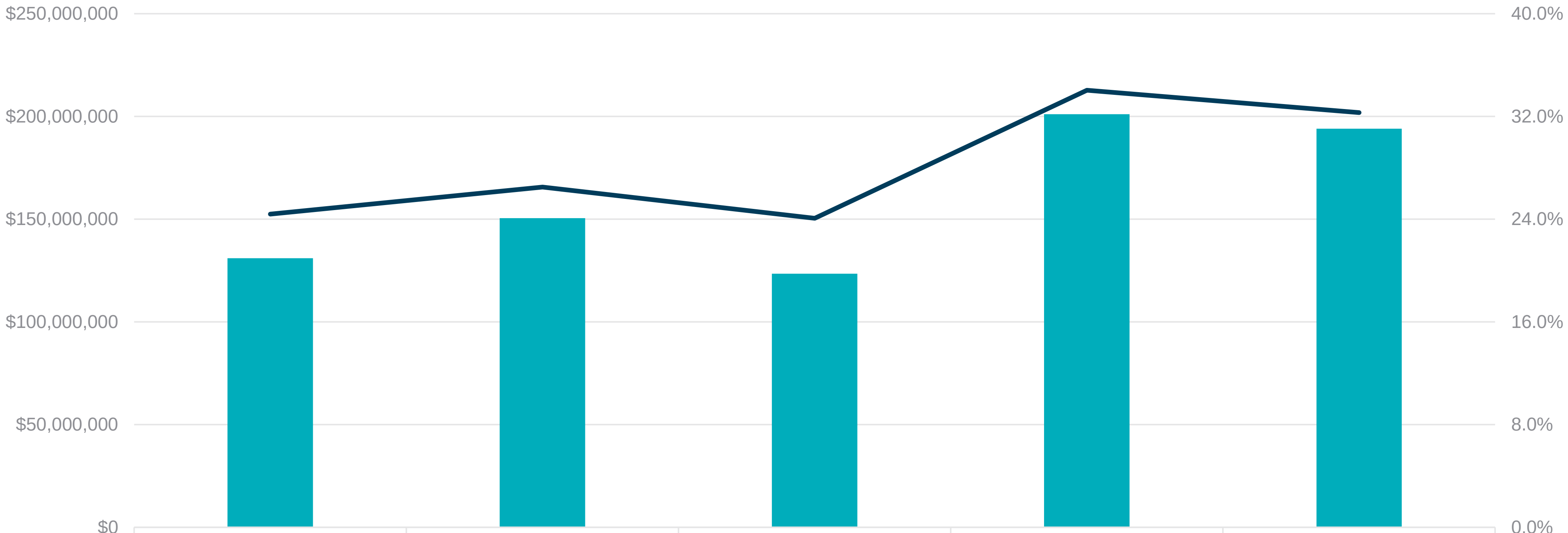
Steady volume growth after pandemic shock



	FY18	FY19	FY20	FY21	FY22
Containers	1,603,734	1,651,491	1,538,168	1,704,713	1,736,799
YoY Growth	2.4%	3.0%	-6.9%	10.8%	1.9%
CAGR (FY17 Base)	2.4%	2.7%	-0.6%	2.1%	2.1%

Containers YoY Growth CAGR (FY17 Base)

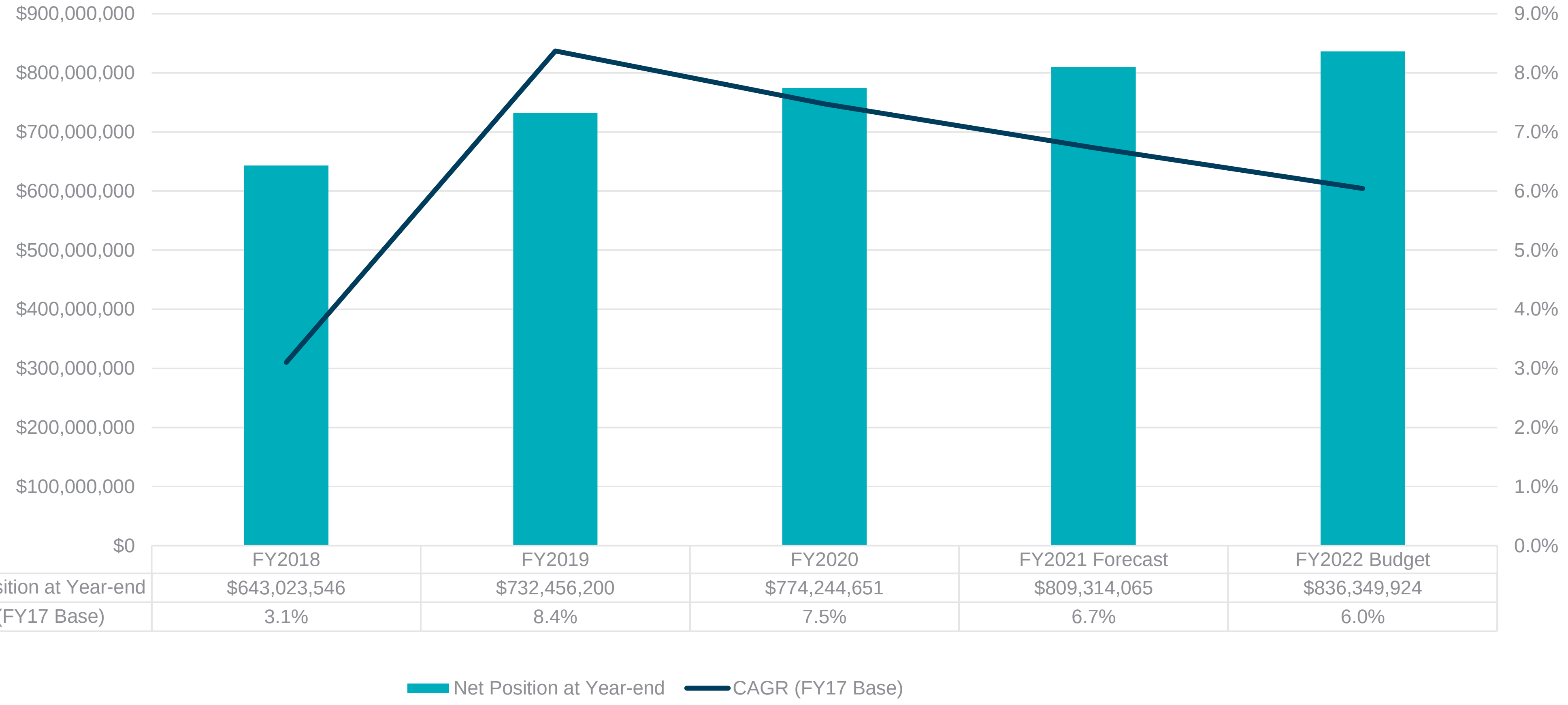
EBITDA Margin remains robust



	FY2018	FY2019	FY2020	FY2021 Forecast	FY2022 Budget
EBITDA	$131,043,106	$150,438,807	$123,423,510	$201,068,502	$194,100,287
EBITDA %	24.4%	26.5%	24.1%	34.0%	32.3%

NOTE: FY22 Budget without GASB impacts.

Net Position increases



	FY2018	FY2019	FY2020	FY2021 Forecast	FY2022 Budget
Net Position at Year-end	$643,023,546	$732,456,200	$774,244,651	$809,314,065	$836,349,924
CAGR (FY17 Base)	3.1%	8.4%	7.5%	6.7%	6.0%

NOTES:
FY22 Budget without GASB impacts.
Does not include the one-time cumulative effect of adoption of GASB 87 – Leases that would be recorded to Net Position at July 1, 2021. The cumulative effect is approximately $85 million, subject to the CPI-U published for June 2021 and other applicable lease activity that may occur between now and July 1, 2021.

Capital Outlay

CAPITAL PROJECTS	
Central Rail Yard Expansion	$ 75,944,282
Container Handling Equipment	27,896,000
Improvements to Container Handling Facilities	8,564,800
IT	7,391,550
Vehicle Replacement	5,060,000
Miscellaneous other	3,795,000
SNIT Wharf Improvement	3,000,000
Maintenance Dredging	3,000,000
Total	**$ 134,651,632**

SUMMARY OF SOURCES	
State Grants	$ 20,700,000
Federal Grants	24,528,425
Terminal Revenue Paygo	85,745,782
CPF Paygo	3,677,425
Total	**$ 134,651,632**

NOTE: The CAPEX budget excludes Portsmouth Marine Terminal and potential capital expenditure related to negotiations for potential long-term agreements. Capital planning and approval requests for Portsmouth Marine Terminal will be presented to the Board of Commissioners concurrent with requested approval to enter into long-term customer agreements.

Exceeding our bond requirements

		FY2021		FY2022
Measure	Minimum Requirement	FY2021 Budget	FY2021 Forecast	FY2022 Budget
Aggregate Net Revenue Coverage	1.10	1.40	2.25	1.91
Aggregate Adjusted Net Revenue Coverage	1.25	1.58	2.43	2.09
Net Revenue Coverage	1.00	1.30	2.15	1.82
Fixed Obligation Coverage	1.00	1.28	2.10	1.79

Risks
& Considerations

- Vaccination rollouts and continued economic recovery and their impact on demand for goods and supply chains
- US trade relations and policy
- CPI

Summary

- Steady volume growth after pandemic shock
- Maximizing use of new capacity and technology
- Making sustainable investments in the right places
- Continued robust EBITDA, positive cash flow, and exceeding our bond requirements