

Virginia Port Authority Board of Commissioners Session 406

May 10, 2022



Agenda

- Approval of minutes
- Opportunity for public comment
- Reports of committees
- CEO & Executive Director report
- Other business and adjournment



A wide-angle photograph of a busy container port. In the foreground, several tall stacks of shipping containers are visible, with many labeled 'MAERSK'. A large, teal-colored gantry crane with 'KONECRANES' and 'THE PORT OF VIRGINIA' branding spans across the yard. The background shows more stacks of containers and the port's infrastructure under a clear blue sky.

Executive Committee Report

Chairman Milliken

An aerial photograph of a large shipping yard or port. The image shows numerous rows of intermodal containers stacked in neat, rectangular blocks. The containers are a variety of colors, including red, blue, yellow, green, pink, and white, creating a vibrant, grid-like pattern. The perspective is from directly above, looking down on the containers. The text "Growth and Operations Committee Report" is overlaid in white, bold, sans-serif font across the middle of the image. Below it, the name "Chair McWhorter" is also overlaid in a smaller, white, sans-serif font.

Growth and Operations Committee Report

Chair McWhorter

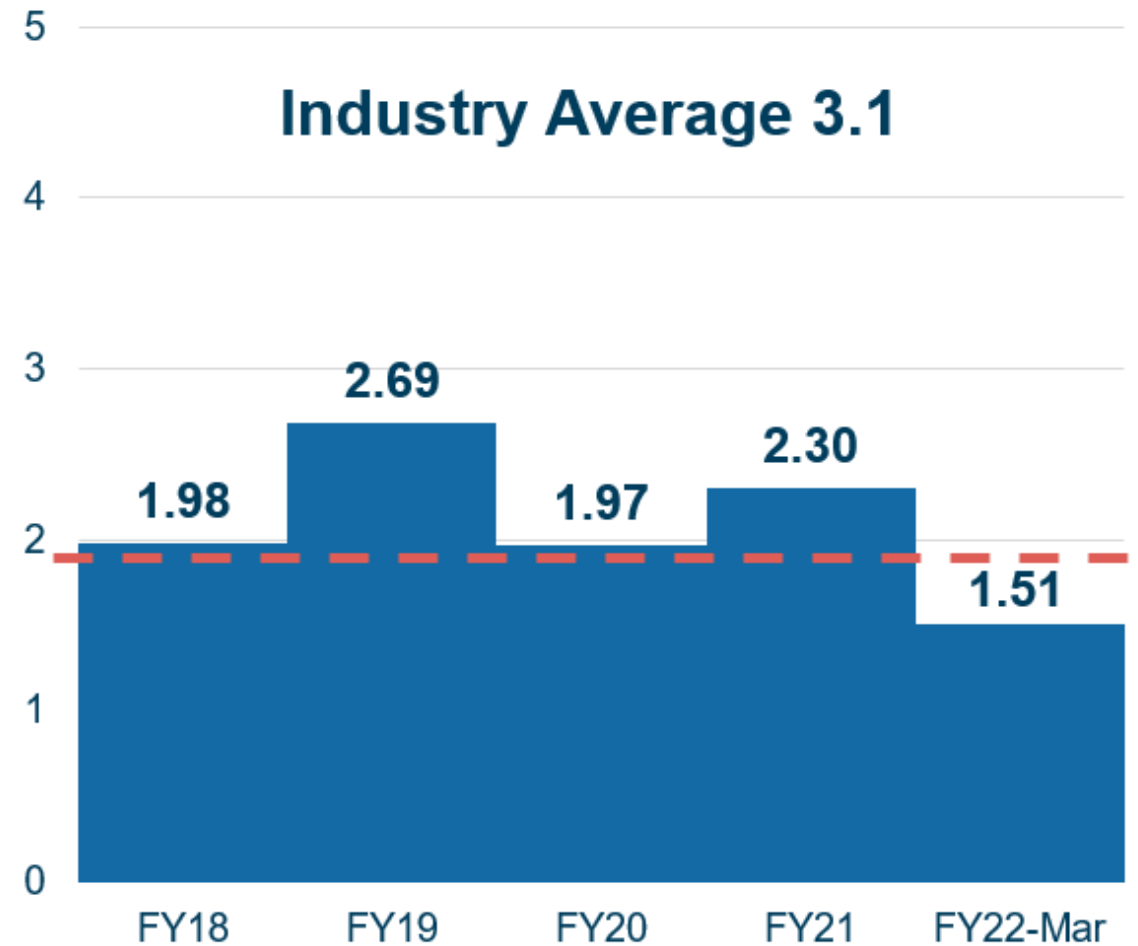
Safety and Operations Report

Joe Ruddy, Chief Operations Officer, VIT

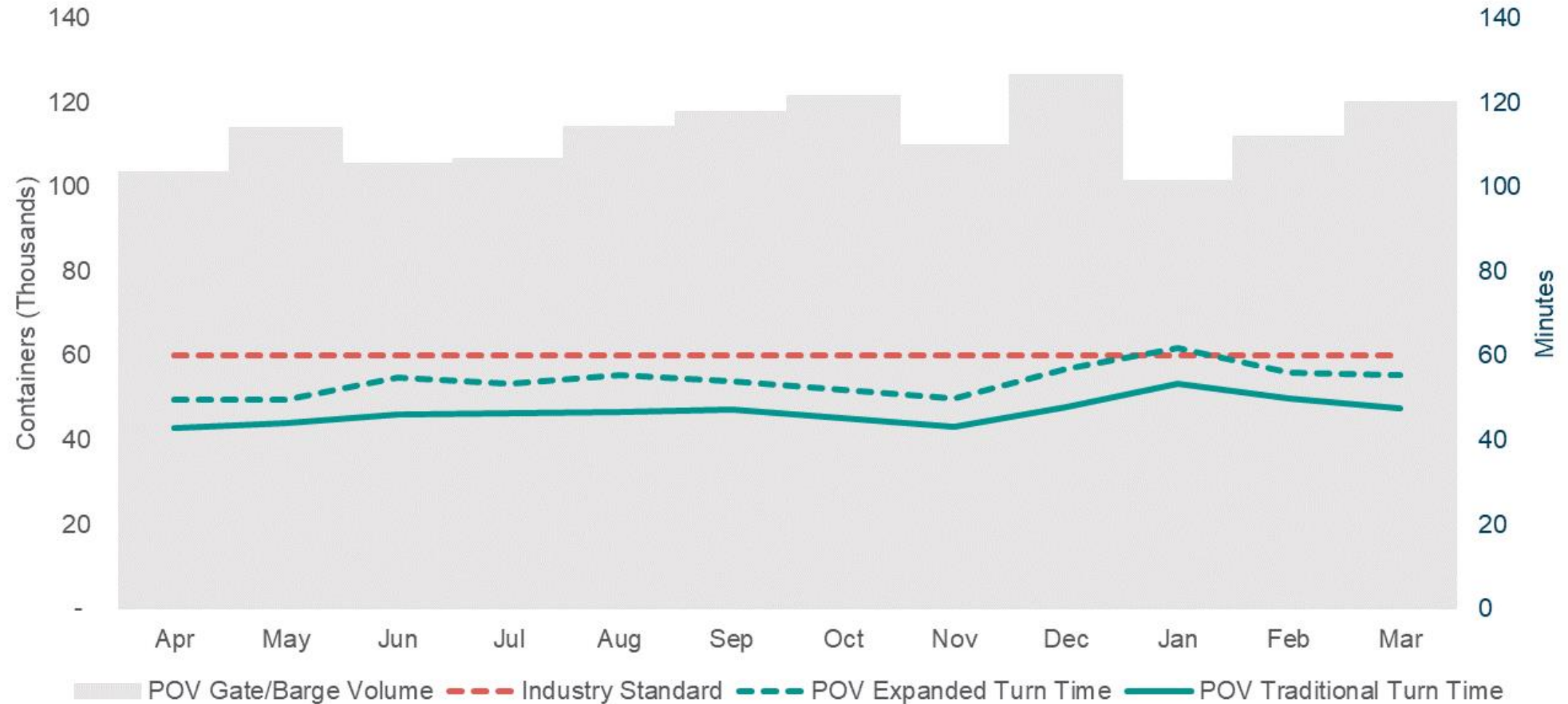
POV OSHA Lost Work Day Rate

As of March 31st the POV FY22 LWD rate of **1.51** is:

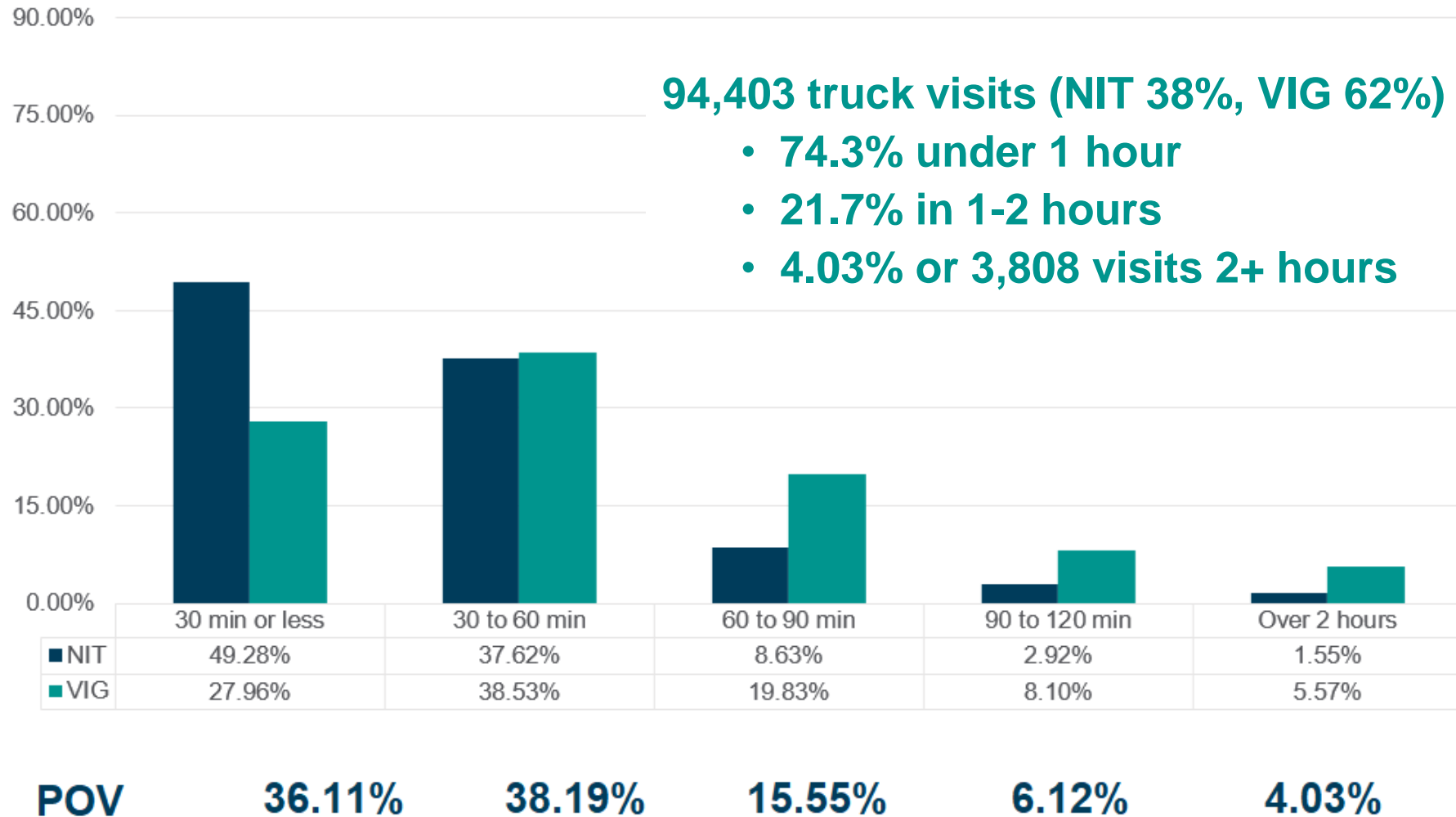
- 34.3% decrease from FY21
- 23.4% decrease from FY20
- FY22 year end goal is 1.9



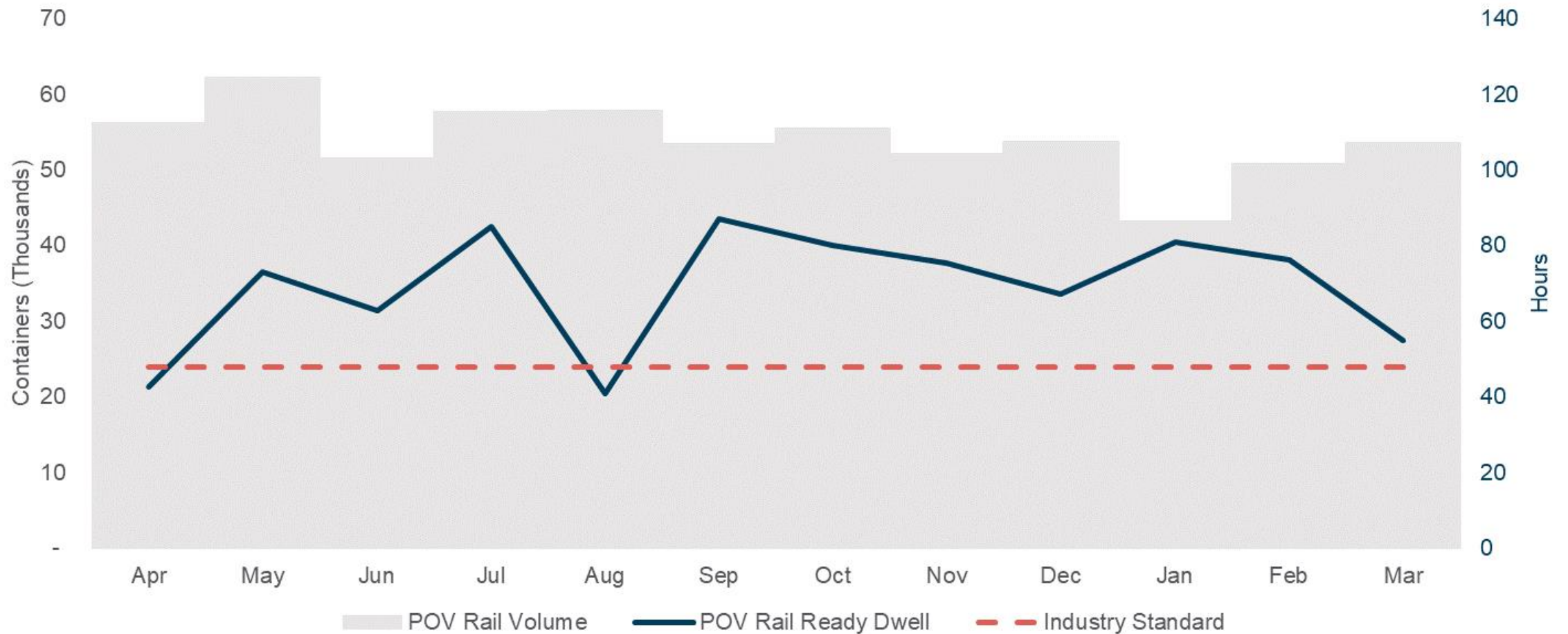
POV Gate Performance



Traditional Turn Time – Mar 2022



POV Rail Performance



Sales and Volume Report

Tom Capozzi, Chief Sales and Marketing Officer, VIT

February – March 2022 Volumes

| | 2020/2021 | 2021/2022 | Change | % Change |
|-------------------------------|----------------|----------------|---------------|--------------|
| Total TEUs | 528,040 | 611,805 | 83,766 | 15.9% |
| Export Loaded TEUs | 182,312 | 184,777 | 2,465 | 1.4% |
| Export Empty TEUs | 99,586 | 125,732 | 26,146 | 26.3% |
| Import Loaded TEUs | 240,341 | 292,842 | 52,501 | 21.8% |
| Total Rail Containers | 95,923 | 104,360 | 8,437 | 8.8% |
| VIP Containers | 5,271 | 3,729 | -1,542 | -29.3% |
| Total Barge Containers | 10,029 | 14,966 | 4,937 | 49.2% |
| RMT Containers | 6,240 | 7,209 | 969 | 15.5% |
| Total Truck Containers | 186,162 | 217,553 | 31,391 | 16.9% |
| Ship Calls | 245 | 228 | -17 | -6.9% |

Apr 2022 (Actual) – May 2022 (Forecasted) Volumes

| | 2021 | 2022 | Change | % Change |
|-------------------------------|----------------|----------------|---------------|---------------|
| Total TEUs | 572,811 | 623,315 | 50,504 | 8.8% |
| Export Loaded TEUs | 191,237 | 192,108 | 871 | 0.5% |
| Export Empty TEUs | 101,818 | 151,857 | 50,039 | 49.1% |
| Import Loaded TEUs | 275,908 | 274,920 | -988 | -0.4% |
| Total Rail Containers | 112,448 | 114,443 | 1,995 | 1.8% |
| VIP Containers | 5,258 | 3,573 | -1,685 | -32.0% |
| Total Barge Containers | 11,806 | 12,457 | 651 | 5.5% |
| RMT Containers | 7,214 | 5,151 | -2,063 | -28.6% |
| Total Truck Containers | 195,122 | 221,368 | 26,246 | 13.5% |
| Ship Calls | 268 | 216 | -52 | -19.5% |

Market Share Comparison

USEC Ports Loaded TEUs

Timeframe: July - February

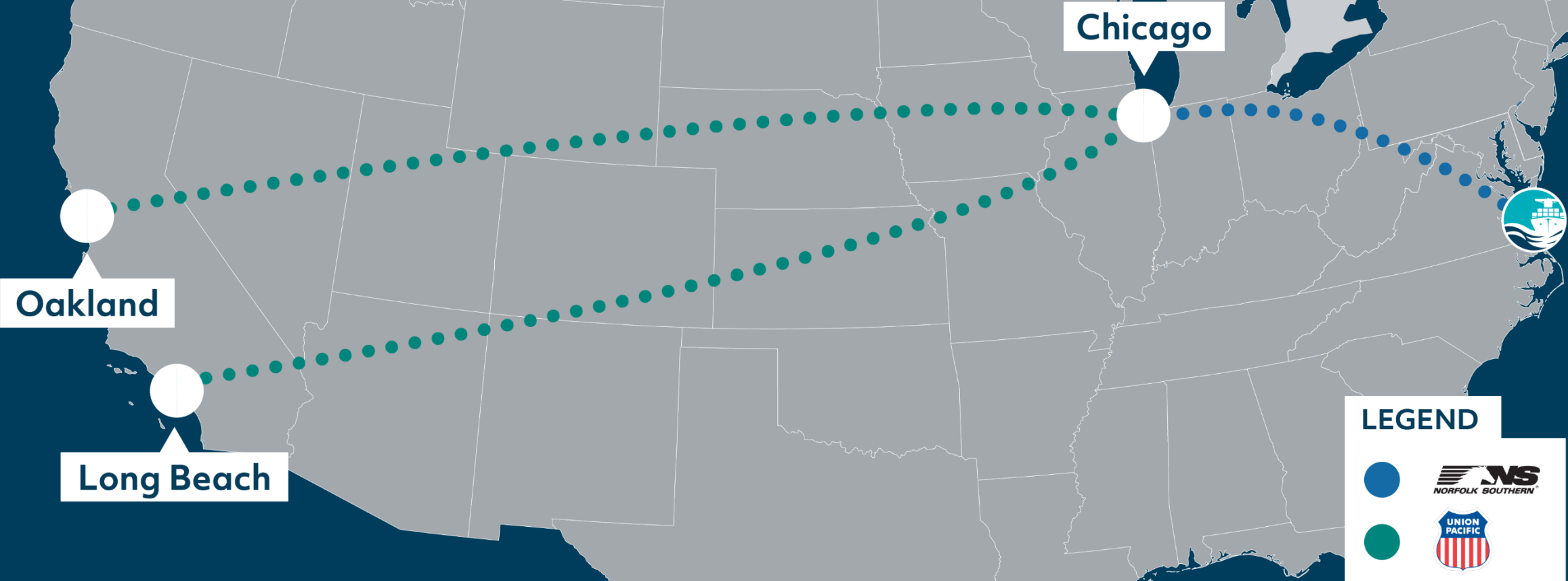
Source: PIERs - Loaded TEUs

| Total Loaded TEUs | FY20 | FY21 | FY22 | FY21/FY20 YOY% | FY22/FY20 YOY% | FY22/FY21 YOY% |
|-------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| TOTAL EAST COAST PORTS | 11,207,252 | 11,788,915 | 12,498,900 | 5.2% | 11.5% | 6.0% |
| NEW YORK/ NEW JERSEY | 3,465,900 | 3,767,789 | 3,956,547 | 8.7% | 14.2% | 5.0% |
| SAVANNAH | 2,410,953 | 2,597,279 | 2,719,177 | 7.7% | 12.8% | 4.7% |
| PORT OF VIRGINIA | 1,430,013 | 1,523,920 | 1,721,380 | 6.6% | 20.4% | 13.0% |
| CHARLESTON | 1,248,876 | 1,223,663 | 1,396,014 | (2.0%) | 11.8% | 14.1% |
| BALTIMORE | 488,112 | 500,156 | 447,864 | 2.5% | (8.2%) | (10.5%) |
| WILMINGTON NC | 164,528 | 155,803 | 150,996 | (5.3%) | (8.2%) | (3.1%) |

*Total East Coast Ports includes: NY/NJ, Philadelphia, Wilmington, DE, Baltimore, Port of Virginia, Wilmington, NC, Charleston, Savannah, Jacksonville, Port Everglades and Miami

Mediterranean Gulf Express Rail from Norfolk

Hapag-Lloyd



Asia America Service VII (AA7)

Wan Hai



| Port call | New York | Norfolk | Savannah |
|------------|----------|---------|----------|
| Ningbo | 36 | 38 | 40 |
| Taipei | 35 | 37 | 39 |
| Xiamen | 34 | 36 | 38 |
| Shekou | 32 | 34 | 36 |
| Cai Mep | 29 | 31 | 33 |
| Port Klang | 26 | 28 | 30 |

| Port call | Ningbo | Taipei | Xiamen | Shekou | Cai Mep | Port Klang |
|-----------|--------|--------|--------|--------|---------|------------|
| New York | 40 | 42 | 43 | 44 | 47 | 51 |
| Norfolk | 39 | 41 | 42 | 43 | 46 | 50 |
| Savannah | 32 | 34 | 35 | 36 | 39 | 43 |

Asia East Coast (AEC)
Sea Lead Shipping, TS Lines



➡ First in service



Channel Deepening and Widening Update

Andrew Sinclair, Director, Federal Government Affairs

Norfolk Harbor Deepening and Widening

January 19 – New Start Designation

January 27 – Meeting Area #1 Approval

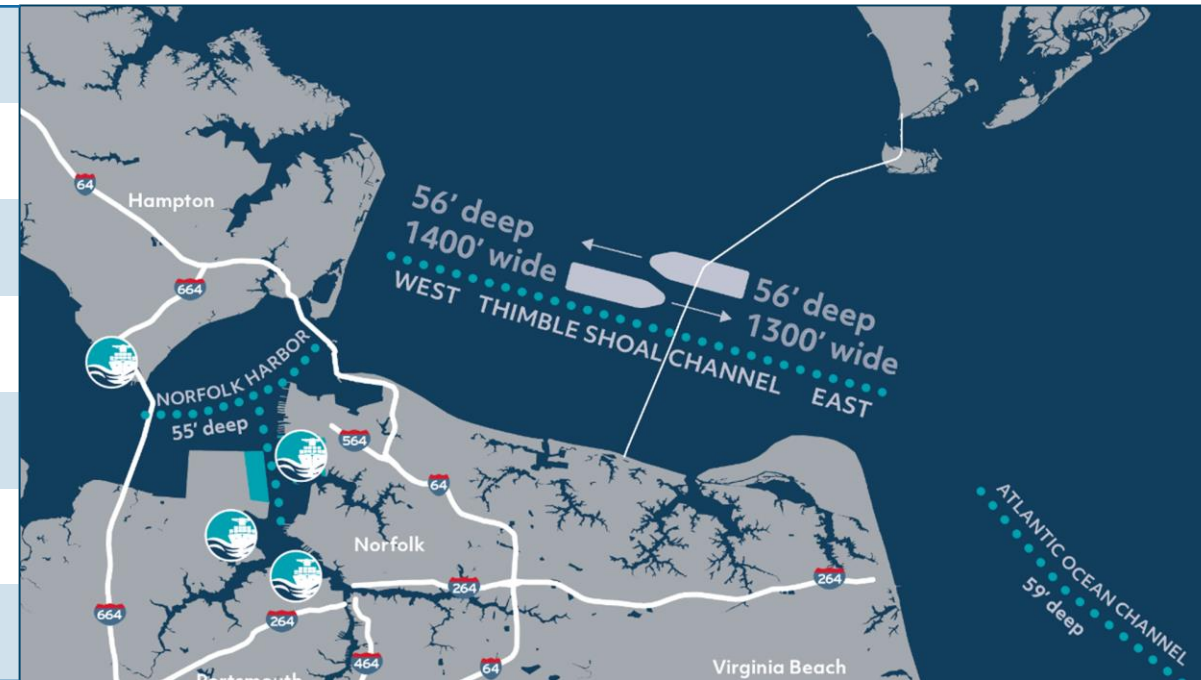
March 30 – Full Federal Funding

May 6 – Newport News / Inner Harbor Advertisement

May 15 – Meeting Area #1 Advertisement

May 16 – Project Partnership Agreement Signing Ceremony

August 2022 – Completion of Thimble Shoals Channel West / East



Finance and Audit Committee Report

Chair Strayhorn



March YTD Financial Performance

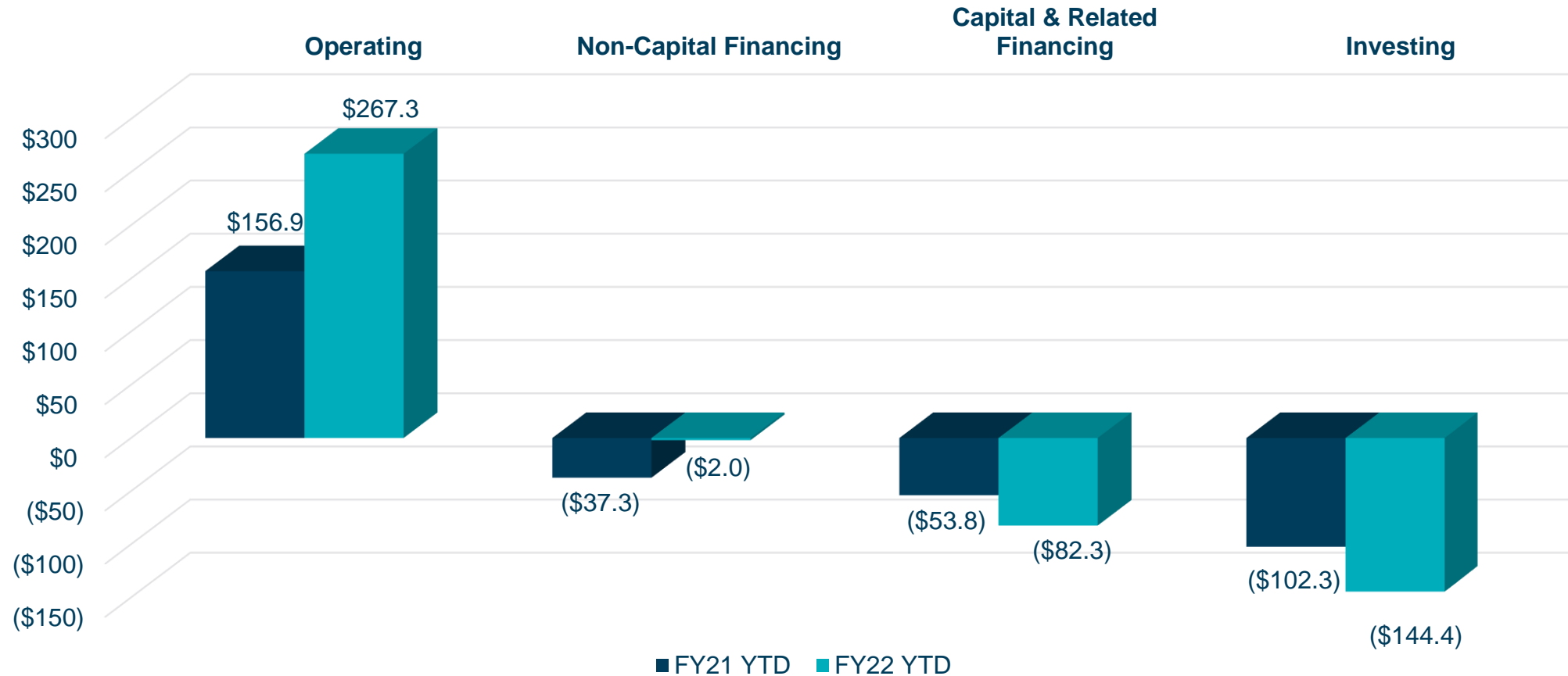
Rodney Oliver, Chief Financial Officer

Fiscal Year 2022 YTD Highlights

| | Category | Budget | Actual |
|--------------|--------------------|-----------------|-----------------|
| July – March | Volume | 1,298,956 | 1,507,552 |
| | Operating Revenues | \$449.7 million | \$614.3 million |
| | Operating Expenses | \$424.1 million | \$454.4 million |
| | Operating Income | \$25.6 million | \$159.9 million |
| | EBITDA | \$156.2 million | \$300.8 million |
| April | | | |
| | Volume | 144,214 | In-Process |
| | Operating Income | \$3.1 million | In-Process |

* Forecast

Cash Flow FY21 YTD vs FY22 YTD – USD millions



Cash and Investments as of 03/31/2022: \$622.8 million

Residual Fund and Operating as of 03/31/2022: \$482.6 million

Capital & Related Financing Activities – USD millions

| Category | FY21 YTD | FY22 YTD |
|----------------------------------|----------|----------|
| Net refunding proceeds | \$9.9 | \$- |
| CPF contribution | \$34.8 | \$44.7 |
| Acquisition of capital assets | \$(54.5) | \$(25.3) |
| Transfer from primary government | \$41.8 | \$28.1 |
| Capital lease payments - VIG | \$(66.9) | \$(71.4) |
| Capital lease payments – Other | \$- | \$(16.6) |
| MELP Acquisition | \$23.6 | \$- |
| Principal paid on long-term debt | \$(21.9) | \$(25.5) |
| Interest paid on long-term debt | \$(21.0) | \$(21.1) |
| Other | \$0.4 | \$4.8 |
| Total | \$(53.8) | \$(82.3) |

FY23 Proposed Budget Review

Rodney Oliver, Chief Financial Officer

Key Assumptions







Global

- CPI:
 - VIG – 6.0%;
 - Other – 5.0%
- Labor Rate = 3.4%
- Revenue SOR = 4.2%
- Personnel Costs:
 - Merit increases at CPI
 - Incentives 100% funded
 - Vacancy of 5.0%
 - Consideration for other adjustments and promotions

Terminal Operations

- Volume Growth = 4.0% from FY22 Forecast
- VIT Stevedore – Based on new contract
- LCS based on NY Fed's GSCP Index
- Satellite yards
- Growth of chassis fleet
- CPF contribution based on projection from VDOT

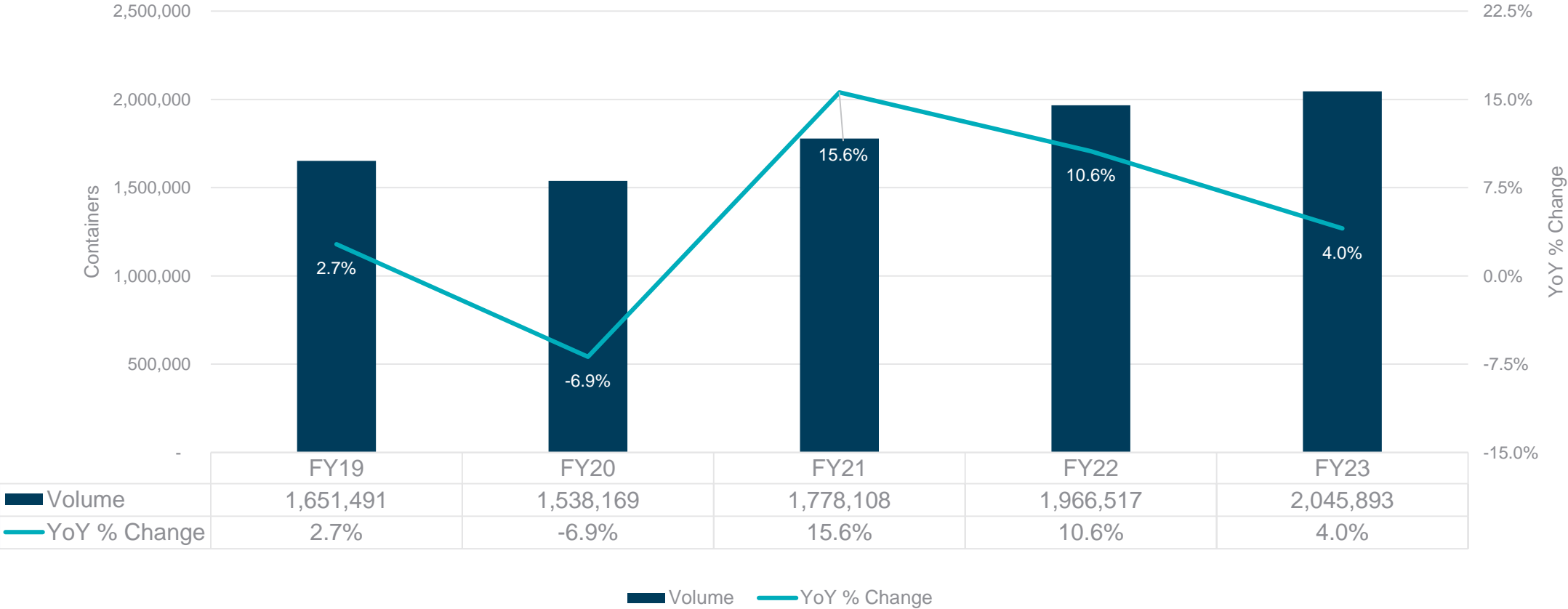
Macroeconomic and Industry Developments

| Major Drivers | POV Impact | Expected Trend |
|--------------------------------|---|----------------|
| Pandemic disruptions |  | → |
| West Coast contract renewal |  | ↑ |
| Consumer spending / savings |  | → |
| Inflation / fuel |  | ↘ |
| Geopolitical risks |  | ↘ |
| Slowing global economic growth |  | ↘ |

Container Volume Trend

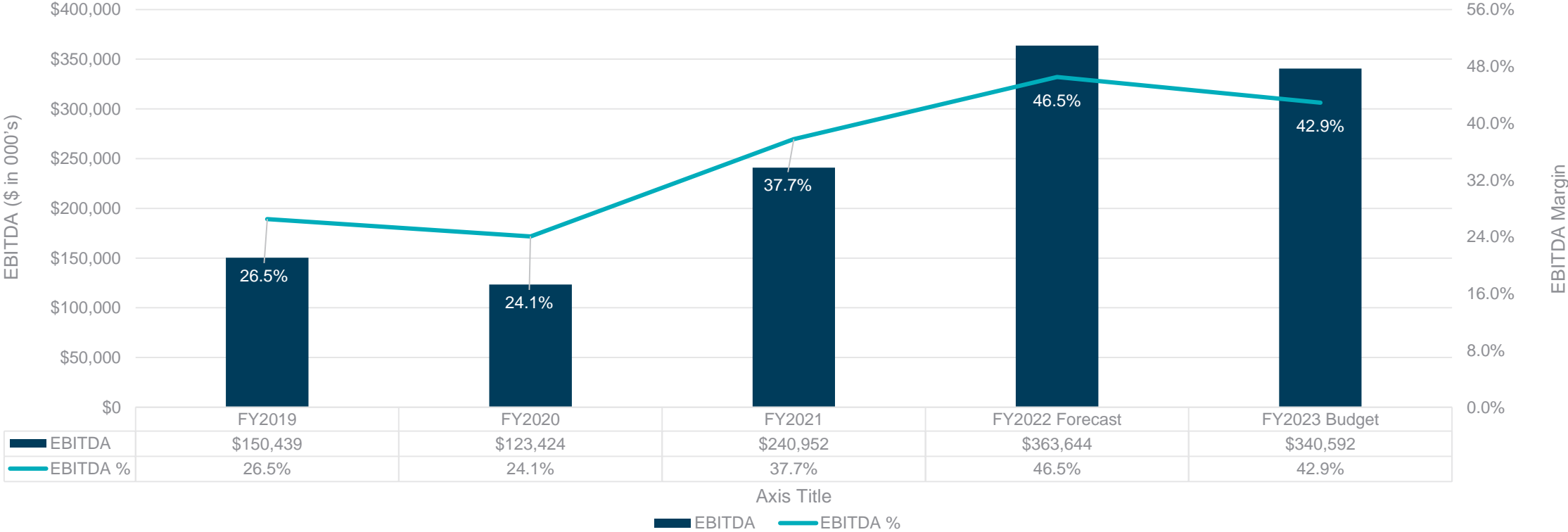
| Average Growth Rates (CAGR - FY19 Base) | |
|--|-------|
| FY20 | -6.9% |
| FY21 | 3.8% |
| FY22 | 6.0% |
| FY23 | 5.5% |

Port of Virginia Container Volumes
Forecast begins February 2022



EBITDA Trend

| Average Growth Rates (CAGR - FY19 Base) | |
|--|--------|
| FY20 | -18.0% |
| FY21 | 26.6% |
| FY22 | 34.2% |
| FY23 | 22.7% |



Highlights

| | 2022 FORECAST | 2023 BUDGET |
|---------------------------------------|------------------|------------------|
| FOR THE YEAR <i>(USD in millions)</i> | | YoY % |
| Container Volume | 1,966,517 | 2,045,893 ▲ 4.0% |
| Operating Revenues | \$ 781.9 | \$ 794.1 ▲ 1.6% |
| Operating Income | \$ 173.6 | \$ 142.6 ▼ 17.9% |
| AT YEAR END | | |
| Net Position | \$ 920.6 | \$1,074.8 |
| Residual Fund & Operating Cash | \$ 485.7 | \$ 469.3 |
| Days Cash on Hand | 324 days | 299 days |
| FINANCIAL RATIOS | | |
| EBITDA | \$ 363.6 | \$ 340.6 |
| EBITDA Margin | 46.5% | 42.9% |
| Agg Net Revenue Coverage (1.1x test) | 3.38 | 2.76 |

Capital Budget

| CAPITAL PROJECTS | |
|------------------------------|-------------------|
| NIT North Optimization | \$ 530,000 |
| PMT Wind Energy Project | 210,300 |
| Container Handling Equipment | 96,065 |
| Facility Improvements | 36,155 |
| Light Equipment & Vehicles | 17,052 |
| IT | 4,987 |
| Environmental | 3,750 |
| Maintenance Dredging | 3,000 |
| Miscellaneous other | 1,597 |
| TOTAL | \$ 902,906 |

| SUMMARY OF SOURCES | |
|-----------------------------------|-------------------|
| General Fund Apportionment | \$ 266,000 |
| CPF Bond Issuance | 166,000 |
| Private Grants | 154,300 |
| Terminal Revenue PAYGO | 145,201 |
| Terminal Revenue MELP | 60,000 |
| State Grants | 44,900 |
| Harbor Maintenance Tax Trust Fund | 38,000 |
| Federal Grants | 23,750 |
| CPF PAYGO | 4,755 |
| TOTAL | \$ 902,906 |

Exceeding Our Bond Requirements

| Measure | Minimum Requirement | FY2022 | | FY2023 |
|---|---------------------|---------------|-----------------|---------------|
| | | FY2022 Budget | FY2022 Forecast | FY2023 Budget |
| Aggregate Net Revenue Coverage | 1.10 | 1.91 | 3.38 | 2.76 |
| Aggregate Adjusted Net Revenue Coverage | 1.25 | 2.09 | 3.56 | 2.93 |
| Net Revenue Coverage | 1.00 | 1.82 | 3.30 | 2.67 |
| Fixed Obligation Coverage | 1.00 | 1.79 | 3.07 | 2.39 |

Summary

- Continued volume growth despite economic pressure
- Strong operating and cash flow results
- Capital investments targeted to improve capacity and efficiency
- Exceeding our bond requirements

FY23 Aid to Local Ports

Cathie Vick, Chief Development and Public Affairs Officer

ALP FY23 Project Summary

| City/County | Total Project Cost | Amount Requested | Carryover Request | Proposed Allocation |
|---|--------------------|--------------------|-------------------|---------------------|
| Accomack: | | | | |
| Greenbackville Harbor – next phase of dock replacements | \$500,000 | \$375,000 | \$143,460 | \$375,000 |
| Greenbackville Harbor – parking lot expansion | \$150,000 | \$112,500 | | |
| Chincoteague: | | | | |
| Replacement of an existing wood finger pier at CMHR | \$215,826 | \$161,869 | \$126,371 | \$161,869 |
| Gloucester: | | | | |
| Aberdeen Creek pier replacements | \$161,000 | \$120,750 | N/A | \$112,000 |
| City of Newport News: | | | | |
| Ice vending machine at Menchville Marina | \$380,987 | \$285,740 | \$292, 935 | \$285,740 |
| Northampton: | | | | |
| Upgrades to sanitary facilities at Willis Wharf | \$54,000 | \$40,500 | | \$40,500 |
| Replacement of bulkhead at Morley's Wharf | \$33,190 | \$24,893 | | \$24,891 |
| Richmond: | | | | |
| Acquisition of Dock Street Property | \$1,500,000 | \$500,000 | N/A | |
| TOTAL | \$2,995,003 | \$1,621,252 | \$562,766 | \$1,000,000 |

FY23 New ALP Projects

Gloucester County– Aberdeen Creek Pier Replacement



FY23 New ALP Projects

Gloucester County– Aberdeen Creek Pier Replacement



FY23 Waterway Maintenance Fund

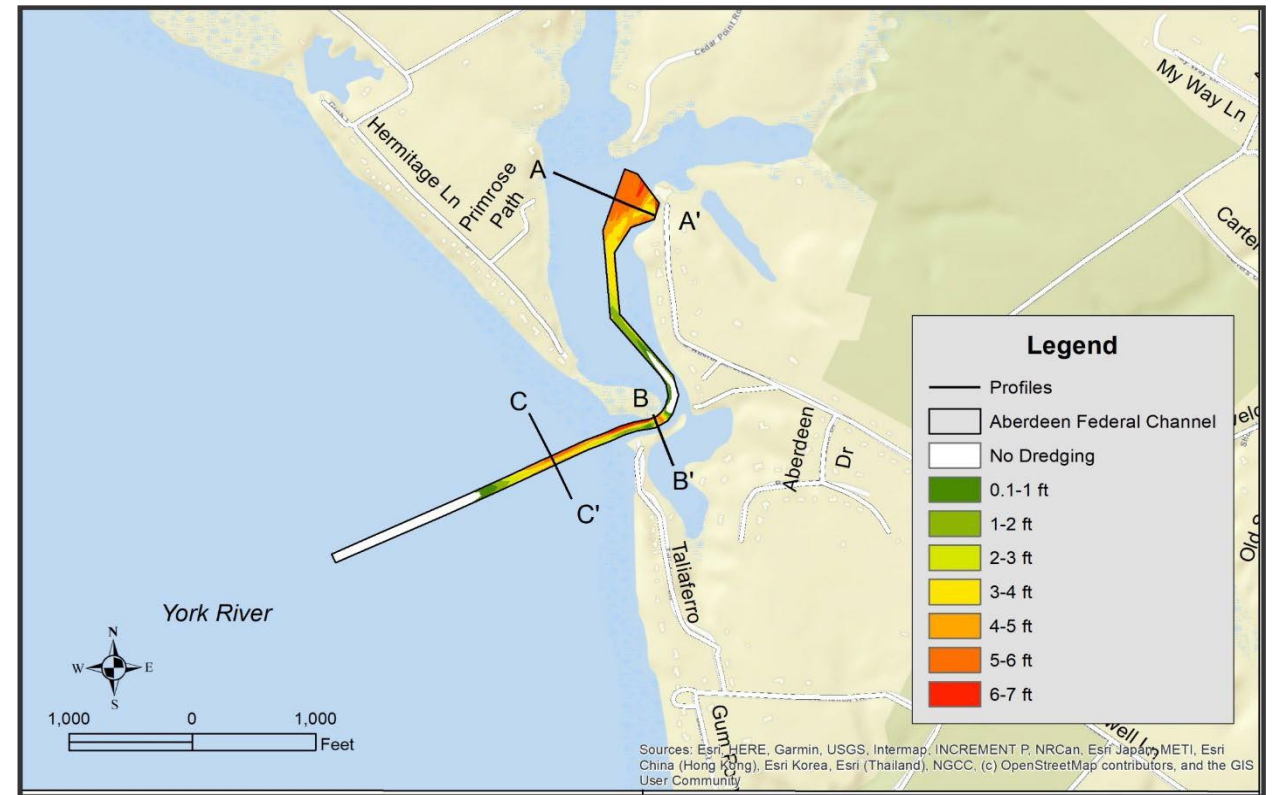
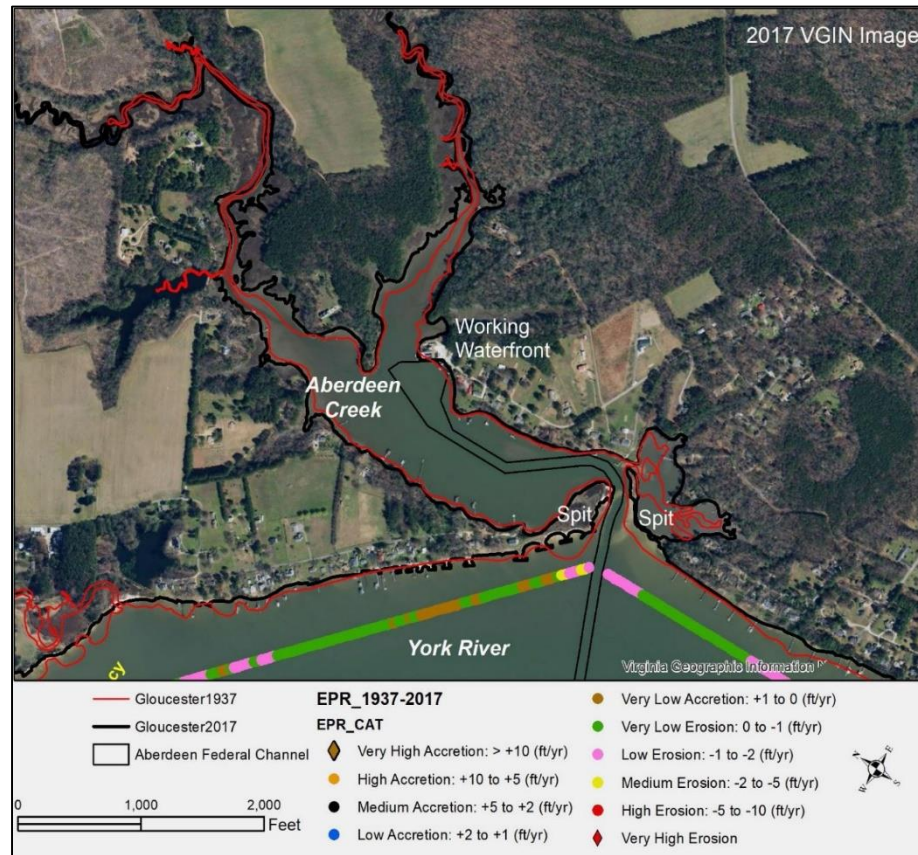
Cathie Vick, Chief Development and Public Affairs Officer

WMF FY23 Project Summary

| City/County | Amount Requested | Proposed Allocation |
|-------------------------------|------------------|---------------------|
| Gloucester: Aberdeen Creek | \$ 1,500,000.00 | \$ 1,434,000.00 |
| Northampton: Nassawadox Creek | \$ 1,490,000.00 | |
| Wachapreague: Town Marina | \$ 66,000.00 | \$ 66,000.00 |
| TOTALS | \$ 3,056,000.00 | \$ 1,500,000.00 |

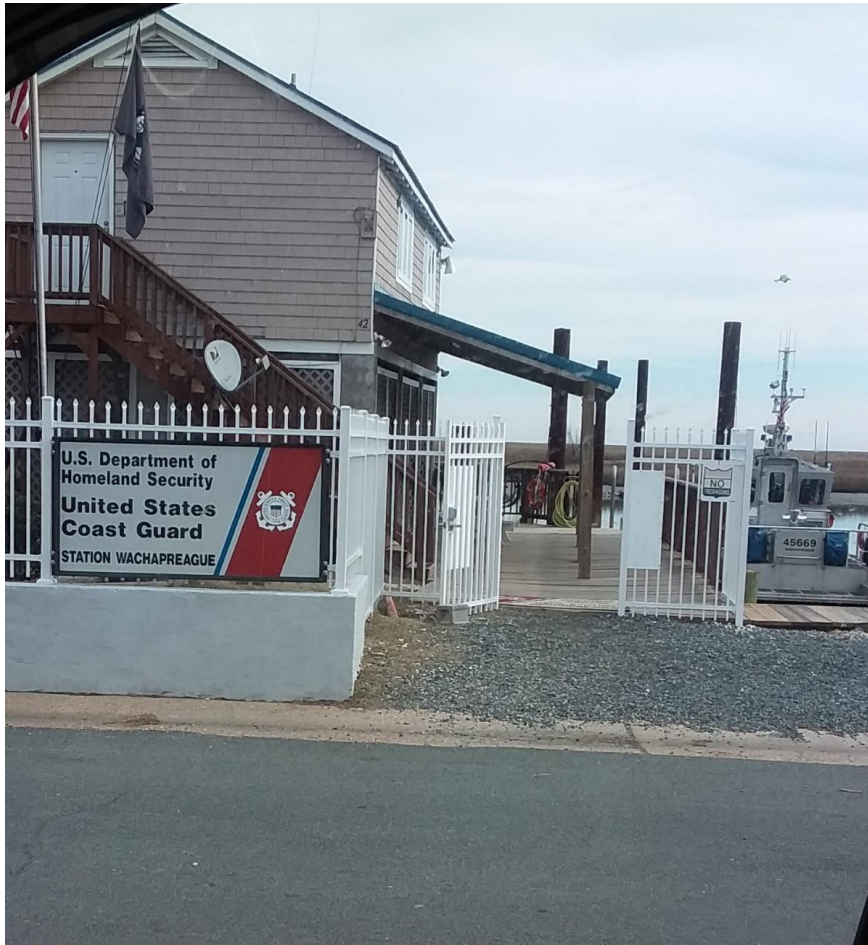
FY23 New WMF Project

Gloucester County– Aberdeen Creek



FY23 New WMF Project

Town of Wachapreague – Town Marina



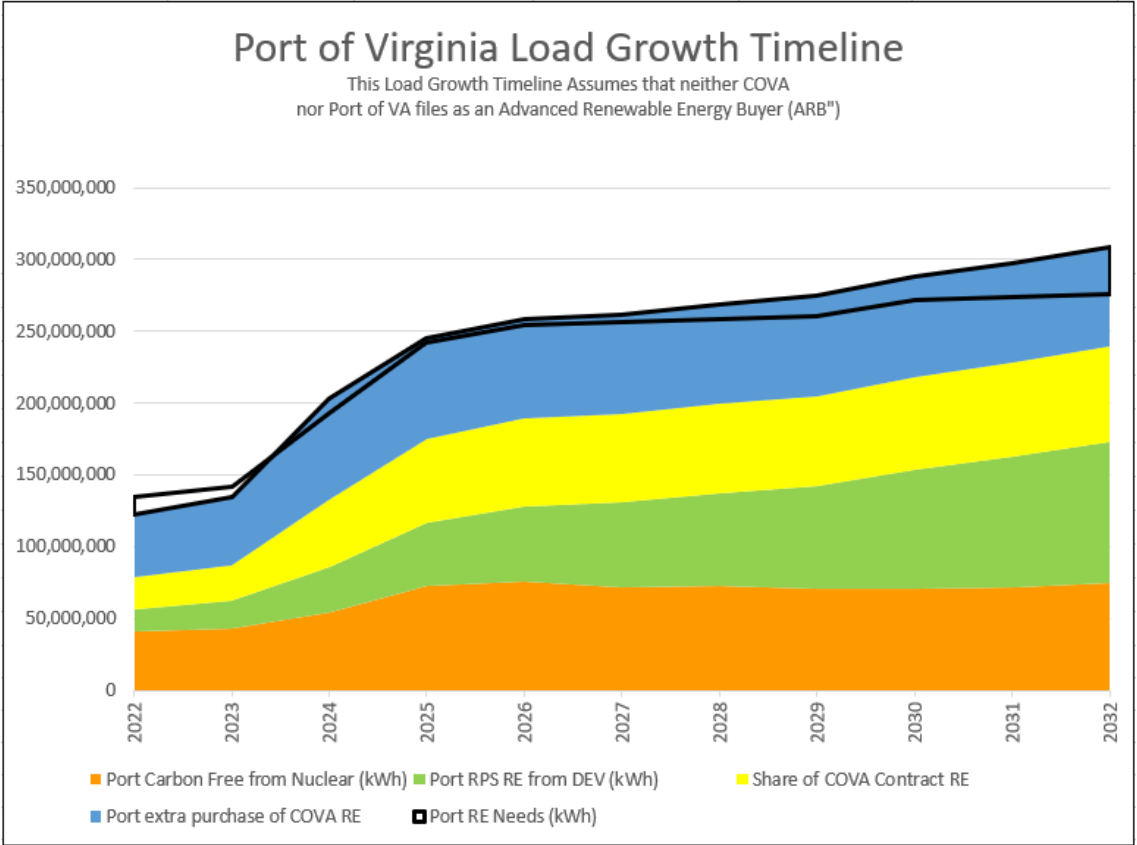
Power Purchase Agreement (PPA)

Cathie Vick, Chief Development and Public Affairs Officer

Power Purchase Agreement

Port of Virginia Load Growth Timeline

This Load Growth Timeline Assumes that neither COVA nor Port of VA files as an Advanced Renewable Energy Buyer (ARB[®])



Commonwealth of Virginia Solar Facilities

| | MW | MWH | COD | % COMPLETED | 2022 | 2023 | 2024 |
|---|------|---------|------|-------------|---------|---------|---------|
| Oceana | 17.5 | 33,726 | | 100% | 33,726 | 33,726 | 33,726 |
| Belcher* | 88 | 195,804 | 2021 | 100% | 195,804 | 195,804 | 195,804 |
| Bedford* | 70 | 135,517 | 2021 | 100% | 135,517 | 135,517 | 135,517 |
| Pumkinseed* | 60 | 138,758 | 2022 | 75% | 104,069 | 138,758 | 138,758 |
| Bookersmill* | 127 | 225,842 | 2024 | 100% | - | - | 225,842 |
| * Subject to sharing with locality provision in Rider REF Agreement | | | | | | | |
| Totals | | 729,647 | | | 469,116 | 503,805 | 729,647 |



Report of CEO/Executive Director

Stephen Edwards, CEO/Executive Director



Thank you