MINUTES

Virginia Port Authority (VPA) Board of Commissioners
Public Meeting – Session 406
Electronic Meeting (Zoom Video Conference)
Tuesday, May 25, 2021 – 9:00 AM

This electronic meeting was assembled during a declared state of emergency, as a result of the COVID-19 pandemic, when it was impracticable or unsafe to assemble a quorum in a single location to discuss or transact the business statutorily required or necessary to continue operation of the public body in accordance with Item 4-0.01.g of Chapter 1283 of the 2020 Amendments to the 2019 Appropriation Act.

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held an electronic meeting via the Zoom platform, on May 25, 2021. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. Colleagues with Virginia Port Authority ("VPA") and Virginia International Terminals, LLC ("VIT"), guests, and members of the public who were electronically present are listed as follows:

Commissioners:
John G. Milliken, Chairman
F. Blair Wimbush, Vice Chairman
John C. Asbury
Jennifer D. Aument (on phone line)
Manju S. Ganeriwala, State Treasurer
Eva Teig Hardy
Joni L. Ivey
Val S. McWhorter
Stephen Moret (on Zoom 9:06 am)
Faith B. Power
Louisa M. Strayhorn
Deborah C. Waters

VPA Staff:
Stephen A. Edwards, CEO & Executive Director
Sarah McCoy, General Counsel
Rodney W. Oliver, Chief Financial Officer
Joseph P. Ruddy, Chief Innovation Officer
James (Jay) Stecher, Chief Marketing Officer
Monica Sturgis, Chief Human Resources Officer
Cathie Vick, Chief Development and Government Affairs Officer
Jason Barlow, Vice President, Contracts and Risk Management
Daniel Hendrickson, Vice President, Asset Management and Special Projects
Barbara Nelson, Vice President, Government Affairs and Transportation Policy
Joseph Harris, Senior Director, Media Relations

Guests:
Hon. Shannon Valentine, Secretary of Transportation
John Lawson, Deputy Secretary of Transportation
J. William Cofer (former VPA Commissioner)
David White, Virginia Maritime Association
JoAnne Carter, PFM Group
Brian Jeffreys, CMA CGM
Larry Bachtell, ILA
Bryant McGann, Vandeventer Black LLP
Anne Bibeau, Vendeventer Black LLP
Jason Powell, Legislative Fiscal Analyst, Senate Finance Committee
John Reinhart, Executive Director Emeritus
John Garrett-Kemper, Kemper Consulting
Paul Cambon, The Livingston Group, L.L.C.
Tim Hugo, The Livingston Group, L.L.C.
Curt Smith, Middle Peninsula Planning Comm.
Doreen Kopacz, City of Newport News
John Bateman, Northern Neck Planning District Commission
Jim Ford, CP&O

VPA Staff (continued):
Andrew Sinclair, Director, Federal Government Affairs
Melissa Fularon, Manager, Grant Administration
Debra J. McNulty, Secretary to the Board
Jodie L. Asbell, Sr. Executive Administrative Asst. and Assistant Secretary to the Board

VPA-Information Technology Support:
Shirley Core, Executive Administrative Assistant
Rebecca Killen, Traffic Specialist
Kelly Taylor, Information Technology Technician

Virginia International Terminals, LLC (VIT) Staff:
Thomas D. Capozzi, Chief Sales Officer
Kevin Price, Chief Operations Officer
Joseph O'Brien, Vice President, Ocean Carrier Sales
Amanda Nelson, Director, Growth
Tony Salino, Director, Ocean Carrier Sales

PRESENTATIONS and ANNOUNCEMENTS

Chairman Milliken explained the importance of conducting electronic meetings during the pandemic in order to statutorily conduct the business of the Virginia Port Authority.

The Chairman then announced that the next meeting of the VPA Board of Commissioners would be held in person on July 27, 2021, at the headquarters of the Virginia Port Authority in Norfolk. He added that board members and others are encouraged and invited to participate and attend in person. Chairman Milliken remarked that it will be a "welcome change" from virtual meetings held since May 2020 due to the COVID-19 pandemic. At this time, the Chairman asked Mrs. McNulty to conduct a roll call of VPA Board members.

- Presentation of Shadowboxes Commemorating the Services of Commissioners Jennifer D. Aument, J. William Cofer, and Vice Chairman F. Blair Wimbush

Chairman Milliken announced that there are three Commissioners who are going off the board and that today would be their last meeting. The Chairman remarked on the "extraordinary services and dedication to the port" by Jennifer Aument, Bill Cofer, and Blair Wimbush. A photo of the three shadowboxes was presented and Chairman Milliken stated that they depict the two major terminal expansions of VIG II and NIT South. The Chairman credited the Commissioners for their leadership and guidance throughout the expansions and he expressed appreciation on behalf of the VPA Board, the Governor, and the Commonwealth.

Chairman Milliken invited the Commissioners to attend the Board dinner in July for a personal presentation of the shadowboxes.

Commissioner Strayhorn spoke of how helpful and informative the Commissioners were when she was first appointed to the Board. She remarked that all three Commissioners

"made this Board exciting for me" and she thanked them for their service and friendship. Commissioner Strayhorn particularly thanked Capt. Bill Cofer for her "journey out on the ocean".

Commissioner McWhorter remarked, "the Governor has large shoes to fill with the leadership, experience, good humor, and camaraderie that the three members have brought to the Board." He said they will be missed for all of those reasons.

Secretary Valentine said she looked forward to expressing her appreciation to the commissioners in person. The Secretary remarked that she has had the pleasure of working with Jennifer, Bill, and Blair and complimented them on their leadership, friendship, and commitment to the VPA Board.

Mr. Ruddy complimented Commissioner Aument who, he said, came onboard during a very difficult transition at the port (ten years ago).

Commissioner Moret echoed the appreciation and gratitude that others expressed for the outgoing commissioners.

Chairman Milliken advised that Commissioner Aument had difficulty connecting to the Zoom but was on the phone line (she was unable to communicate).

- Announcement of the Retirement of Debra J. McNulty, Secretary to the Board

Chairman Milliken provided very heartfelt comments after his announcement of the retirement of Debbie McNulty. The Chairman then read a resolution commending her service (attached).

Action: Upon motion by Chairman Milliken, seconded by Vice Chairman Wimbush, the Board unanimously (11-0) approved the Resolution Commending the Service of Debra J. McNulty, Secretary to the Board. Commissioner Aument participated by phone and was unable to communicate a vote.

At this time, each of the commissioners and Secretary Valentine expressed their appreciation and good wishes to Mrs. McNulty. Chairman Milliken said he looked forward to seeing everyone at the Board dinner in July.

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the VPA Board's (Zoom) electronic meeting held March 23, 2021, were unanimously approved by the Board (11-0), as circulated previously. Commissioner Aument participated by phone and was unable to communicate a vote.

II. COVID-19 Update – Cathie Vick, Chief Development and Public Affairs Officer

Ms. Vick announced, as the Commonwealth begins to open up from the pandemic, the seven-day average of new COVID-19 cases was currently at 2.9 percent which is also

the trend at The Port of Virginia. She reported as a result of the Governor's revised Executive Order, the port would be lifting some of the restrictions such as no masks for fully vaccinated individuals with a strong recommendation for unvaccinated individuals to continue masking and lifting capacity restrictions in meetings rooms, break rooms, etc. She advised that the port will continue to have cleaning supplies, face masks, and other personal protective equipment (PPE) available for colleagues.

Ms. Vick reported that there will be no international travel at this time and that domestic travel would need approval of the division senior leader. She advised the port has also begun in-person meetings and some port tours.

Following guidelines by the Department of Labor, Ms. Vick explained that the port will continue to monitor signs and symptoms of COVID-19, contact tracing, and enhanced cleaning on call for any areas that were exposed. She reported that temperature screenings will end and the port will reinstitute biometrics at all of the terminals on June 1, 2021. The telework policy will stay in place.

III. Reports of Committees

A. **Executive Committee** – Chairman Milliken

Chairman Milliken reported that the Executive Committee met in closed session on May 24 and reviewed an initial draft of a strategic plan that he said was a work-in-progress. The Chairman advised that the Board and Executive Director had good discussions on the components of the plan.

Chairman Milliken announced that the Executive Committee also discussed Mr. Edwards' first six-months at the port and that further discussion on the Executive Director's performance will take place in July.

Chairman Milliken announced that the VPA Board's annual meeting for the selection of officers to the board is scheduled for July 27, 2021 (9:00 a.m.), and he appointed the following commissioners to a Nominating Committee:

Mr. Val S. McWhorter, Chair
Ms. Joni L. Ivey
Ms. Deborah C. Waters

The Chairman explained that the Nominating Committee would present a slate of officers for consideration of appointment by the Board.

Current Officers to the Board are:

Chairman	-	John G. Milliken
Vice Chairman	-	F. Blair Wimbush
Treasurer	-	Rodney W. Oliver
Secretary	-	Debra J. McNulty
Assistant Secretary	-	Jodie L. Asbell

B. Finance and Audit Committee – Faith B. Power, Committee Chair

1. Report of Finance and Audit Committee – Chair Power

Commissioner Power reported that the Finance and Audit Committee met yesterday afternoon via electronic meeting and received a presentation from Mike Garber, Audit Partner for PB Mares, on the upcoming VIT and VPA year-end financial statement audits. In addition, the Committee received presentations from management on financial performance through March 2021, the FY22 budget, and Aid to Local Ports (ALP) and Waterway Maintenance Fund (WMF) grant programs.

Commissioner Power announced that there are several upcoming resolutions relating to the FY22 budget, ALP grant, and WMF grant for consideration and approval by the Board. She then turned the meeting over to Mr. Oliver and the finance team at this time.

2. Presentation of Virginia Port Authority's Consolidated Annual Budget for Fiscal Year Ending June 30, 2022 and Consideration of Resolution 21-2, approving the FY22 Budget

Mr. Oliver introduced Ms. Nina Malone, Principal Economist, who presented highlights of the FY22 budget. Ms. Malone reported that the FY22 budget reflects the positive operational performance and financial results that the port is seeing today.

Ms. Malone reviewed highlights of the new budget and expectations for next fiscal year (see attached). She announced that, overall, the port anticipates FY22 to be a continuation of the (very good) operational performance and financial results the port is currently experiencing. She reported that volume is expected to grow at a more moderate long-term growth of 1.9 percent following the severe disruptions and volatility experienced over the last six months.

Ms. Malone explained the required adoption of GASB 87 and 89 and how the port developed the FY22 budget on two basis – pre-GASB, to allow for a comparison of the current forecast and a post-GASB basis that will ultimately become the budget beginning July 1, 2021. (GASB – Governmental Accounting Standards Board)

Ms. Malone reported that operating revenues are expected to exceed $6 million next fiscal year and operating income to remain robust. She explained the difference between the pre-GASB (+$71.6 million) and post-GASB (+$34.6 million) operating income.

Ms. Malone explained that the post-GASB change in net position (-$36.3 million) does not include the one-time cumulative effect of adopting the lease accounting standard which will result in restatement and increased net position effective July 1, which was estimated at an increase of $85 million. She noted that residual fund and operating cash are expected to remain strong and she reviewed the financial ratios that are expected to remain robust as well.

Ms. Malone then reviewed main assumptions for volume, operating income, and other factors as demonstrated on slide 10. She presented a graph showing steady volume growth after pandemic shock with a significant decline in volume in FY20 and the "unprecedented" rebound in FY21. Ms. Malone noted that the port is seeing disruptions in the supply chains and surges in volumes that are pushing the current year volumes much higher making the comparison of FY21 to FY22 smaller, however, the budgeted plan for volume next year is 5.2 percent, when compared to FY19.

Ms. Malone compared EBITDA margins for five fiscal years and she reported that margins remain strong due to the operating efficiencies at VIG and NIT.

(EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization)

At this time, Mr. Thomas reviewed details impacting net position, VPA's capital plan, and debt service coverage projections. Mr. Thomas reported that, while net position is increasing (slide 13), the blue line indicates a decline in net position on a compounded annual basis driven by the close-out of the South NIT optimization project. He explained that the reimbursements received from the state for the project were direct increases to net position.

Mr. Thomas reviewed the VPA's capital outlay projects and summary of sources (over $134.6 million). He noted the largest project, the Central Rail Yard (CRY) expansion, is budgeted for $75.9 million. The container handling equipment budget includes $19 million for hybrid shuttle trucks, and lifecycle replacements for pick-up trucks and UTRs (utility tractor rigs). Mr. Thomas reported that of the $7.3 million budgeted for information technology, $1.9 million of that budget is slated for cybersecurity improvements/enhancements.

On summary of sources, Mr. Thomas noted that of the $134.6 million, $45.2 million of those funds are state and federal grants. He also mentioned that there are no new debt issuances included in the summary of sources and that the port will fund all projects through cash on-hand.

Mr. Thomas reported that the capital outlay budget does not include PMT and other potential projects. He noted the budget for additional projects will be brought before the Board as an amendment to the budget as projects are solidified.

Mr. Thomas presented a comparison of bond requirements from FY21 to FY22 and advised that the FY22 budget is exceeding the minimum bond requirements. He explained the factors driving the decrease in ratios. Mr. Thomas reported days sales outstanding were reduced from 49 days to 29 days (currently) that created a very favorable ratio for the FY21 forecast, however, he advised the FY22 budget is more conservative, and he explained further.

He went on to discuss liquidity reserve, VIG rent increase, and timing of cash flows.

Ms. Malone reviewed risks and consideration with regard to vaccination rollouts and continued economic recovery and their impact on demand for goods and supply chains, US trade relations (China) and policy, and CPI (consumer price index) impacts. She concluded with the summary.

Commissioner Power affirmed that the finance team will come back to the Board for any adjustments to the FY22 budget that might be made in consideration of any risks.

Action: Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Asbury, the Board unanimously (11-0) approved Resolution 21-2, adopting the FY22 Budget.

Ayes: 11 (Milliken, Wimbush, Asbury, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)
Nays: 0
Absent During Vote: 0
Absent During Meeting: 0

Commissioner Aument participated by phone and was unable to communicate a vote.

3. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended March 31, 2021 – Mr. Oliver

Mr. Oliver reviewed year-to-date results for the first nine months of fiscal year 2021 (July-March) and April volumes and operating income (in-process). He announced that the port was nearing conclusion (June 30) on the best fiscal year it has ever had.

Through the first nine months, Mr. Oliver reported that volume was 10.3 percent ahead of budget that related to the 12 percent operating revenue for the first nine months. He reported operating expenses were lower than budget despite the increase in volumes due to operating efficiencies. He advised that maintenance and general and accounting (G&A) are also below budget.

Mr. Oliver reported that operating income is $55.1 million ahead of budget, EBITDA is $56 million ahead and that April is anticipated to be another record-breaking month.

Mr. Oliver compared cash flows from FY20 to FY21 year-to-date and reviewed operating, non-capital financing, capital and related financing, and investing (slide 20). He reported that FY21 for the first nine months general $24 million more in cash flow than the entire FY20. He noted that non-capital financing is related to the 55-foot dredging project.

Mr. Oliver explained that the decline in investing activities, as shown on the graph, is related to a conversion of positive cash flow into investments causing a decrease in actual cash on-hand. He noted that investments have increased significantly.

Mr. Oliver then reviewed capital and related financing activities.

A copy of the financial presentations are attached.

4. Presentation of Aid to Local Ports Grant Projects and Consideration of Resolution 21-3, Approving Grant Awards for FY2022

Ms. Vick presented a project summary of grant allocations from the Aid to Local Ports (ALP) Fund for fiscal year 2022, that are outlined on the attached chart. She noted that there is a total of $827,099.49 in carry-over funds from last year that were requested by localities due to delays in projects due to COVID-19 relating to resources and permitting issues.

Ms. Vick reported that the port review panel met with each of the localities and they were confident that the funds would be used on those projects within the new fiscal year.

Ms. Vick then described the proposed allocations for each locality that would be awarded a share of the $1 million that is allocated by the General Assembly. She presented photos of some of the projects and described the following:

- Town of Onancock – Bulkhead reconstruction
- City of Newport News – West bulkhead terminal modifications at the Industrial Park
- Town of Chincoteague – Curtis Merritt Harbor of Refuge improvements (adding 7 additional slips and floating dock)

At this time, Ms. Vick asked for the Board's consideration of Resolution 21-3.

Action: Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Strayhorn, the Board unanimously (11-0) adopted Resolution 21-3, approving Aid to Local Ports Grant Awards for FY2022.

Ayes: 11 (Milliken, Wimbush, Asbury, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)
Nays: 0
Absent During Vote: 0
Absent During Meeting: 0

Commissioner Aument participated by phone and was unable to communicate a vote.

5. Presentation of Waterway Maintenance Fund Grants and Consideration of Resolution 21-4, Approving Grant Awards for FY2022

Ms. Vick continued with a review of proposed grant allocations from the Waterway Maintenance Fund (WMF) and described each of the dredging projects indicated on the attached chart. She explained that in previous years of the WMF, the port received mostly planning and design (P&E) requests, several of which were included for FY22.

In addition to the P&E requests, Ms. Vick described the following new dredging projects:

- Mathews County – Hole in the Wall Dredging
- Northampton County – Kings Creek Dredging (northbound channel of Cape Charles)

Ms. Vick then asked for the Board's consideration of Resolution 21-4.

Action: Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Hardy, the Board unanimously (11-0) adopted Resolution 21-4, approving Waterway Maintenance Fund Grant Awards for FY2022.

Ayes: 11 (Milliken, Wimbush, Asbury, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)
Nays: 0
Absent During Vote: 0
Absent During Meeting: 0

Commissioner Aument participated by phone and was unable to communicate a vote.

C. Growth and Operations Committee – Val S. McWhorter, Committee Chair

1. Report of Growth and Operations Committee – Chair McWhorter

Commissioner McWhorter reported that the Growth and Operations Committee held its regularly-scheduled meeting by Zoom on May 24, and first heard an update on the Port's COVID-19 efforts from Cathie Vick, Chief Development and Public Affairs Officer. He reported that Ronald Babski, Vice President, Health and Safety, provided an overview of VIT's health and safety program. Kevin Price, Chief Operations Officer, and Joe O'Brien, Vice President, Ocean Carrier Sales, provided a status report on VIT's integrated marine operations. Commissioner McWhorter mentioned that Mr. Price also provided the operating metrics briefing.

Commissioner McWhorter further reported that Ms. Vick presented a progress report on offshore wind that included a description of the proposed lease between CSX Transportation and VPA. He advised that Ms. Vick's presentation on the lease and Resolution 21-5 will be presented later for the Board's consideration.

Commissioner McWhorter reported that several updates on confidential targeted growth opportunities for the port were presented by VIT colleagues, Aaron Katrancha, Director, Breakbulk, Ro-Ro and Rail Sales; Amanda Nelson, Director, Growth; and also Tom Capozzi, Chief Sales Officer, who reviewed rail opportunities and volume reports.

He then turned the meeting over to Mr. Price at this time.

2. Report on Safety, Operations and Update on Projects – Kevin Price, Chief Operations Officer, VIT

Mr. Price reported that the VIT OSHA Lost Work Day (LWD) rate as of March 31 was at 2.55 (industry average is 3.1 for 2019), which was a 29.4 percent increase from FY20 and decrease of 5.2 percent from FY19. Mr. Price reported that the port's Terminal Safety Infraction Policy (TSIP) has begun in-person safety training as of May 1, 2021. He remarked that Ron Babski is doing a great job getting people back in the classroom for safety training after the in-person program ceased for 15 months due to COVID-19. Mr. Price advised that COVID-19 has had a definite impact on the port's safety numbers.

Mr. Price reviewed rail versus gate/barge volume and reported that, of the 150,000+ lifts the port handled in March, POV rail handled 53,000 lifts which is a 22 percent increase in rail traffic year-over-year. He then reviewed rail volume through March which was up by 150,000 moves and rail dwell was under 50 hours (at 43).

Mr. Price reported that gate turn times port-wide continue to stay well below the industry average of 60 minutes and there was a slight increase in March due to the gate volumes. He announced that VIT increased gate hours and added half-day Saturday gate hours at NIT and VIG.

Mr. Price reviewed traditional turn times for March that indicated 78.3 percent of truckers got in and out of the gates under one hour; 20.1 percent in 1-2 hours; and 1.58 percent over 2 hours. He advised that missed reservations went up slightly and that the trucking community is under pressure due to heavy volumes that warranted increasing gate hours.

3. Sales Report – Thomas D. Capozzi, Chief Sales Officer, VIT

Mr. Capozzi announced that it was a great time to be promoting The Port of Virginia ("POV") with the added capacity due to the terminal expansions of VIG and NIT South. He reviewed highlights of February-March 2021 volumes as reflected in the attached statistical graph.

Mr. Capozzi announced that the port handled 100,000 more containers during February-March 2021 than the same period last year resulting in 23.6 percent total TEUs (twenty-foot equivalent units). He reported that Joe O'Brien and Tony Salino are doing a great job working with the shiplines to evacuate their empty containers and bring in empty containers from locations inland that are surplus to use POV as an evacuation route.

Mr. Capozzi reported that one of the greatest success stories at the port is total rail containers up by 18.2 percent with Front Royal up 31.3 percent. He advised that barge containers increased by 7.9 percent and that the Richmond (barge) containers were down -7.7 percent. Mr. Capozzi said that the Richmond barge was not a concern, considering that terminal had 25 percent average growth year-over-

year over the last five years. Truck containers were up 26.5 percent and ship calls increased by 22 to 9.9 percent.

Mr. Capozzi advised that the port attracted four new vessel services that were announced at the end of last year and some extra loaders were received which resulted in no blank sailings throughout these last months.

Mr. Capozzi then presented April (actual) through May (forecasted) volumes for 2021. He advised that growth is accelerating over last year with an increase of 37.4 percent in total TEUs as indicated on the attached chart.

Mr. Capozzi mentioned some of the commodities that are producing strong volumes such as solar panels, PPE, food goods, electronics, household goods, chemicals, and agricultural products.

IV. Report by Chief Development and Public Affairs Officer – Cathie Vick

1. Economic Development Updates

Ms. Vick reported the following economic development totals for fiscal year-to-date 2021:

- 32 announcements
- More than $1.3 billion invested
- 3,803 jobs created
- More than 4.9 million square feet of new space

Since the last board meeting, Ms. Vick announced additional economic development news:

- 8 announcements (6 manufacturing and 2 were Katoen Natie and Amazon)
- More than $176 million invested
- 1,400 jobs created
- More than 893,000 square feet of new space

Ms. Vick announced that the Commonwealth continues to see an increase in manufacturing businesses that use the port.

2. Dredging Program (Wider Deeper Safer®)

Ms. Vick presented a map of the harbor reflecting the total project and pointed out the current work that is ongoing on the west side of the Thimble Shoals Channel at the Chesapeake Bay-Bridge Tunnel to deepen the channel to 56 feet. She announced that the contractor is about 90 percent done with the west portion of the project.

Ms. Vick reported that the contractor will be moving to the east side of the channel to begin both the deepening and widening. She presented the Norfolk Harbor and Channels Deepening update and reported the west side should be completed by early July.

Ms. Vick announced that VPA received EPA concurrence for the east side of Thimble Shoals and that the bid package was approved by legal and procurement for the project to go out for bid on May 30. The bid opening is scheduled for June 29, in anticipation of board action for approval of the west element contract in July.

Ms. Vick announced that VPA has negotiated and permitted the beneficial reuse of the dredged material for Norfolk and Virginia Beach.

3. Consideration of Resolution 21-5, approving the authorization of a Deed of Lease between CSX Transportation, Inc. and VPA

Ms. Vick reported that the Board received a draft of the proposed Deed of Lease last week. She explained that the lease agreement is for 20.78 acres adjacent to the port's Pinner's Point Container Yard (PPCY) which is currently owned and operated by CSX Transportation, Inc. Ms. Vick explained that the port will be moving the international freight that moves through that site to VIG and the domestic freight will be going to CSXT's Rocky Mount facility. CSXT has offered a ten-year lease to VPA with two renewable options that start on or about July 1.

At this time, Ms. Vick asked for the Board's consideration of Resolution 21-5, to approve the Executive Director to enter into the Deed of Lease agreement.

Action: Upon motion by Commissioner McWhorter seconded by Commissioner Waters, the Board unanimously (11-0) adopted Resolution 21-5, approving the authorization of a Deed of Lease between CSX Transportation, Inc. and VPA.

Ayes: 11 (Milliken, Wimbush, Asbury, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)
Nays: 0
Absent During Vote: 0
Absent During Meeting: 0

Commissioner Aument participated by phone and was unable to communicate a vote.

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

The following closing remarks were made by Mr. Edwards:

"Yesterday was a good day for the port and we should recognize that a lot of hard work was done in the past to be in a position to receive what is the largest ship to transit the East Coast and call on the port (CMA CGM's Marco Polo). Receiving 16,000 TEU ships is not done without an enormous amount of hard work at the state level, the federal level, and the port level. We should look back on yesterday as a success. The ship sailed on time, it was nicely dispatched by the operating team, and I think our customer is duly satisfied with everything we did yesterday.

What we've seen in the course of this board meeting on our performance is that Rodney has reported very solid operating results. We are the beneficiaries of picking up significant cargoes at the moment while we act with fluidity and good operations and we act with great agility while some of our competitive ports are not managing to do the same. Our job for the next month or two is to continue to do that and that allows us to exploit and realize the benefits of the modernized facilities we have at both VIG and NIT. I think I can advise that they are operating well, so what was built is what's actually being delivered, and that's also important. The easiest thing to do is to stamp an approval to spend some money. The most difficult thing to do is to actually build it on time and the really most difficult thing to do is to operate it as designed and we are well into proof that the operating design is working well.

The Board should take comfort that, with the approval to go forward and conclude with CSX, that this is all tied to the development of the offshore wind industry at Portsmouth Marine Terminal and we are on course there. We are not ready yet to come to the Board with a resolution but we hope to be ready for approvals on a number of developments in July. We are on course and on the timetable that we have communicated before to be able to ask for consent on a number of developments in July.

Both April and May are looking strong. April, as you know, was a record for the port. May will beat April – we know that unless something remarkable happens in the next five days. So, we will be able to sit with you in July and we will sit with you in person and report some good months. As we then look forward, our job now is to, having won some freight, is to keep the freight and build on our foundation. So our work now will be to make sure we continue to beat that freight and continue to operate in the top ten percentile and I believe there is lots of good work going on to enable us to do that."

VI. Unfinished Business

There was no unfinished business to report.

VII. New Business

There was no new business to further report.

VIII. Other Business, Opportunity for Public Comment, and Adjournment

At the request of Chairman Milliken, Mrs. McNulty confirmed that there were no public comments submitted by email to: PublicComments@portofvirginia.com. Chairman Milliken reminded everyone that the next meeting will be held in person and he remarked that he looks forward to seeing everyone.

There being no further business, the meeting adjourned at 10:22 a.m.

Respectfully submitted,

Debra J. McNulty
Secretary to the Board

The VPA Board of Commissioners annual meeting, followed by the regular meeting, is scheduled for 9:00 a.m. on July 27, 2021. Committee meetings are scheduled the Monday before the full board meeting.

Please note: The Public (Zoom) Session has been posted to The Port of Virginia's website at: http://www.portofvirginia.com/who-we-are/our-board/ (At "Meeting Minutes"-FY21). Open Session presentations have also been posted (Click on "Presentations")

RESOLUTION 21-2

APPROVING VIRGINIA PORT AUTHORITY'S CONSOLIDATED ANNUAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2022

WHEREAS, the Chief Financial Officer of the Virginia Port Authority (the "Authority") has proposed the annual consolidated budget for the Authority for Fiscal Year Ending June 30, 2022 and has submitted same to the Board of Commissioners (the "Board") of the Authority; and

WHEREAS, the Chief Financial Officer has also made available to the Board such other information as the Board has reasonably requested in connection with the preparation of such annual budget.

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2022.

PASSED AND ADOPTED this 25th day of May, 2021.

John G. Milliken
Chairman

Attest:

Debra J. McNulty
Secretary

VIRGINIA PORT AUTHORITY
RESOLUTION 21-3

A RESOLUTION AUTHORIZING AID TO LOCAL PORTS FUNDING (FY22) TOTALING AN ESTIMATED $1,000,000 TO THE CITY OF NEWPORT NEWS, COUNTY OF NORTHAMPTON, TOWN OF CHINCOTEAGUE, AND THE TOWN OF ONANCOCK

WHEREAS, in September 1986, the Virginia General Assembly established the Commonwealth Port Fund in order to support port capital needs of all ocean, river or tributary ports within the Commonwealth; and

WHEREAS, the Board of Commissioners of the Virginia Port Authority found it necessary and in the public interest, pursuant to its statutory responsibility, to establish a policy governing disbursement of a portion of the Commonwealth Port Fund to local governmental entities in order to foster and stimulate the flow of commerce through the ports of Virginia, such policy ("Aid to Local Ports Policy") being adopted on July 28, 1987, and last amended on November 18, 2014; and

WHEREAS, in accordance with the Aid to Local Ports Policy, the following entities have applied for grants for the purposes indicated:

City of Newport News, up to $563,129 for improvements to the West Bulkhead at Seafood Industrial Park;

County of Northampton, up to $40,500 for improvements to sanitary facilities at Morley's Wharf Harbor;

Town of Chincoteague, up to $126,371 for the installation of a floating dock at the Curtis Merritt Harbor of Refuge; and

Town of Onancock, up to $270,000 for reconstruction of a bulkhead at the Town's harbor.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that:

1. Grants will be made up to the individual amounts and for the purposes indicated above.

2. Funds will be made available following the approval of certified requisitions which are accompanied by supporting documentation provided to the Virginia Port Authority as provided for in the Aid to Local Ports Policy.

3. The grantees are required to return any unused funds from these grants to the Virginia Port Authority.

4. If, by June 30, 2022, the grants authorized herein have not been fully drawn upon, or the contracts covering the improvements for which the grants were made have

not been entered into, the grants will lapse and will not be carried over to the next fiscal year.

BE IT FURTHER RESOLVED, that:

The City of Hampton may carryover until June 30, 2022 its previous balance estimated to be $50,000.

The City of Newport News may carryover until June 30, 2022, its previous balance estimated to be $50,000.

The County of Accomack may carryover until June 30, 2022, its previous balance estimated to be $255,000.

The County of Northampton may carryover until June 30, 2022, its previous balance estimated to be $18,750.

The Town of Onancock may carryover until June 30, 2022, its previous balance estimated to be $154,520.56.

The Town of Saxis may carryover until June 30, 2022, its previous balance estimated to be $148,500.

The Town of Tangier may carryover until June 30, 2022 its previous balance estimated to be $57,925.

The Town of Wachapreague may carryover until June 30, 2022 its previous balance estimated to be $9,000.

PASSED AND ADOPTED this 25th day of May, 2021.

John G. Milliken, Chairman

Attest:

Debra J. McNulty, Secretary

VIRGINIA PORT AUTHORITY
RESOLUTION 21-4

A RESOLUTION AUTHORIZING WATERWAY MAINTENANCE GRANT FUNDING (FY22) TOTALING AN ESTIMATED $3,084,000 to the County of Accomack, County of Mathews, County of Northampton and the Northern Neck Chesapeake Bay Public Access Authority.

WHEREAS, in May 2018, the Virginia General Assembly established the Virginia Waterway Maintenance Grant Program, to be administered by the Virginia Port Authority, in order to support shallow draft dredging projects throughout the Commonwealth; and

WHEREAS, the Board of Commissioners of the Virginia Port Authority adopted a Policy on Grants to Local Governments for Financial Assistance for Dredging Activities (Virginia Waterway Maintenance Grant Program) on July 24, 2018; and

WHEREAS, in accordance with the Virginia Waterway Maintenance Grant Policy, the following entities have applied for grants for the purposes indicated:

County of Accomack, up to $103,000 for the continuation of pre-planning activities to address the dredging needs of Folly Creek.

County of Mathews, up to $1,500,000 for dredging activities associated with Hole in the Wall.

County of Northampton, up to $822,000 for dredging activities associated with Kings Creek; up to $103,000 for the continuation of pre-planning activities to address the dredging needs of Nassawadox Creek; up to $103,000 for the continuation of pre-planning activities to address the dredging needs of Hungars Creek and; up to $103,000 for the continuation of pre-planning activities to address the dredging needs of Red Bank Creek.

Northern Neck Chesapeake Bay Public Access Authority, up to $350,000 for the development of a Shallow Draft Navigation and Sediment Management Implementation Plan.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that:

1. Grants will be made in the individual amounts and for the purposes indicated above.
2. Funds will be made available following the approval of certified requisitions which are accompanied by supporting documentation provided to the Virginia Port Authority as provided for in the Waterway Maintenance Fund Grant Policy.
3. The grantees are required to return any unused funds from these grants to the Virginia Port Authority.

PASSED AND ADOPTED this 25th day of May, 2021.

John G. Milliken, Chairman

Attest:

Debra J. McNulty, Secretary

VIRGINIA PORT AUTHORITY
RESOLUTION 21-5
RESOLUTION AUTHORIZING THE DEED OF LEASE BETWEEN CSX TRANSPORTATION, INC. AND THE VIRGINIA PORT AUTHORITY.

WHEREAS, The Virginia Port Authority (the "Authority"), a body corporate and a political subdivision of the Commonwealth of Virginia, has been established pursuant to Chapter 10, Title 62.1 of the Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is empowered to rent, lease, buy, own, acquire, construct, reconstruct, and dispose of harbors, seaports, port facilities and such property, whether real or personal as it may find necessary or convenient and issue revenue bonds therefore without pledging the faith and credit of the Commonwealth; and

WHEREAS, pursuant to the Act, it is the duty of the Authority to foster and stimulate the commerce of the ports of the Commonwealth, to promote the shipment of goods and cargos through the ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth, and in general to perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of the ports of the Commonwealth; and

WHEREAS, the Authority expressed an interest in entering into a lease with CSX Transportation, Inc. for approximately twenty acres of land located adjacent to Portsmouth Marine Terminal, and the Authority has investigated the merits and risks of such a lease; and

WHEREAS, in connection with the lease, there has been presented to the Board a proposed Deed of Lease Agreement between CSX Transportation, Inc. and the Authority, including the Exhibits attached thereto (the "Lease"); and

WHEREAS, the Board has duly reviewed and considered the form of the Lease and has determined that the Lease is in acceptable form. The Board has found and determined that the terms contemplated by the Lease are in conformity with the purposes of the Authority set forth in the Act and are in the public interest and otherwise beneficial to the Commonwealth of Virginia; and

WHEREAS, the Board has determined that it is necessary to delegate to the Executive Director of the Authority to approve the final form of the Lease and such details of the Lease as cannot be determined at this time including, but not limited to, the approval of the form of the various Exhibits to the Lease.

NOW THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Virginia Port Authority as follows:

Section 1. Approval of the Lease. The form of the Lease, including the various Exhibits, presented at this meeting relating to the lease of approximately twenty acres

from CSX Transportation, Inc. by the Authority and the execution and delivery thereof by the Authority is hereby authorized, and the Lease shall be executed in the manner therein set forth to evidence the acceptance by the Authority of such a lease, with such changes, insertions and omissions as may be approved by the Executive Director, the execution of the Lease by the Executive Director to be conclusive evidence of the Authority's approval of any such changes, insertions and omissions.

Section 2. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority, any of whom may act, are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may in their discretion deem necessary or proper in connection with the lease of the Terminal.

Section 3. Other Definitions. All terms not otherwise defined herein, shall have the meanings given to them in the Lease.

Section 4. Effective date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 25th day of May, 2021.

John G. Milliken, Chairman

Attest:

Debra J. McNulty, Secretary

RESOLUTION COMMENDING THE SERVICE OF
DEBRA J. MCNULTY
SECRETARY TO THE BOARD

WHEREAS, Debra J. McNulty (fondly known to her colleagues as "Deb") was appointed as Secretary to the Virginia Port Authority Board of Commissioners on July 24, 1990, and has dutifully served the functioning of the Board for more than thirty years ensuring all business conducted was done in accordance with the by-laws, Virginia law and was duly recorded in the minutes and records of the Board; and

WHEREAS, Deb has served as the guardian of process for over two hundred meetings of the Virginia Port Authority Board of Commissioners, and she has served as Secretary alongside nine Board Chairmen and five CEO/Executive Directors; and

WHEREAS, Deb has served The Port of Virginia with values-based service in furtherance of the Port's mission to drive business to, *and through*, the Commonwealth of Virginia; and

WHEREAS, on the occasion of Deb's retirement and in recognition of her dedicated service to the Commonwealth of Virginia, the Governor, Secretary of Transportation, Commissioners, and Executive Director; as well as to the Business and Maritime Community, and Colleagues of the Port, this Board joins the community in genuinely thanking her for her careful attention to the detail of the recordkeeping of all Board matters and for always performing her duties with the highest level of professionalism; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority, in regular meeting assembled through an electronic session in Virginia, this 25th day of May, 2021, that:

First: We extend to Deb our deep admiration and appreciation for her dedicated and exemplary service and perfect attendance over her thirty-year tenure as Secretary to the Board; and

Second: We acknowledge Deb's accomplishments in working to enhance The Port of Virginia through her service to the Board of Commissioners and Port Colleagues; and

Third: We extend to Deb our very best wishes for good health and happiness in the retirement that she so richly deserves; and

BE IT RESOLVED FINALLY, that this Resolution be suitably presented to Deb and a copy thereof be duly noted in the minutes of this meeting.

John G. Milliken
Chairman of the Board

Stephen A. Edwards
CEO and Executive Director

VPA FY 22 Budget

Rodney Oliver, Chief Financial Officer

Highlights

	2020 ACTUAL	2021 FORECAST	Prior to GASB 2022 BUDGET		Post GASB 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

Container volume increase of 1.9% compared with FY21 forecast

Operating Income

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

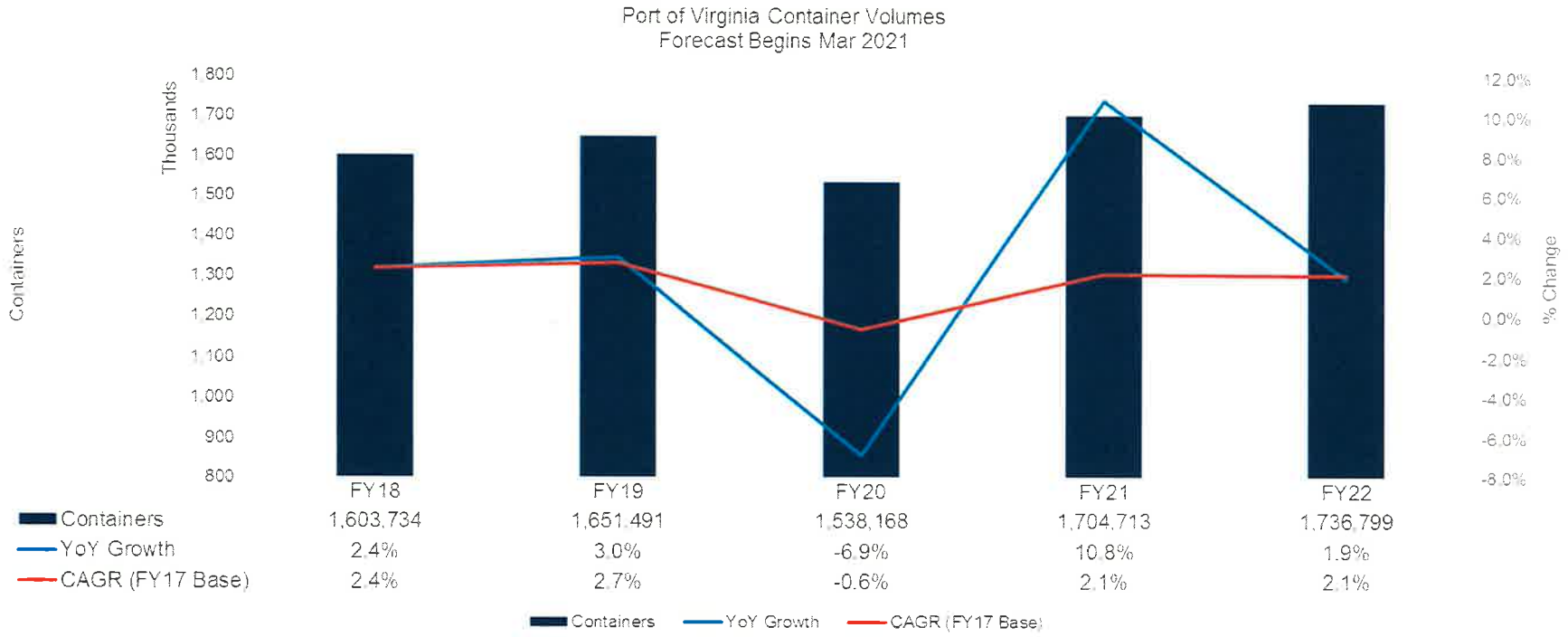
Other

VIG lease payment CPI – 3.7%

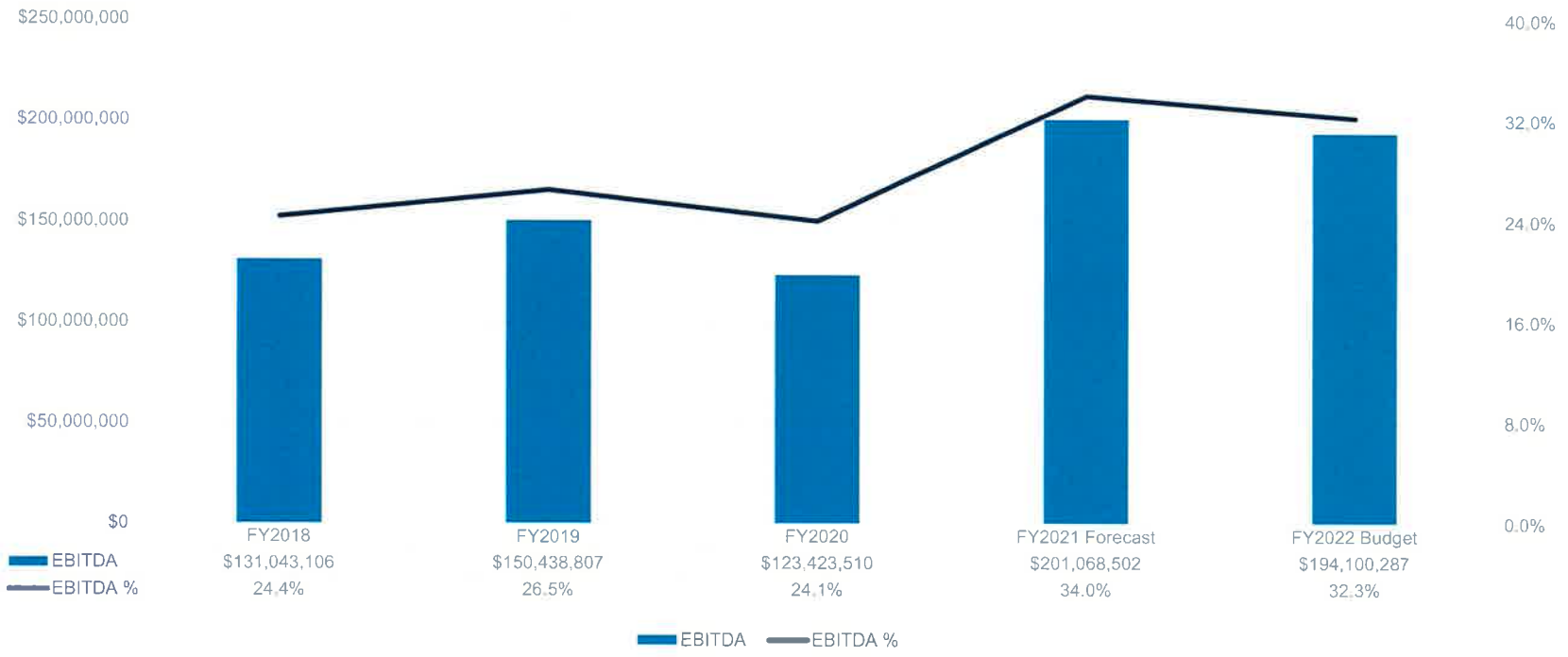
CPF Revenue based on FY21 projection from VDOT

GASB 87 & 89

Steady volume growth after pandemic shock

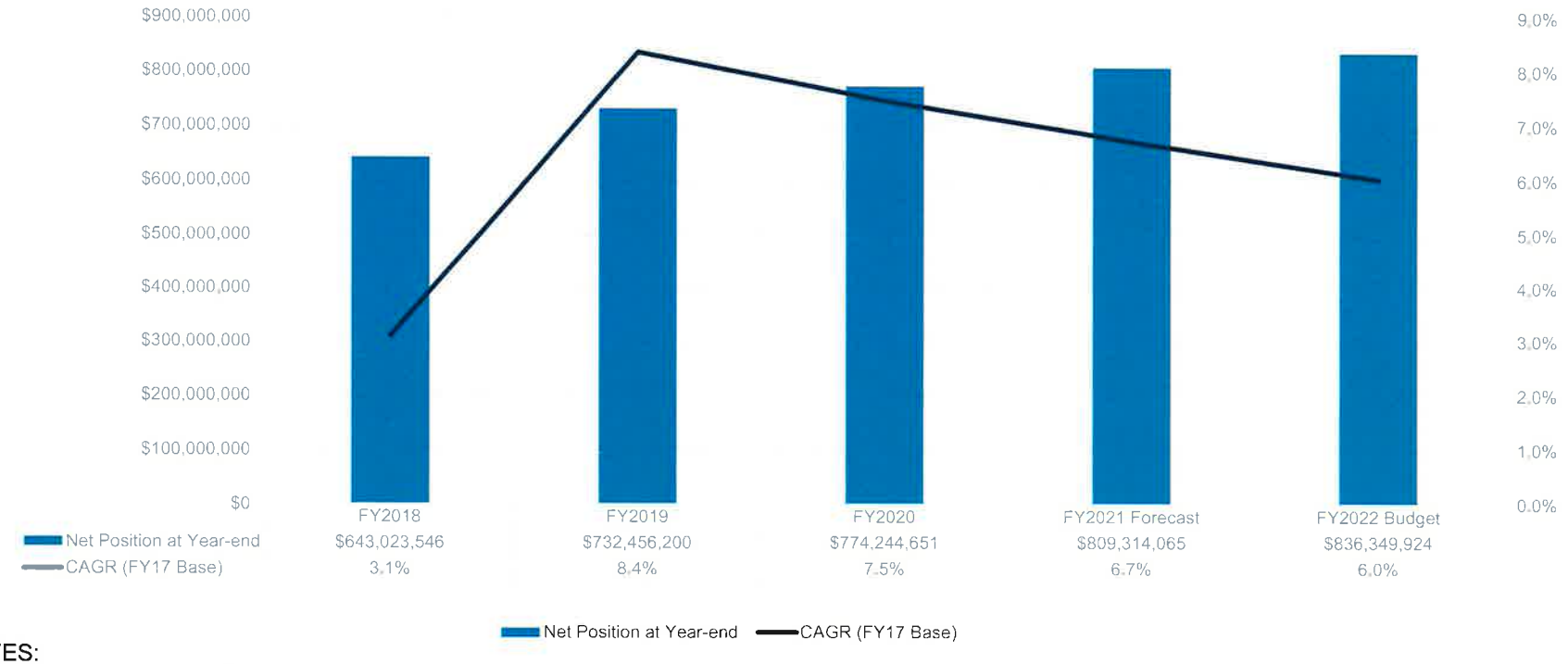


EBITDA Margin remains robust



NOTE: FY22 Budget without GASB impacts.

Net Position increases



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

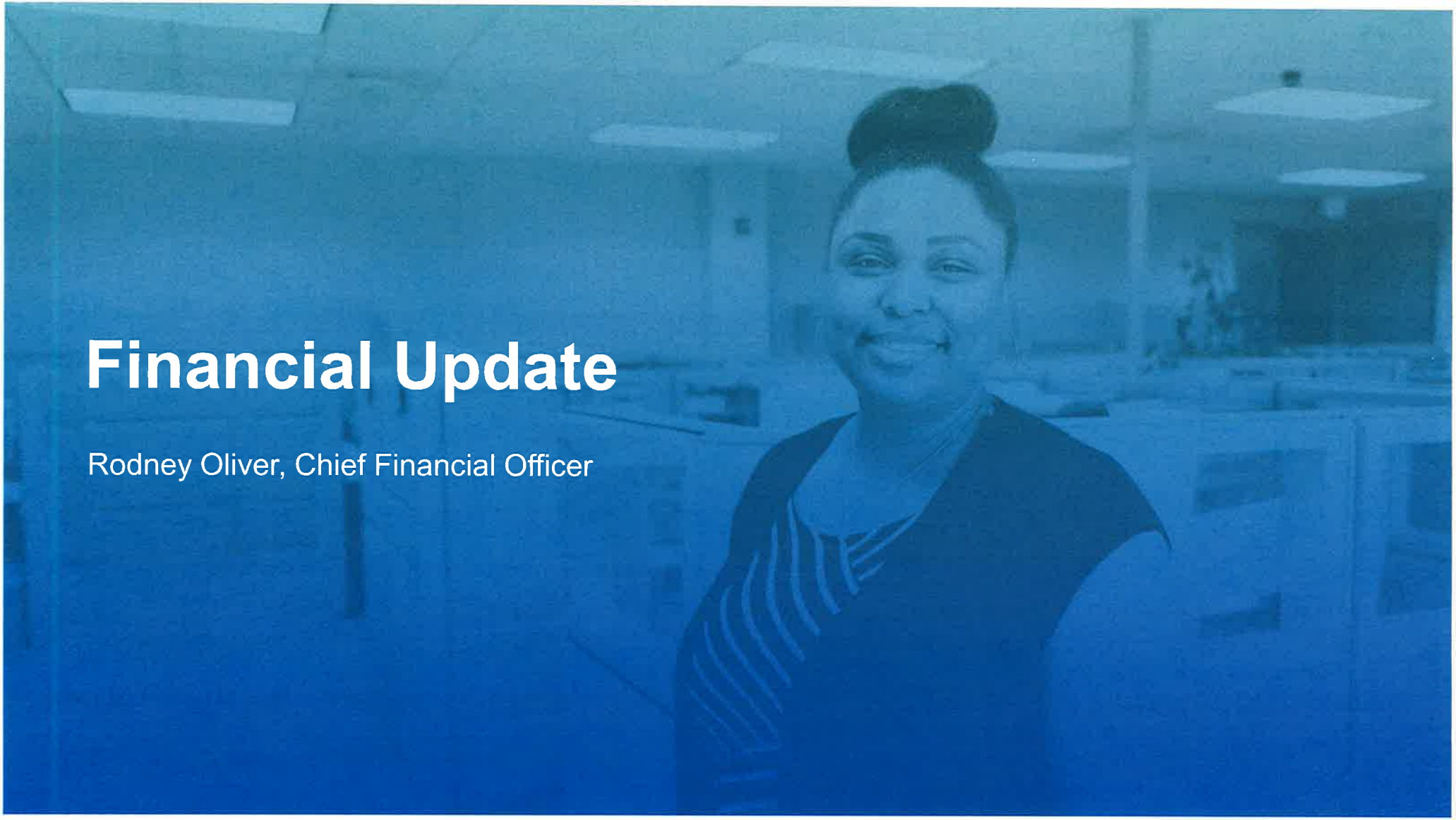
Measure	Minimum Requirement	FY2021 Budget	FY2021 Forecast	FY2022 Budget
		FY2021		FY2022
Aggregate Net Revenue Coverage	1.10	1.40	2.25	1.91
Aggregate Adjusted Net Revenue Coverage	1.25	1.58	2.43	2.09
Net Revenue Coverage	1.00	1.30	2.15	1.82
Fixed Obligation Coverage	1.00	1.28	2.10	1.79

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



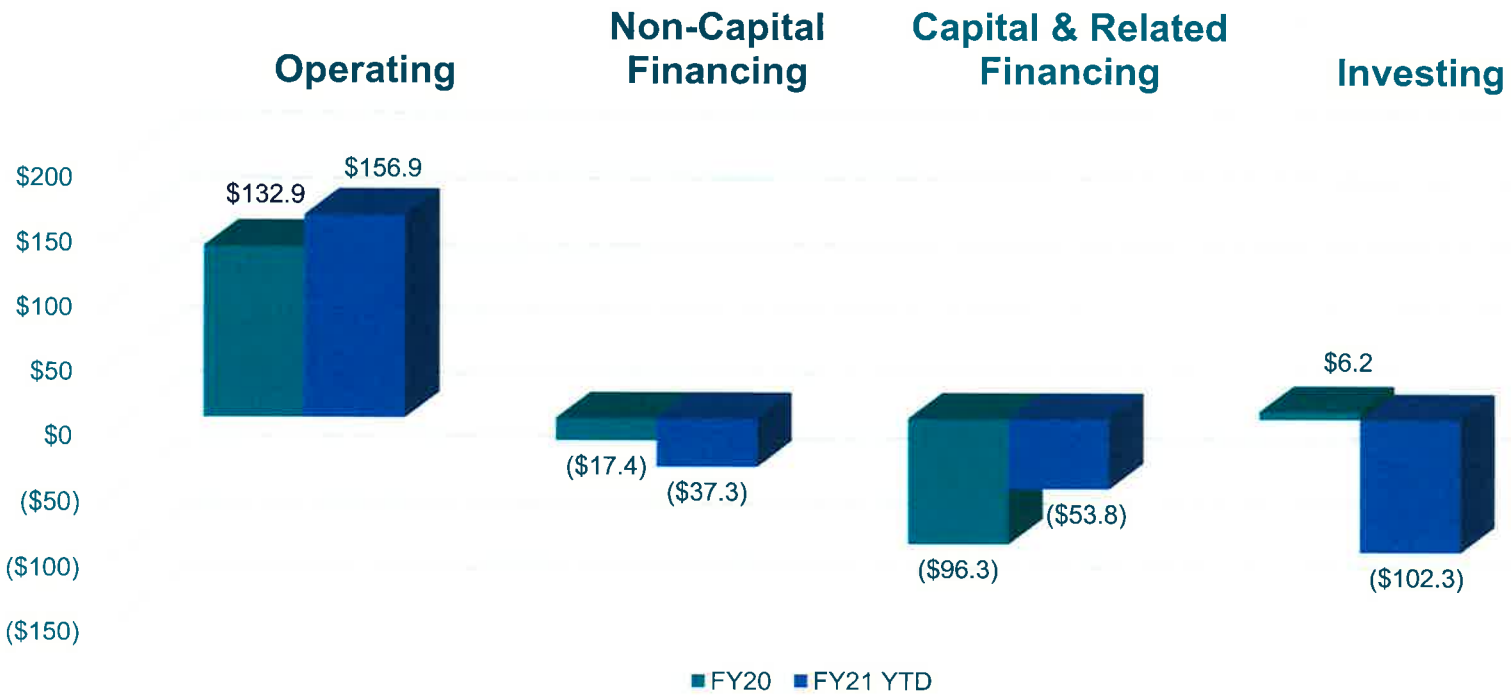
Financial Update

Rodney Oliver, Chief Financial Officer

Fiscal Year 2021 YTD Highlights

	Category	Budget	Actual
Jul - Mar	Volume	1,165,334	1,285,482
	Operating Revenues	$402.4 million	$450.9 million
	Operating Expenses	$384.4 million	$377.8 million
	Operating Income	$18.0 million	$73.1 million
	EBITDA	$105.5 million	$161.5 million
Apr	Volume	132,648	In-Process
	Operating Income	$3.4 million	In-Process

Cash Flow FY20 vs FY21 YTD – USD millions



Cash and Investments as of 3/31/2021: $403.9 million
Residual Fund and Operating as of 3/31/2021: $270.3 million

Capital & Related Financing Activities – USD millions

Category	FY20	FY21 YTD
Net refunding proceeds	$ -	$9.9
CPF contribution	$44.0	$34.8
Acquisition of capital assets	$(165.7)	$(54.5)
Transfer from primary government	$106.9	$41.8
Facility capital lease payments	$(88.9)	$(66.9)
Proceeds from MELP financing	$37.1	$23.6
Principal paid on long-term debt	$(18.5)	$(21.9)
Interest paid on long-term debt	$(22.6)	$(21.0)
Other	$11.4	$0.4
Total	$(96.3)	$(53.8)

ALP FY22 Project Summary

City/County	Total Project Cost	Amount Requested	Carryover Request	Proposed Allocation
Accomack: Greenbackville Harbor - next phase of dock replacement	$ 434,500.00	$ 325,875.00	$ 255,000.00	$ -
Cape Charles:	$ -	$ -	$ 78,263.74	
Chincoteague: Floating dock at CMHR	$ 168,495.00	$ 126,371.00	$ -	$ 126,371.00
City of Hampton:	$ -	$ -	$ 50,000.00	
City of Newport News: West Bulkhead Terminal repairs	$ 862,473.00	$ 646,855.00	$ 50,000.00	$ 563,129.00
Northampton: Sanitary Facilities @ Morley's Wharf	$ 54,000.00	$ 40,500.00	$ 18,750.00	$ 40,500.00
Parking lot a@ Oyster Public Boat Landing	$ 475,000.00	$ 270,000.00	$ -	$ -
Onancock: Bulkhead Reconstruction	$ 360,000.00	$ 270,000.00	$ 159,660.75	$ 270,000.00
Saxis:	$ -	$ -	$ 148,500.00	
Tangier:	$ -	$ -	$ 57,925.00	
Wachapreague:	$ -	$ -	$ 9,000.00	
	$ 2,354,468.00	**$ 1,765,851.00**	**$ 827,099.49**	**$ 1,000,000.00**

WMF FY22 Project Summary

City/County	Amount Requested	Proposed Allocation
Accomack: Folly Creek	$ 103,000.00	$ 103,000.00
Mathews: Hole in the Wall	$ 1,500,000.00	$ 1,500,000.00
Northampton: Kings Creek	$ 822,000.00	$ 822,000.00
Nassawadox Creek	$ 103,000.00	$ 103,000.00
Hungars Creek	$ 103,000.00	$ 103,000.00
Red Bank Creek	$ 103,000.00	$ 103,000.00
Northern Neck Planning District Commission: Shallow Draft Navigation & Sediment Management Plan Update	$ 350,000.00	$ 350,000.00
TOTALS	**$ 3,084,000.00**	**$ 3,084,000.00**

February – March 2021 Volumes

	Feb - Mar 2020	Feb - Mar 2021	Change	% Change
Total TEUs	**427,131**	**528,040**	**100,909**	**23.6%**
Export Loaded TEUs	171,595	182,312	10,717	6.2%
Export Empty TEUs	54,265	99,586	45,321	83.5%
Import Loaded TEUs	196,688	240,340	43,652	22.2%
Total Rail Containers	**81,171**	**95,923**	**14,752**	**18.2%**
Front Royal Containers	4,016	5,271	1,255	31.3%
Total Barge Containers	**9,296**	**10,029**	**733**	**7.9%**
Richmond Containers	6,759	6,240	(519)	-7.7%
Total Truck Containers	**147,147**	**186,162**	**39,015**	**26.5%**
Ship Calls	**223**	**245**	**22**	**9.9%**

April (Actual) – May (Forecasted) 2021 Volumes

	April – May 2020	April – May 2021	Change	% Change
Total TEUs	**409,081**	**561,888**	**152,807**	**37.4%**
Export Loaded TEUs	143,318	187,590	44,272	30.9%
Export Empty TEUs	72,545	99,876	27,332	37.7%
Import Loaded TEUs	187,979	270,647	82,668	44.0%
Total Rail Containers	**73,327**	**110,302**	**36,975**	**50.4%**
Front Royal Containers	4,398	5,753	1,355	30.8%
Total Barge Containers	**9,152**	**11,581**	**2,429**	**26.5%**
Richmond Containers	6,817	7,412	595	8.7%
Total Truck Containers	**146,893**	**191,403**	**44,510**	**30.3%**
Ship Calls	**220**	**263**	**43**	**19.5%**