

## **MINUTES**

### **Virginia Port Authority Board of Commissioners – Public Session 398**

600 World Trade Center

Norfolk, Virginia

Tuesday, January 28, 2020

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The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on January 28, 2020, in VPA’s Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. The Chairman advised that the meeting would need to adjourn no later than 10:25 a.m. due to the Governor’s 10:30 a.m. press conference at Town Point Club.

The following were then in attendance:

#### Commissioners:

John G. Milliken, Chairman

F. Blair Wimbush, Vice Chairman

John C. Asbury

J. William Cofer

Val S. McWhorter

Faith B. Power

Louisa M. Strayhorn

Deborah C. Waters

#### Commissioners Absent:

Jennifer D. Aument

Manju S. Ganeriwala, State Treasurer

Stephen Moret

#### VPA Staff:

Matthew Barnes-Smith, Chief Administration Officer

James Bibbs, Chief Human Resources Officer

Sarah McCoy, General Counsel

Rodney W. Oliver, Chief Financial Officer

John F. Reinhart, CEO & Executive Director

Joseph P. Ruddy, Chief Innovation Officer

Jay Stecher, Chief Marketing Officer

Cathie Vick, Chief Development & Government Affairs Officer

Jason Barlow, Vice President, Contracts & Risk Management

VPA Staff (continued):

Russell Held, Vice President, Economic Development  
Daniel Hendrickson, Vice President, Strategic Planning & Analytics  
Barbara Nelson, Vice President, Government Affairs & Transportation Policy  
Gregory Edwards, Director, Internal & Partner Communications  
Ron Green, Director, Process Excellence  
Chris Gullickson, Director, Economic Development  
Dustin Rinehart, Director, State & Local Government Affairs  
Andrew Sinclair, Director, Federal Government Affairs  
Anja Sparenberg, Director, Management Reporting & Analytics  
Carla Welsh, Director, Creative Services  
Sara Burnett, Senior Manager, Commercial Pricing  
Melissa Katz, Manager, Design  
Matthew Miller, Manager, Contracts & Real Estate  
Charles Cannon, Information Technology Specialist  
Patty Marlow, Pricing & Quotes Specialist  
Kelly Taylor, Information Technology Technician  
Debra J. McNulty, Secretary to the Board

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

Guests:

W. Brice Fiske, Office of the Attorney General  
Jennifer Palestrant, Department of Mines, Minerals and Energy (DMME)  
David White, Virginia Maritime Association (VMA)  
Will Fediw, VMA  
Ken Benassi, Colliers International  
Bryant McGann, Vandeventer Black  
Savannah Pegg, DLS Engineering  
Michelle Wharton, Kimley-Horn  
Kevin McCarthy, SWAY  
Haley Garvey, SWAY  
Heather Wood, Dewberry  
Gordon Rago, *The Virginian-Pilot*

**Safety Briefing and Introductions**

At the request of Chairman Milliken, Mr. Ruddy conducted the safety briefing and Mr. Greg Edwards introduced guests who were in attendance.

Chairman Milliken then acknowledged Ms. Patty Marlow, Pricing and Quotes Specialist, who was in attendance, and congratulated her on 40 years of service at the Port.

**I. Approval of Minutes**

**Action:** At the request of Chairman Milliken, minutes of the regular meeting of the VPA Board, held November 19, 2019, were unanimously approved as circulated.

**II. Reports of Committees**

**A. Executive Committee Report – Chairman Milliken**

Chairman Milliken reported that the Executive Committee met on January 27<sup>th</sup> and went into closed session to discuss confidential personnel matters and that there was no action taken.

The Chairman then presented Resolution 20-3, authorizing the reappropriation of Aid to Local Ports (ALP) funding to the Town of Tangier and he asked Ms. Vick to describe the project. Chairman Milliken noted that the Finance and Audit Committee heard a report on the project in closed session on Monday, January 27.

Ms. Vick reported that the reappropriation request from the Town of Tangier is an out-of-cycle request from the annual Aid to Local Ports requests that are presented to the Board in May of each year. She explained that the Town of Tangier could not finish its original project due to escalating costs and made a request to reappropriate \$57,925 (awarded in FY2014) for a new project that involves bulkhead replacement at the Town dock that services ferries to and from the island and includes a floating dock with a medical lift to assist passengers. Ms. Vick reported that the project totals \$66,000 and the Town would match the difference as required by ALP policy guidelines. There were no questions from the Board.

**Action:** Upon motion by Mr. McWhorter, seconded by Ms. Strayhorn, the Board unanimously approved Resolution 20-3 (8-0), authorizing reappropriation of Aid to Local Ports Funding (FY20) up to \$57,925, to the Town of Tangier.

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

Ms. Power reported on the Finance and Audit Committee meeting that was held, Monday,

January 27. Her report is attached hereto. She then asked Mr. Oliver to present the November financials.

I. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the Month Ended November 2019 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver announced that the financials are based on generally accepted accounting principles (GAAP). He reported revenues for the month of November were below budget expectations and below prior year due to volumes that were 5.7 percent lower than last year. Mr. Oliver reported operating expenses were below budget and below prior year and noted that lower operating expenses did not offset lower volumes and revenues. He reported that operating income was \$545,000 compared to budgeted \$5.8 million and \$4.9 million from prior year.

Mr. Oliver explained that change in net position was also below budget expectations and is timing-related due to estimating receipt of federal and state funds for various projects (ex: 55-foot project, South NIT construction project, Central Rail Yard). He advised that \$11.8 million of the variance from budget was directly related to the timing of federal and state funds.

Mr. Oliver reported that for the first five months of the fiscal year, through November, revenues were down from where they were expected to be in the budget and slightly down from prior year despite increased volumes for the five-month period. With regard to lower revenues compared to prior year, Mr. Oliver reported that a contributing factor was lower loaded container storage, due to operational efficiencies.

Overall, the first five months of the fiscal year, Mr. Oliver announced operating income was \$4.5 million ahead of budget expectations. He reported that terminal operations, maintenance, and depreciation, are driving the budget versus actual variance due to lower operating expenses. Mr. Oliver reported that the change in net income for the first five months was affected by timing of receipt of federal and state funds.

A copy of Mr. Oliver's presentation is attached.

2. Presentation of Administrative Services and Compliance Reports – Matthew Barnes-Smith, Chief Administration Officer

Report on Orsted Wind Power North America, LLC Lease

Mr. Barnes-Smith's presentation slides and remarks reviewing the lease of a portion of the Portsmouth Marine Terminal ("PMT") by VPA to Orsted Wind Power North America, LLC,

are attached. After Mr. Barnes-Smith presented, there were no questions from the Board, and Chairman Milliken then asked for a motion to approve Resolution 20-2, authorizing the lease transaction.

**Action:** Upon motion by Ms. Power, on behalf of the Finance and Audit Committee, seconded by Ms. Strayhorn, the Board unanimously approved Resolution 20-2 (8-0), authorizing the Virginia Port Authority to lease a portion of Portsmouth Marine Terminal to Orsted Wind Power North America, LLC

Chairman Milliken spoke on the importance of the lease with Orsted and for the Commonwealth of Virginia and he remarked that Virginia is on the cutting edge of this new industry which can grow to an untold number of jobs and benefits. By securing this business, the Chairman remarked that it was a testament to the Port's plans to open the PMT terminal and utilize the facility for this purpose after completion of the expansion projects at South NIT and VIG.

Chairman Milliken expressed appreciation to Mr. Reinhart and the Board.

#### SWaM (Small, Women-Owned, and Minority) Procurement Report

Mr. Barnes-Smith described progress in the SWaM procurement area for CY2019. He mentioned the 1<sup>st</sup> Annual SWaM Event that POV hosted in January 2019 that had over 120 vendor participants. Mr. Barnes-Smith announced that POV will host the 2<sup>nd</sup> Annual SWaM Event on March 20, 2020 at Nauticus.

It was reminded by Mr. Barnes-Smith that VPA was the first political subdivision of the Commonwealth to sign a Memorandum of Understanding with the Department of Small Business and Supplier Diversity.

Mr. Barnes-Smith reported that, in CY 2019, the VPA spent over \$50 million dollars with SWaM vendors - 36.75% of discretionary spend with 11% contracted in the Disadvantaged Business Enterprise (DBE) category. He reported that FY 2020 year-to-date results show that POV's efforts are paying dividends with 42% of discretionary spending placed with SWaM or DBE vendors.

Ms. Strayhorn complimented Mr. Barnes-Smith and POV on their efforts to increase SWaM expenditures and she said she was very proud of the team.

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

Mr. McWhorter reported on the Growth and Operations Committee meeting that was held, Monday, January 27. Attached is his report. Mr. McWhorter turned the meeting over to Mr. Price at this time.

I. Report on Safety/Operations – Kevin Price, Chief Operations Officer, Virginia International Terminals, LLC (VIT)

Mr. Price reported that POV averaged 1.95 Lost Work Days (LWD) for fiscal year-to-date (December 31, 2019) which was an improvement over last fiscal year and slightly lower than fiscal year 2018. He explained how the LWD rate was lower from last year due to high volume cargoes moving back to VIG from PMT now that the VIG facility is completed.

Mr. Price reviewed POV rail versus gate/barge volumes and explained that POV handles one-third rail volumes and two-thirds gate/barge volumes. He reviewed POV rail volumes through December 2019 and reported that rail ready dwell times are at 37 hours which is about 11 hours faster than industry standards. Mr. Price reported that traditional turn-times at the Port are averaging 33 minutes – about 27 minutes faster than other ports and well under the industry standard. He reported there were 67,643 gate moves in December and presented a graph showing the improvements in turn-times at NIT, VIG, and PMT. Mr. Price noted that less than one percent of total moves had traditional turn-times of over two hours and that the Port is working hard to eliminate those wait times.

Mr. Price reported missed reservations are under five percent compared with the ten percent average when the Truck Reservation System (TRS) was first implemented. He then explained how the Port was able to go back to a 6:00 a.m. gate start on weekdays and close on Saturdays due to operational efficiencies.

Ms. Waters asked about feedback from the motor carrier community as a result of the reservation system and improved turn-times. Mr. Price remarked that members of the Pier Committee inquired about all-day appointments and that they were very pleased with the system. He also reported that peak season went very well at the Port and that Wal-Mart was very satisfied with POV's performance and low dwell times.

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

Mr. Capozzi announced that, despite the positive U.S. economy, lower container volumes have been felt throughout the trade which was attributed to U.S. manufacturing indices and the ongoing trade dispute with China. He reported imports are down in the trans-Pacific trade lanes and that ocean carriers have deployed blank sailings in their weekly loop of vessel calls

which is impacting every port in the loop. Mr. Capozzi mentioned that POV had five blank sailings over the last three months that averaged about 8,000 containers that were not discharged or loaded. He also talked about the shift in containers from East to West Coast and the effects of blank sailings on the West Coast and declining capacity that could help drive business to POV.

Mr. Capozzi reviewed highlights of Calendar Year 2019 volumes (attached) and reported a +2.9 percent increase in total TEUs (twenty-foot equivalent units) that was driven by import loaded containers (+2.9 percent increase) and export empty containers (+10.4 percent increase). Mr. Capozzi reported that export loaded containers were down (-1.2 percent) which was tied to the US/China trade dispute that affected exports of soybeans/grains and forest products out of Virginia. He mentioned that export loaded containers could have been up by +4.4 percent had not been for the trade situation. Currently, for FY20, he reported that export loaded TEUs are up by +8 percent.

Mr. Capozzi reported that rail cargo was flat for the year. He announced that Richmond Marine Terminal (RMT) continues to drive the barge volumes (+19.5 percent) and total barge containers were up (+18.6 percent) that includes the barge service between Baltimore/Norfolk/Philadelphia.

Mr. Capozzi announced a new two-year contract was signed with Turkon Line, a long-time customer of the Port, and that Hapag Lloyd, the second largest carrier that calls the Port, added a vessel to Loop 3 on their U.S. flag services that handles cargo for military exchanges and commissaries.

Mr. Capozzi reviewed several of the conferences attended by POV's sales team:

- AgTC (Agriculture Transportation Coalition) Winter Workshop – Minneapolis, MN
- Intermodal of Chicago
- JOC Shipper Roundtable, Newark, NJ

He announced that the next AgTC Workshop is scheduled to be held in Norfolk on April 8, 2020.

Mr. Capozzi reviewed the U.S./China Phase I Agreement that was recently announced by the President. The Agreement is expected to increase agricultural products (soybeans, cotton, wheat), poultry, pork, and export opportunities through The Port of Virginia.

Mr. Capozzi reported that construction of additional refrigerated (reefer) racks at the Port are driving refrigerated cargo volumes resulting in a +11.6 percent increase for CY19, and Smithfield Foods volumes increased by +300 percent (export pork to China). He reported that

poultry exports are expected to increase after the lifting of the poultry ban with China. Mr. Capozzi announced that POV recently secured banana shipments that were captured from the Port of Wilmington and looking for opportunities to import grapes from the West Coast of South America. Mr. Capozzi reported that the first shipment of plastic resins will be coming into the Port from Shintech by rail hopper cars from New Orleans and transloaded at the Katoen Natie facility in Norfolk.

### **III. Report by Chief Human Resources Officer – James Bibbs**

Mr. Bibbs presented recruitment metrics for fiscal year-to-date 2020 (July-December). He reported that approximately 80 percent of new hires are in the operations division and explained how the Human Resources division coordinates with operations for the onboarding of Assistant Operations Managers (AOMs) and new colleagues in that division.

Mr. Bibbs presented the combined demographics and attrition statistics of the VPA, VIT and HRCPII. He talked about the many programs that are implemented for training and development of colleagues. He then presented the training metrics slide that reflected training hours by each business unit for CY19 and training hours by category – over 6,000 hours in programs and training for all colleagues.

Chairman Milliken asked how POV's attrition rate compares with Southeast ports. Mr. Bibbs explained that, in conversations with those ports, POV is in line with their attrition metrics and is staying very competitive.

### **IV. Report by Chief Innovation Officer – Joseph P. Ruddy**

Mr. Ruddy explained the importance of data collection and the need to provide a continual and reliable stream of data to enhance the customer experience. He announced that the Port is using Microsoft Dynamics 365 and he explained how it will be fully integrated into POV's phone and email systems. Currently, POV has a historical analysis that sales, economic development, and customer service groups use – the CRM or customer relationship management platform. Mr. Ruddy described how additional POV divisions would be integrated into the system. Mr. Ruddy reported that his team met with Microsoft last week and set a roadmap for progress and integration and he will report further at the March meeting.

Mr. Ruddy presented a weekly dashboard developed by the Strategic Planning and Analytics Economist that incorporates all divisions of the POV organization and the projects that are currently in progress and that are assigned to each member of the analytics team. Mr. Ruddy explained that the team handles anywhere from 10-15 projects per week with varying complexities.



Mr. Ruddy also described the role of Nina Malone, Principal Economist, who provides critical economic data for analysis.

Mr. Ruddy then provided an update on the progress of South NIT's expansion project which, he reported, continues to progress "remarkably well". He announced phases 1 and 2 are in operation and phase 3 is due to go online late February. Mr. Ruddy announced that six rail-mounted gantry cranes (RMGs) were delivered to South NIT on January 9<sup>th</sup> and will be turned over to the operations team later in February. He noted that phase 3 will be fully delivered for operation in April 2020.

Mr. Ruddy reported that Phase 4, which is closest to the rail product, is scheduled for completion in November 2020. He announced that two ship-to-shore cranes are scheduled to be delivered (tentatively) in August 2020. Mr. Ruddy presented the construction time-line and he mentioned that Rich Ceci, VIT's Vice President, Technology and Project Management reported to the Growth and Operations Committee that there were no changes of any consequence on the project.

Mr. Reinhart mentioned that Mr. Ruddy serves as chair of POV's Cybersecurity Oversight Committee. Mr. Ruddy mentioned that Mr. Ceci had briefed the Growth and Operations Committee on the 2019 re-test that was performed by Deloitte based on vulnerabilities that were discovered on POV's systems in the initial 2018 testing phase. He advised that Deloitte's stress-test on POV's computerized systems reported that most of the cybersecurity "holes" could not be penetrated and that they were impressed that POV has recovery plans in place in the event of an attack. Mr. Ruddy announced that almost 100 percent of POV colleagues completed 90 minutes of required cybersecurity training. He also talked about the cybersecurity table-top exercise that is scheduled for January 30, 2020.

**V. Report by Chief Marketing Officer – James ("Jay") Stecher**

Mr. Stecher commented that POV colleagues are always getting email phishing attacks and that the Port is getting very good at detecting them.

Mr. Stecher provided a CY2019 update on earned media. He reported the following statistics:

- 3,600 mentions valued at more than \$5 million in ad equivalency
- 97 percent of mentions were "good" or "neutral" in sentiment
- Top 5 phrases were positive – capacity, cranes, World-class, \$350 million, 55-feet
- 10 countries ran stories mentioning POV in the international coverage.

Mr. Stecher mentioned that ad equivalency the year before was \$7 million and was attributed

to Mr. Reinhart's testimony in Washington with regard to the tariffs on cranes.

Regarding owned media, Mr. Stecher distributed two versions of the Economic Impact Summary folders that were produced for the government affairs audiences and economic development.

Mr. Stecher reported that POV is currently working with SWAY (a SWaM vendor) on the redesign of the Port's website and he introduced two guests from SWAY who were in attendance – Mr. Kevin McCarthy and Ms. Haley Garvey.

Mr. Stecher also reported on the work that is currently underway in preparation for the TPM Conference in Long Beach, CA, March 1-4, 2020. He explained that ipads will be available for convention attendees to learn about POV and that badges will be scanned in order to collect data for POV's customer relations management system.

Mr. Stecher advised that POV is getting ready for the annual State of the Port presentations that are scheduled for the following dates and locations (an email is forthcoming):

April 7 – Front Royal

April 8 – Richmond

April 9 – Norfolk

#### **VI. Report by Chief Development & Government Affairs Officer – Cathie Vick**

Ms. Vick reported that the President signed the two Appropriations Minibus bills on December 20<sup>th</sup> providing funding for the federal government through the end of the fiscal year on September 30. She announced that the US Army Corps' Work Plan with new start designations and specific project amounts is due by February 18<sup>th</sup>. Ms. Vick explained that the Energy and Water provisions include two navigation new starts for construction as well as an additional \$377 for navigation construction funding which will be assigned to projects in the Work Plan. She then reviewed some of the funding highlights.

Ms. Vick reported that she and Chairman Milliken met with Acting Director Vought, Office of Management and Budget (OMB) in December and that the Virginia Delegation also sent a letter to the Acting Director emphasizing the importance of the Norfolk Harbor and Channels Dredging Project. She advised that a copy of the letter would be provided by email to the Board (letter attached). Ms. Vick mentioned that the Work Plan and President's budget for FY21 will be released in mid-February, and she reviewed some of the funding asks that will keep The Port of Virginia's channel dredging project moving forward in order to start the second element of the project.

Ms. Vick reported that a port tour, coordinated in conjunction with U.S. Coast Guard and Virginia Pilots, was held for Congressman Whittman, House Transportation and Infrastructure Full Committee and Water Resources Ranking Members Sam Graves, Bruce Westerman, and Bob Gibbs on January 16, 2020.

Ms. Vick spoke briefly on the Governor's budget that was released December 16, 2019 and funding in the budget benefiting The Port of Virginia, including a \$40 million appropriation for improvements at PMT for offshore wind (OSW) energy development. She mentioned that the General Assembly session began January 8, 2020 and announced that the Virginia Maritime Association's Port Day will be held February 13, 2020 at the General Assembly. Ms. Vick announced that the VMA would be celebrating the organization's 100<sup>th</sup> Anniversary and that a reception is planned for the evening of February 13. She invited Board members to the events.

Ms. Vick announced that the POV is on a "Thank You Tour" in appreciation of the General Assembly's funding for the South NIT expansion, funding for the channel dredging, and the OSW project funding. She advised that POV is working with the Virginia Economic Development Partnership (VEDP) to continue development and implementation of the International Trade Strategic Plan.

Ms. Vick thanked the Board for Resolution 20-3, approving the reappropriation of grant funds for the Town of Tangier. She reported POV will host a meeting for applicants of the Aid to Local Ports and Waterway Maintenance Fund grant programs on February 11, 2020 and that applicants will be given the opportunity to present new project requests or provide updates existing projects. Ms. Vick advised that POV will bring recommendations for funding requests to the Board for approval at the May 19, 2020 public session.

Ms. Vick reported that the Norfolk Harbor and Channels Deepening is going very well and that Weeks Marine began dredging in mid-December 2019. She announced that the dredge material is softer than expected and Weeks is using a larger bucket which means faster digging. The second dredge (hopper) is scheduled to begin work in April.

Ms. Vick reported POV's Engineering division completed in excess of 317 unique projects this past calendar year and that nearly all projects included cross divisional collaboration and were driven by an operational need. Engineering and Maintenance are functioning as one larger cross-divisional team and many projects lead to direct improvement on the bottom line such as utility savings on water and power. Ms. Vick described some of the projects within each division that involves the Engineering team.

Ms. Vick described several of the activities within the Maritime Incidence Response Team (MIRT) and Emergency Operations division:

- Conducted Mid-Atlantic Public Safety Dive Forum in Chesapeake Oct 7-11, 2019
- Conducted RAD/NUC Maritime Table-Top Exercise (TTX) - October 29, 2019
- Received two Department of Homeland Security (DHS) Grant Awards:
  - o 2019 Port Security Grant (PSG) \$650,000
  - o 2019 Urban Areas Security Initiative (UASI) \$112,800
- Planning POV Cyber TTX to be conducted Jan 30, 2020
- Port Authority Command (PAC-1) (MIRT emergency vehicle) still at factory for IT Systems Upgrades

Ms. Vick reported CY19 economic development, as follows:

- 39 Businesses announced they were locating or expanding their business in Virginia
- More than 4.88 Million Square Feet built or under development
- More than \$2.0 Billion invested across Virginia
- More than 3,350 Jobs created across Virginia

And for CY20, to date:

- 3 Business Announcements
- \$164,700,000 Invested
- 131 Jobs
- 150,000 Square-Feet

**VII. Report by CEO & Executive Director – John F. Reinhart**

Mr. Reinhart presented closing remarks and a copy of his report is attached hereto.

**VIII. Unfinished Business**

There was no unfinished business.

**IX. New Business**

There was no new business.

**X. Other Business, Opportunity for Public Comment, and Adjournment**

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

Respectfully submitted,



Debra J. McNulty

Secretary to the Board

Scheduled Public Session meeting dates for the remainder of 2020 are as follows:

March 31

May 19 (Memorial Day holiday May 25)

July 28 (Annual Meeting – Selection of Officers to the Board)

September 22

November 17 (Thanksgiving Holiday November 26)

Committee meetings are scheduled on the Monday before the Public Session.



**VIRGINIA PORT AUTHORITY  
RESOLUTION 20-3**

**A RESOLUTION AUTHORIZING REAPPROPRIATION OF AID TO LOCAL  
PORTS FUNDING (FY20) TO THE TOWN OF TANGIER**

**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 adopted a Policy on Grants to Local Governments for Financial Assistance for Port Facilities ("Aid to Local Ports Policy") on July 28, 1987, which was last amended on November 18, 2014; and

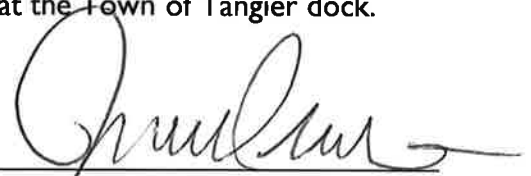
**WHEREAS**, in accordance with the Aid to Local Ports Policy, the following entity has submitted a statement declaring the need for urgent funding;

In fiscal year 2014, the Town of Tangier (the "Town") was awarded \$57,925 in Aid to Local Ports grant funds for the replacement of the Town's bulkhead which serves both commercial and residential interests ("Original Project"). However, the Original Project has far exceeded the cost estimate previously provided. Accordingly, the Town requests reappropriation from their Original Project award, to the replacement of a separate bulkhead at the Town's dock coupled with the installation of a floating dock and medical hoist. The bulkhead at the Town's dock is in need of immediate repair. This dock serves two passenger ferries used by both residents and tourists traveling to and from Tangier Island. In addition, the Town will install a floating dock and medical lift to assist passengers needing medical aide in boarding and departing the ferries. The cost estimate for this project is \$66,000. The Town will be responsible for the remaining twenty-five percent of the total project cost as the required match under the Aid to Local Ports program.

**WHEREAS**, the Town of Tangier desires to reappropriate the full amount awarded in fiscal year 2014 (\$57,925) toward the replacement of the bulkhead at the Town's dock and the installation of a floating pier and medical hoist to assist ferry passengers.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Virginia Port Authority that Aid to Local Ports funding up to \$57,925 may be reappropriated for the replacement of the bulkhead and the installation of a floating dock and medical lift at the Town of Tangier dock.

**PASSED AND ADOPTED** this 28<sup>th</sup> day of January 2020.

  
John G. Milliken, Chairman

Attest:

  
Debra J. McNulty, Secretary

**Ms. Faith Power, Chair – Finance and Audit Committee Report**  
**VPA Board of Commissioners Public Session**  
**January 28, 2020**

The Finance and Audit Committee met yesterday afternoon and received presentations from management on financial performance through November 30, 2019, an update of the 2065 Masterplan, considerations on a potential lease transaction for the Portsmouth Marine Terminal, and a General Assembly update.

Presentation of the November year-to-date financial results will be presented immediately after my comments, followed by an overview of the offshore wind lease at Portsmouth Marine Terminal for consideration. The Governor will be making comments regarding the lease agreement immediately following this board meeting. A General Assembly update will be presented later during the board meeting.

With regards to the update of the 2065 Masterplan, the Committee received a presentation addressing the full update of the plan, including volume assumptions, capital outlay plans, and anticipated financing and financial results. With the detailed plan now updated, management will prepare an updated Executive Summary to be delivered to the Board and then posted on our website for public viewing.

We had intended to address and adopt Financial and Debt Management Guidelines at this meeting. However, JoAnne Carter with Public Financial Management was unable to be with us yesterday and today so we have decided to postpone that discussion until the March meeting.

# FINANCE and AUDIT COMMITTEE

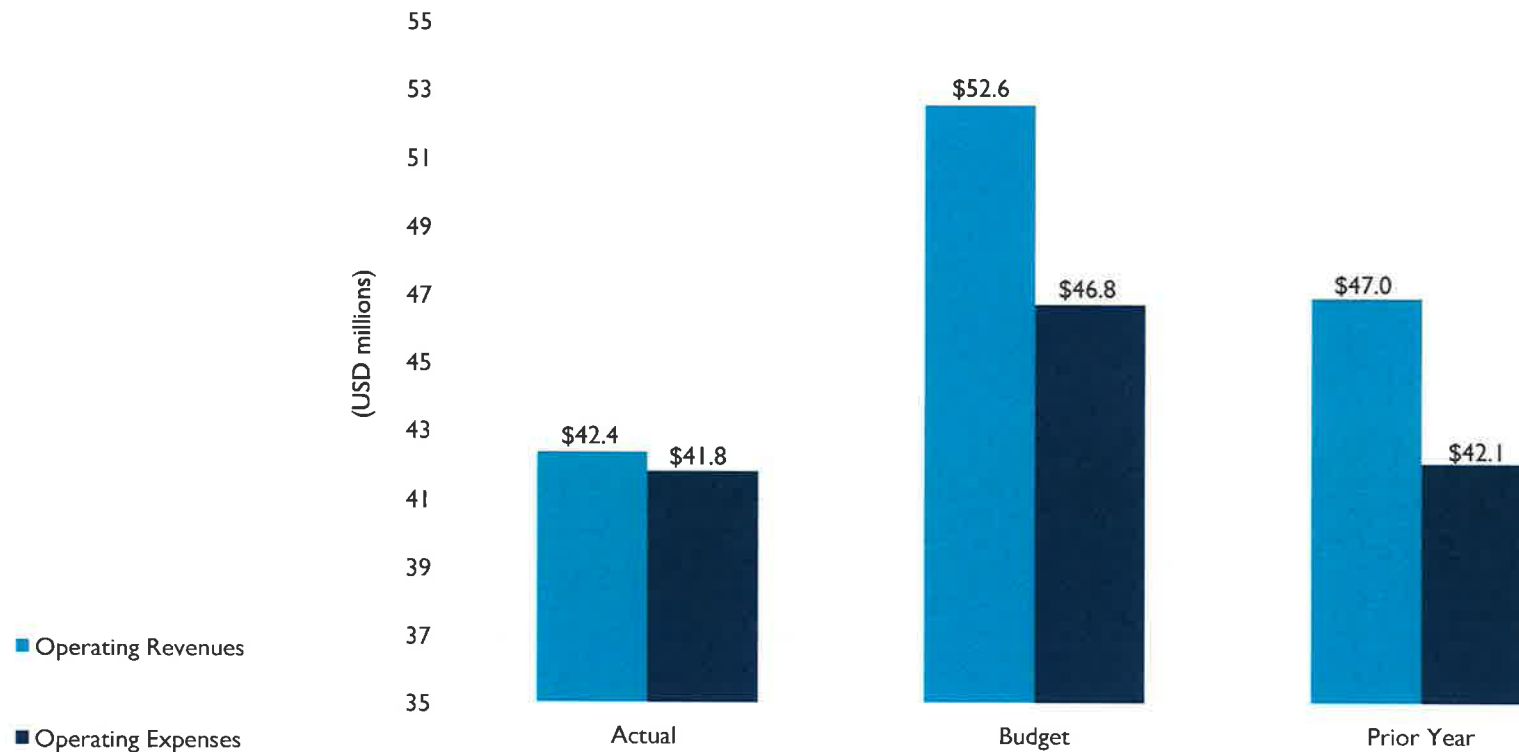
**Rodney W. Oliver**  
**Chief Financial Officer**

**Matthew Barnes-Smith**  
**Chief Administration Officer**



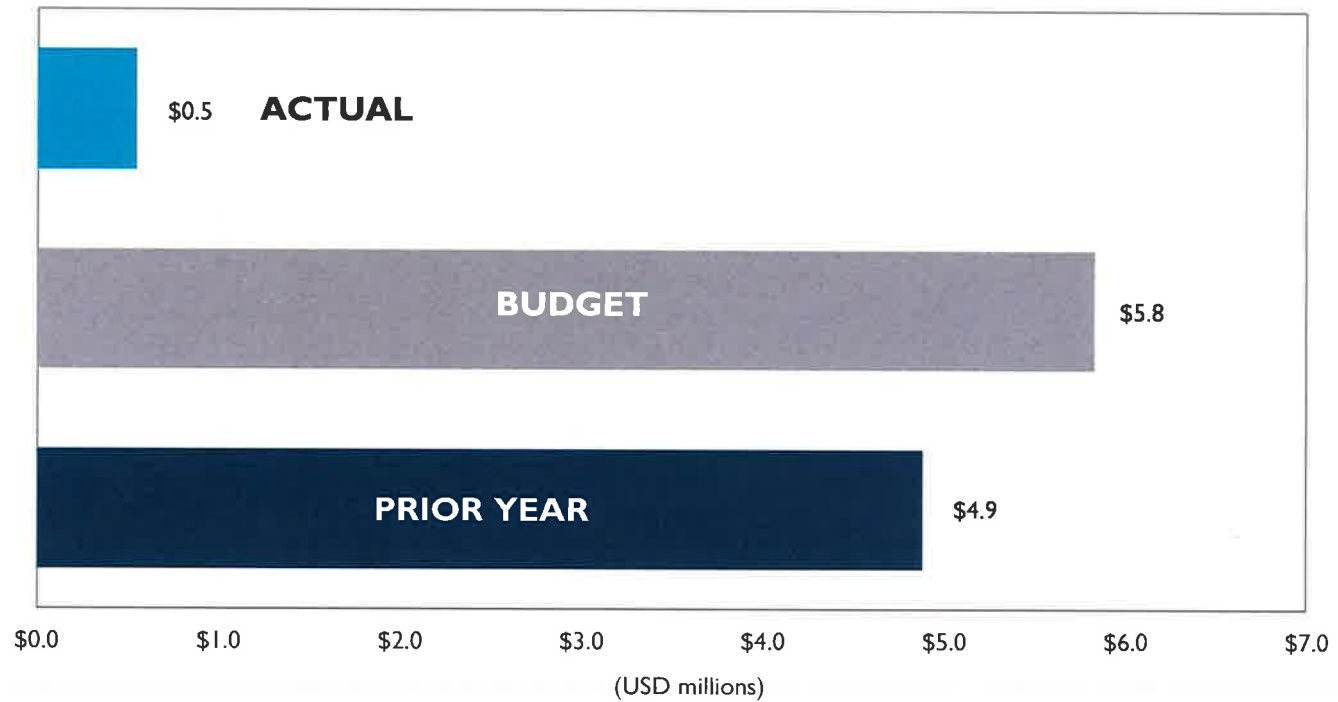
# OPERATING REVENUES AND EXPENSES:

For the Month Ended November 30, 2019



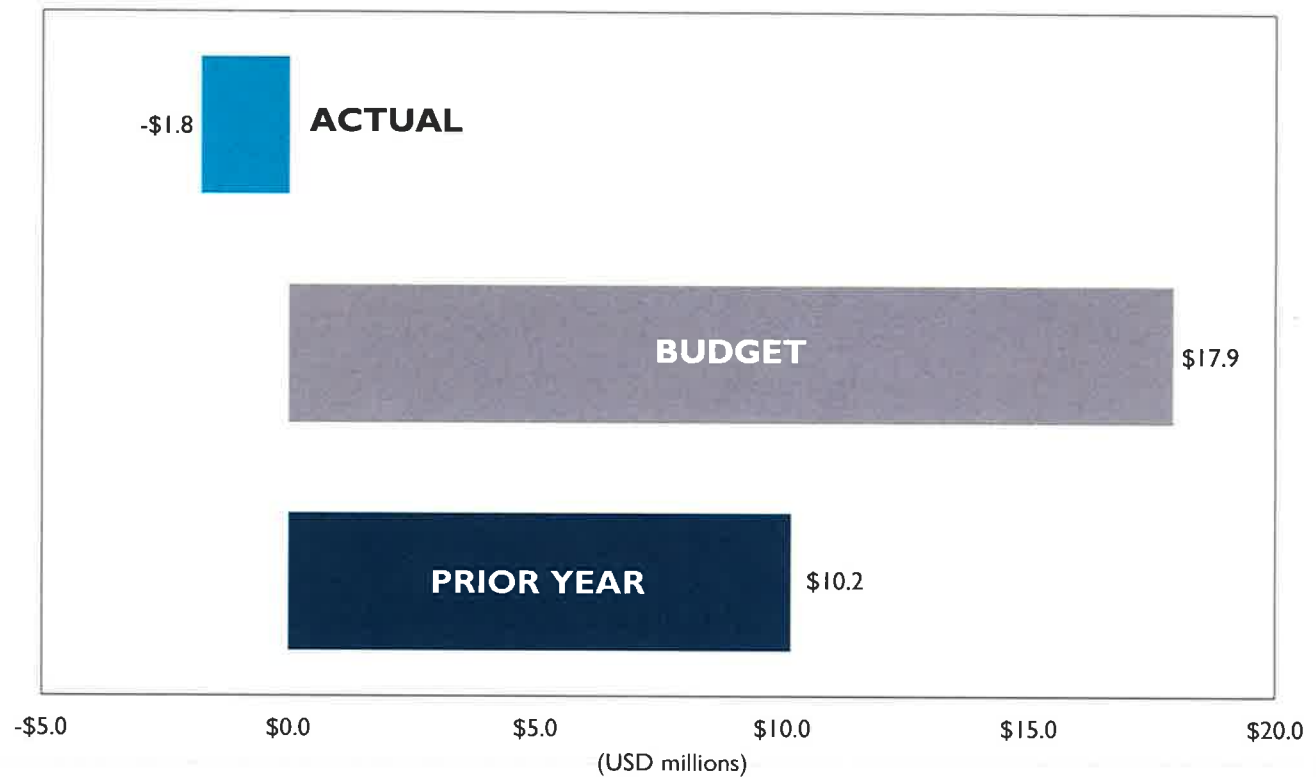
# OPERATING INCOME (LOSS):

For the Month Ended November 30, 2019



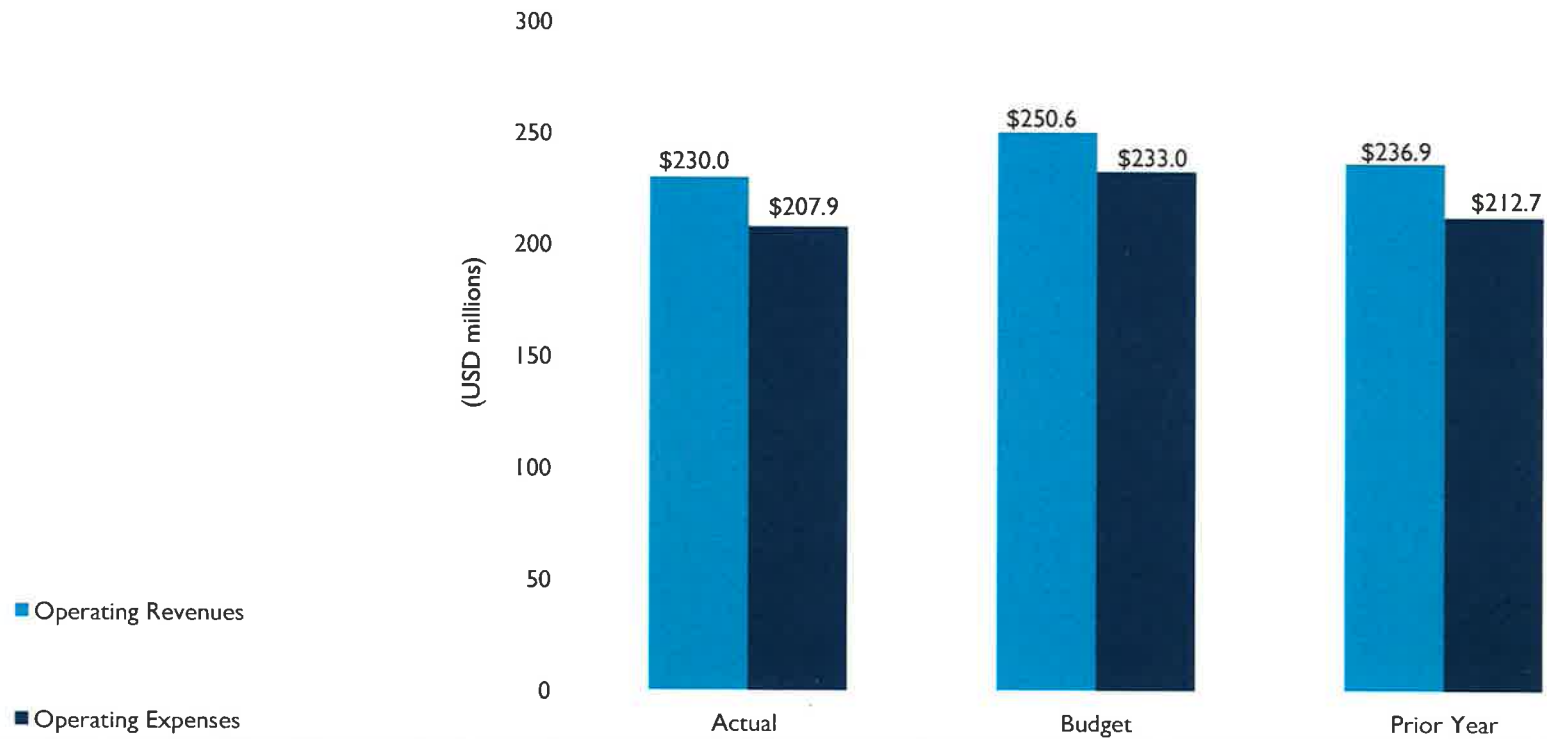
# CHANGE IN NET POSITION:

For the Month Ended November 30, 2019



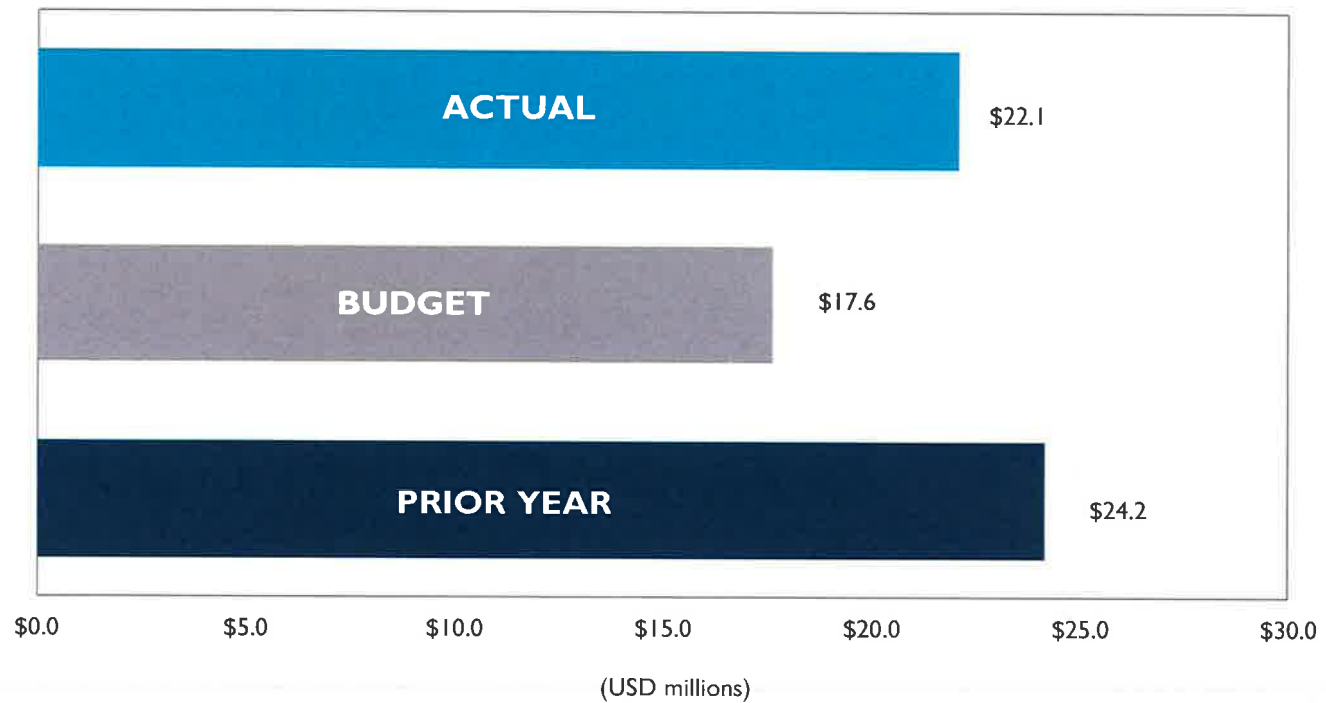
# OPERATING REVENUES AND EXPENSES:

For the Five Months Ended November 30, 2019



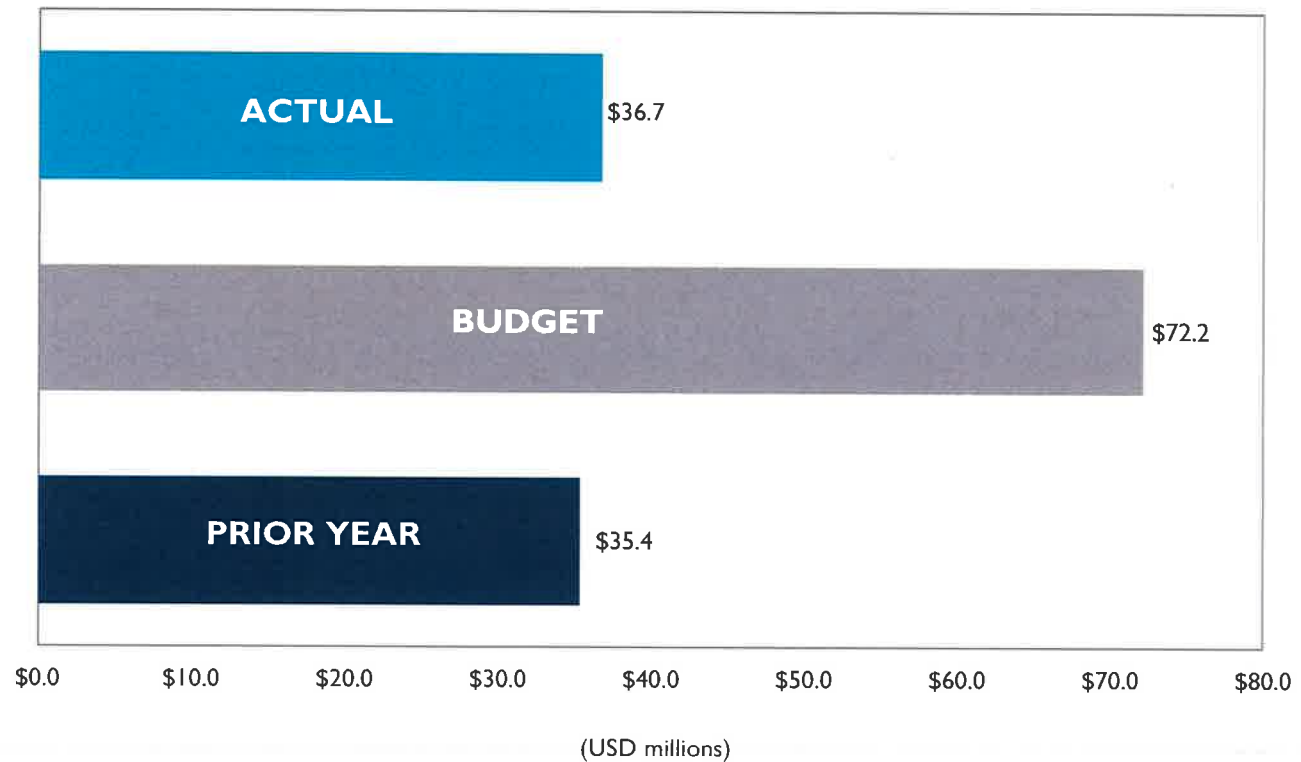
# OPERATING INCOME (LOSS):

For the Five Months Ended November 30, 2019



# CHANGE IN NET POSITION:

For the Five Months Ended November 30, 2019



Mr. Matthew Barnes-Smith, Chief Administration Officer  
VPA Board Public Session – January 28, 2020

Report on Orsted Wind Power North America, LLC Lease of Portsmouth Marine Terminal (PMT)

With global fossil fuel stores depleting and the demand of energy consistently on the increase, the move toward sustainable clean energy has never been more important.

As of December 2019, the U.S. had a total Off Shore Wind pipeline of over 26,000 Megawatts in federal lease areas along the Atlantic East Coast.

Out of that pipeline, project developers expect 14 of these Off Shore Wind projects totaling just over 9,000 Megawatts to be operational by 2026.

Long term forecasts estimate there could be 86,000 Megawatts of Off Shore Wind installed in the U.S. by 2050.

To date, the Bureau of Ocean Energy Management has issued 15 active commercial wind energy leases along the Atlantic East coast. This includes the Costal Virginia Offshore Wind demonstration project, a partnership between Orsted and Dominion Energy that announced a 2,640 Megawatt project. The largest single project announced to date.

Estimates show that the announced Off Shore Wind projects could represent a 70 billion dollar business pipeline in the U.S. by 2030.

Harnessing the Off Shore Wind resource along the U.S. East Coast, presents the opportunity to create tens of thousands of high-skilled jobs, revitalize coastal communities and deliver clean, reliable energy to the country's biggest population centers.

The team here at the Port of Virginia has strategically positioned itself capture this market opportunity and we are ready to move Virginia's green economy forward.

Orsted, previously known as DONG Energy, develops, constructs and operates offshore and onshore wind farms.

Currently operating 5.6 GW of offshore wind globally, Orsted plans to operate 18.9 GW (gigawatts) by 2025.

Orsted has over 6,000 employees world-wide and by 2030, is committed to developing 10 GW of offshore wind power across 7 U.S. East Coast states.

Following the Coastal Virginia Offshore Wind Project announcement, The Port of Virginia engaged in active dialog with Orsted to gain a better understanding of their need for a load-out and installation site.

Orsted and The Port of Virginia have been in discussion since early 2019 regarding a potential partnership at PMT, with the ultimate goal for the site to provide logistical support for offshore wind projects.

As instructed by this board, The Port of Virginia and Orsted executed a term sheet on September 3, 2019, defining agreed-upon key terms to form the basis of a long term lease at Portsmouth Marine Terminal.

The VPA Lease, as discussed in the Finance and Audit committee yesterday has been finalized and is ready for execution approval.



A photograph of an offshore wind farm with several wind turbines in a row on the ocean under a blue sky with clouds. The text is overlaid on the right side of the image.

The Port of Virginia is ready to move  
**Virginia's Green Economy forward.**



## The evolution of offshore wind farms

 Approx number of UK homes powered

Orsted

Eiffel Tower  
324m

Statue  
of Liberty  
93m

1991

Vindeby  
0.4MW

 200

2000

Middelgrunden  
2MW

 1,500

2013

London Array  
3.6MW

 3,100

2017

Burbo Bank Extension  
8MW

 7,100

2019 tested

GE Haliade-X  
12MW

 15,000



## ORSTED LEASE – Areas A, B, C



**VIRGINIA PORT AUTHORITY  
RESOLUTION 20-2**

**RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO LEASE  
A PORTION OF PORTSMOUTH MARINE TERMINAL TO ORSTED WIND  
POWER NORTH AMERICA, LLC**

**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**, Orsted Wind Power North America, LLC has expressed an interest in entering into a lease for a portion of the Portsmouth Marine Terminal ("the Terminal") and the Authority has investigated the merits and risks of such a lease;

**WHEREAS**, in connection with the lease, there has been presented to the Board a proposed Lease Agreement between Orsted Wind Power North America, LLC 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 the Terminal by Orsted Wind Power North America, LLC from the Authority and the execution and delivery thereof by the Authority are 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 28<sup>th</sup> day of January, 2020.

  
\_\_\_\_\_  
John G. Milliken, Chairman

Attest:

  
\_\_\_\_\_  
Debra J. McNulty, Secretary

Mr. Val S. McWhorter, Chair  
Growth and Operations Committee Report  
January 28, 2020

The Growth and Operations Committee met in closed session yesterday and first heard from Kevin Price, Chief Operations Officer, who provided a status report on safety and operations. Mr. Price will review our safety metrics in a few moments.

Mr. Price also reviewed current events impacting the Port – the arrival of 6 new RMGs (rail-mounted gantry cranes) at NIT; a terminal partnering project with Hapag Lloyd, and an American Marine Highway grant awarded for the VA Express barge to support the growing refrigerated cargo (reefer) business.

Mr. Price provided a status report on bulkhead repairs at Richmond Marine Terminal; vessel crane productivity (which is up 6.8% from December 2018); POV combined rail dwell time; gate current events; gate turn-times, truck reservation system; and improvements in the cost per lift for the Port.

The Committee then heard from Rich Ceci, Vice President of Technology and Project Management, who described progress on the South NIT (SNIT) optimization project; the recent delivery of automatic stacking cranes (ASCs) also known as RMGs; SNIT financial, and contingency status and project timeline – for “DONE DONE”. Mr. Ceci also provided a confidential cyber security update, announcement of several training exercises, reported on the Deloitte cyber re-test of vulnerabilities, and finished with an overview of engineering projects in 2019.

Cathie Vick, Chief Development & Government Affairs Officer, reported that the Organizational Performance Report includes a risk register that addresses the maintenance and development of aging infrastructure. She reported that the projects described in the slide include some of the projects that are underway to address aging infrastructure, planning for the future, and reinvesting for our current facilities.

The Committee received sales updates from Tom Capozzi, Chief Sales Officer. He presented an economic overview of US East Coast ports and the impact of blank sailings on those ports; a rail update, update on shipline contracts, Alliance updates; reefer volumes; chassis billing, and new business volumes.

The Growth and Operations Committee also heard from Ron Green, Director Process Excellence, who spoke about process culture and how it benefits POV in its responsiveness to changing conditions, and actions by Process Excellence that drive the culture of the Port.

Joe Ruddy, our Chief Innovation Officer, provided a status report on activities within the Customer Service Division, commercial pricing division, strategic planning and analytics dashboard.

Next was a very informative Human Resources update. Jim Bibbs, Chief Human Resources Officer, Chris D’Surney, Director, Compensation; Wina Giddens, Director, Human Resources-Benefits & HRIS, and Shaune Thomas, Senior Manager, Talent Acquisition, reviewed many of the

highly significant initiatives that are ongoing within that division relating to POV's human capital, attracting and retaining our employee assets, community involvement, and tools and resources that benefit colleagues and the organization for success.

# POV VOLUMES CALENDAR YEAR 2019

	CY 2018	CY 2019	Change	% Change
<b>Total TEUs</b>	<b>2,855,904</b>	<b>2,937,962</b>	<b>82,058</b>	<b>2.9%</b>
Export Loaded TEUs	977,786	966,102	(11,684)	-1.2%
Export Empty TEUs	528,049	582,802	54,753	10.4%
Import Loaded TEUs	1,327,409	1,366,381	38,972	2.9%
Import Empty TEUs	22,660	22,677	17	0.1%
<b>Total Containers</b>	<b>1,612,886</b>	<b>1,643,789</b>	<b>30,903</b>	<b>1.9%</b>
<b>General Cargo Tonnage</b>	<b>21,974,863</b>	<b>21,940,748</b>	<b>(34,115)</b>	<b>-0.2%</b>
Container Tonnage	21,785,434	21,779,258	(6,175)	0.0%
Breakbulk Tonnage	189,429	161,489	(27,940)	-14.7%
<b>Total Rail Containers</b>	<b>552,318</b>	<b>550,862</b>	<b>(1,456)</b>	<b>-0.3%</b>
VIP Containers	38,540	34,121	(4,419)	-11.5%
<b>Total Barge Containers</b>	<b>50,332</b>	<b>59,671</b>	<b>9,339</b>	<b>18.6%</b>
RMT Containers	31,544	37,705	6,161	19.5%
<b>Total Truck Containers</b>	<b>1,010,236</b>	<b>1,033,256</b>	<b>23,020</b>	<b>2.3%</b>
<b>Ship Calls</b>	<b>1,655</b>	<b>1,514</b>	<b>(141)</b>	<b>-8.5%</b>
<b>Vehicle Units</b>	<b>24,448</b>	<b>20,300</b>	<b>(4,148)</b>	<b>-17.0%</b>



# TIMELINE

