

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 399 Electronic Meeting (Zoom Video Conference)

Tuesday, May 19, 2020

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 19, 2020, VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. and asked Mrs. McNulty to conduct a roll call of VPA Board members. Colleagues with Virginia Port Authority (“VPA”) and Virginia International Terminals, LLC (“VIT”), guests, and members of the public who were electronically present, identified themselves as follows:

Commissioners:

John G. Milliken, Chairman
F. Blair Wimbush, Vice Chairman
John C. Asbury
Jennifer D. Aument
J. William Cofer
Manju S. Ganeriwala, State Treasurer
Eva Teig Hardy
Joni L. Ivey
Val S. McWhorter
Stephen Moret
Faith B. Power
Louisa M. Strayhorn
Deborah C. Waters

Guests:

Hon. Shannon Valentine, Secretary of
Transportation
W. Brice Fiske, Office of the Attorney General
David White, Virginia Maritime Association
Hon. Robert Bloxom, Vice Mayor, Onancock
T. Lee Byrd, Town of Onancock
Florence Kingston, City of Newport News
Matthew Spuck, Onancock
JoAnne Carter, PFM Group
Kristy Choi, PFM Group
Curt Smith, Middle Peninsula Planning
District Commission
Bryant McGann, Vandeventer Black LLP
Anne Bibeau, Vandeventer Black LLP
Raymond Newlon, Hapag-Lloyd (America, Inc.)

VPA Staff:

John F. Reinhart, CEO & Executive Director
Matthew Barnes-Smith, Chief Administration
Officer
James Bibbs, Chief Human Resources Officer
Sarah McCoy, General Counsel
Rodney W. Oliver, Chief Financial Officer

Angus Cooper, Cooper T. Smith & Past Chair
of Alabama State Port Authority
Peter Cook, Ceres
Craig Mygatt, Ceres
George Brown, CP&O
Jim Ford, CP&O

VPA Staff (continued):

Joseph P. Ruddy, Chief Innovation Officer
James (Jay) Stecher, Chief Marketing Officer
Cathie Vick, Chief Development &
Government Affairs Officer
Jason Barlow, Vice President, Contracts &
Risk Management
Daniel Hendrickson, Vice President, Strategic
Planning & Analytics
Ron Green, Director, Process Excellence
Stephen Griffin, Vice President, Accounting
Anja Sparenberg, Director, Management
Reporting & Analytics
Melissa Fularon, Manager, Grant Administration
Carla Welsh, Director, Creative Services
Charles Cannon, Information Technology Specialist
Kelly Taylor, Information Technology Technician
Jodie L. Asbell, Sr. Executive Administrative
Assistant & Deputy Secretary to the Board
Debra J. McNulty, Secretary to the Board

Guests (continued):

Mark Montgomery, Ports America
John Garrett Kemper, Kemper Consulting
Roger Geisinger, Hampton Roads Shipping
Association
Bob Wallace, COSCO Container Line
Thorsten Schmittberger, Atlantic Container Line
Louis Ferrer, Ocean Network Express
Kurt Mittenzwei, CMA-CGM
Leo Chang, Yang Ming America
Tim Hugo, Livingston Group
Paul Cambon, Livingston Group

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
Tony Salino, Director, Ocean Carrier Sales

At the request of Chairman Milliken, Vice Chairman Wimbush made a motion to convene an **electronic meeting** in accordance with requirements of Item 4-0.01.g of Chapter 1283 of the 2020 Amendments to the 2019 Appropriation Act, to discuss or transact the business statutorily required or necessary to continue operation of the Virginia Port Authority.

Chairman Milliken asked Ms. McCoy to explain the factual basis for convening an electronic meeting, as follows:

“Pursuant to Item 4-0.01.g of Chapter 1283 of the 2020 Amendments to the 2019 Appropriation Act, this Board is convening to discuss statutorily required information that will cover budget, operations reports, and vital resolutions that are necessary to transact the business of the Virginia Port Authority.”

Chairman Milliken affirmed that the motion to convene an electronic meeting carried and was seconded by Commissioner Waters. He asked for a roll-call vote of the Board as follows:

Ayes: 13 (Milliken, Wimbush, Asbury, Aument, Cofer, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)

Nays: 0

Absent During Vote: 0

Chairman Milliken announced, for the benefit of public participants who were on the conference line, that they would have an opportunity to submit comments to an email address that was published on the Public Session agenda. He explained that comments would then be delivered to the Board in a timely manner. The Chairman admitted that the method for public comments was awkward as a result of having to conduct a virtual meeting and that it was not the normal procedure for the Board.

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the regular meeting of the VPA Board, held January 28, 2020, were unanimously approved as circulated.

II. Update on the Coronavirus (COVID-19) Pandemic – Cathie Vick, Chief Development & Government Affairs Officer and James Bibbs, Chief Human Resources Officer

Ms. Vick thanked everyone for participating in the electronic meeting of the Board as The Port of Virginia (POV) is trying to be as accessible as possible throughout the pandemic. She announced that a COVID-19 Planning and Response Task Force was created in early March and is comprised of colleagues representing each division of the port; co-chaired by Ms. Vick and Mr. Bibbs. Ms. Vick explained that the port uses the same incident command system as the U.S. Coast Guard and she expressed appreciation to Mr. Bill Burket and Mr. Tracy Freeman who are with the port's Maritime Incident Response Team (MIRT) and are section chiefs on the task force. Ms. Vick reported that the task force meets three times a week (Monday, Wednesday, Friday) and she presented an organization chart of the task force members.

Mr. Bibbs then reviewed the following steps that had been taken for the health and safety of port colleagues:

- Pandemic Policy, emergency leave, short term disability and other benefit services available

- Notification and quarantine protocols

- Suspended all work-related travel and visitors

- Implemented staggered remote work schedule
- Social distancing measures across all facilities
- Enhanced cleaning at all terminals/offices
- Acquired PPE (personal protective equipment) for all colleagues and labor partners
- Temperature scanning performed by a contracted vendor
- Colleague Survey
- Telework training and resources
- Regular communication to colleagues regarding impacts, measures, expectations

Ms. Vick reviewed efforts undertaken to engage and take care of port customers/partners:

- Regular engagement with the Coast Guard, VDEM, AAPA, Congressional delegation, MARAD, SDDC, Governor's team, other business groups
- Extended Customer Service hours
- Suspending biometric scanning requirements
- Critical Cargo Initiative
- Regular outreach to carriers
- Webinars/listening sessions
- Providing sites for alternate healthcare locations
- Regular updates to our website
- Forecasting
- Business Continuity Planning

Commissioner Strayhorn said she was happy to hear the port was scanning temperatures and she asked if everyone was complying. Ms. Vick advised that everyone who the VPA has jurisdiction over is complying. Customs and Border Protection agents and postal officers have their own protocols and are not complying with the temperature scans. She advised that motor carriers do not have to screen as they have little interaction with port personnel. A discussion then ensued. Ms. Vick advised that efforts are underway to have the federal agents included in the temperature scans and will keep the board updated. Mr. Price reported that out of 65,000 temperature scans to date there were only 33 exceeded the allowable limit for port access.

III. Reports of Committees

A. Executive Committee Report – Chairman Milliken

Chairman Milliken welcomed Commissioner Eva Teig Hardy and Commissioner Joni L. Ivey, who were appointed to the VPA Board by Governor Northam on May 8, 2020. The Chairman

said it was unfortunate that their first meeting was a virtual meeting and he said he looked forward to the day when everyone can physically gather together.

Chairman Milliken announced that he had worked with Commissioner Hardy for a number of years in state government and he said there was no one more suited to bring her career full-circle and return to port-related matters in Portsmouth and the surrounding cities.

Chairman Milliken introduced Commissioner Ivey as someone he had worked with for many years as Congressman Bobby Scott's Chief of Staff. The Chairman described Commissioner Ivey as a leader in her community and someone that people looked up to throughout the Commonwealth of Virginia for her knowledge, strength, and experience in Virginia related governmental matters.

The Chairman then appointed a Nominating Committee for officer elections at the July 28, 2020 annual meeting of the Board, as follows:

Val McWhorter – Chair

Louisa Strayhorn

Deborah Waters

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

Committee Chair Power reported that the Finance and Audit Committee met yesterday afternoon via electronic meeting and received presentations from management on the Fiscal Year 2021 operating and capital budgets, considered VIT establishing a Line of Credit with Truist Bank for liquidity purposes, financial performance through March 31, 2020, and considerations on awarding Aid-to-Local Ports and Waterways Maintenance Fund grants.

Chair Power announced that presentation of the Fiscal Year 2021 operating and capital budgets, the financial performance through March 31, 2020, and consideration of the VIT Line of Credit will be presented today, as well as the Aid-to-Local Ports and Waterways Maintenance Fund grants. In addition, Chair Power reported that the Board will consider several resolutions associated with these matters.

Chair Power turned the meeting over to Mr. Oliver and Ms. Malone at this time.

- I. Presentation of Virginia Port Authority's Consolidated Annual Budget for Fiscal Year Ending June 30, 2021 and Consideration of Resolution 20-4, approving the FY21 Budget – Rodney Oliver, Chief Finance Officer; Nina Malone, Principal Economist

Mr. Oliver thanked Ms. Malone, the strategic planning team, and finance team, having done three revised budgets in four months as a result of tonnage losses, economic impacts of COVID-19, and then the latest deferments of the GASB pronouncements.

Ms. Malone announced that the FY21 budget includes the virus impacts based on what the port knows today as the future impacts of COVID-19 are still unknown.

Ms. Malone reviewed the approach and timeline and announced that the port plans to reforecast the budget in August and present a revised budget to the Finance and Audit Committee and the Board for approval in September. Ms. Malone reviewed highlights of the FY21 budget, main assumptions, quarterly real GDP (gross domestic product) growth; volume trends, volume by terminal, FY21 budget by line-item; operating revenues and expense trends; EBITDA margin increases; and net position trend.

Mr. Oliver reviewed the capital outlay budget and sources of income that includes projects totaling \$126,265,384. He advised that half of the capital outlay budget is sourced from federal and state grants, and then terminal revenue pay-as-you-go, Master Equipment Lease Program (MELP), and Commonwealth Port Fund (CPF) pay-as-you-go. Mr. Oliver explained that, after capital projects are approved by the Board, they will then go through the port's Capital Project Steering Committee, although currently there is a moratorium on new capital projects due to the pandemic. He explained that the MELP financing includes one ship-to-shore (STS) crane and (20) shuttle-carriers to replace old equipment at Virginia International Gateway. (VIG).

He reviewed debt service coverage and announced that VPA is exceeding its bond requirements and he thanked the operations team for keeping expenses down and also the finance team for their collection efforts.

A copy of the FY21 Budget presentation is attached.

Commissioner Hardy asked if any of the capital improvements were aimed at some possible uses for Portsmouth Marine Terminal ("PMT"). Mr. Oliver explained that there was a small amount of infrastructure improvements planned for PMT and he noted that there are also state funds appropriated for a project related to off-shore wind which is not included in the FY21 budget.

Chairman Milliken advised that a reforecast of volumes and related issues affecting the port would be reviewed in August for a revised budget that will be presented for consideration by the Board at the September meetings.

Vice Chairman Wimbush commended the team on preparing the annual FY21 budget with all of the various changes that have been necessitated, for considering all of the possibilities, and coming up with a budget that accounted for the uncertainties and the opportunities going forward. The Vice Chairman affirmed his support for adoption of the FY21 Virginia Port Authority consolidated annual budget.

Action: Upon motion by Committee Chair Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Strayhorn, the Board unanimously (13-0) approved Resolution 20-4, adopting the Virginia Port Authority consolidated annual budget for fiscal year 2021 (July 1, 2020-June 30, 2021). There were no abstentions and no objections by the Board.

2. Consideration of Resolution 20-5, authorizing Virginia International Terminals, LLC to enter into an Eligible Credit Facility pursuant to Resolution 16-9 and the Payment Agreement – Mr. Oliver; Sarah McCoy, General Counsel

Mr. Oliver explained that Resolution 20-5, authorizes VIT to enter into an unsecured line of credit (LOC) for up to \$15 million and that the purpose for the LOC is for flexibility and liquidity purposes. He advised that the LOC will give VIT security with a low interest rate and that VIT would have the ability to substitute the LOC for actual cash reserves that are in VIT's operating account that flows to VPA for any lawful purpose.

Ms. McCoy reviewed the key components of Resolution 20-5 and requirements in the Authority's Bond Resolution 16-9 and Payment Agreement. There were no questions from the Board.

Action: Upon motion by Committee Chair Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Strayhorn, the Board unanimously (13-0) approved Resolution 20-5, authorizing VIT to enter into an Eligible Credit Facility pursuant to Resolution 16-9 and the Payment Agreement. There were no abstentions and no objections by the Board.

3. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the Month Ended March 31, 2020 – Mr. Oliver

Mr. Oliver reported container volumes were down 9.2 percent in March from the prior year which affected revenues. He explained that the port adjusted operating expenses for the lower volumes and the only increases for the period were in maintenance and depreciation/ amortization due to the capital projects coming on line.

Mr. Oliver announced that the end result for the month of March was a \$42,000 operating

profit compared with a \$1.5 million operating loss projected for the month that was reported in February's Organizational Performance Report (OPR). Lower operating income and lower than anticipated federal and state grant revenues affected the change in net position for the month – (+)\$2.1 million compared to (+)\$17.1 million budgeted and (+)\$9.6 million prior year.

Mr. Oliver reported the cumulative fiscal year results (July 1-March 31) for the nine-month period reflecting revenues nine percent below budget. He mentioned that the first half of the fiscal year was a very good start until the pandemic. Operating expenses were below budget due to operating efficiencies. Mr. Oliver reported that the end result of lower revenues and lower operating expenses, the port had a positive (+)\$22 million operating income, which was below budget (\$36.7 million) and below prior year (\$45.3 million).

Mr. Oliver advised that change in net position for the nine-month period was (+)\$47.3 million compared to (+)\$127.5 million budgeted and (+)\$80.3 million prior year. He explained that the effects on net position were the result of anticipated federal and state grant funds that were not received and two major projects – VIP rail expansion and NIT central rail yard – did not start as budgeted a year ago.

Committee Chair Power thanked senior leadership and the finance team for “juggling new challenges” in finance and she stated that the team's tight financial management of expenses puts the Port in good shape. Committee Chair Power remarked that she was very proud of the team.

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

Committee Chair McWhorter turned the meeting over to Chairman Milliken at this time. The Chairman announced that two representatives from the maritime community who were on the conference line asked permission to speak with regard to an item on the agenda (Resolution 20-7). The Chairman then asked Mr. Angus Cooper to address the Board. The following is a transcript of his remarks:

“Chairman, thank you for giving me this opportunity. I sent an email in and I don't know if the board has it. I will read through the bullet points of what I sent. Our family has been operating in The Port of Virginia and have been partners with The Port of Virginia for the last 44 years. Right now, we have merged years ago with Ports America to form CP&O and we have created thousands of jobs up in that area and we have been great partners through good times and bad economic times. Our concerns are, basically, we are being asked to try to figure out how to form one stevedoring company that we are not opposed to looking at but the timeframe of about four and a half months to try to get a new business up and going before our

deal with the port is up. What we have been trying to ask for is, if we can't come to a deal, if we can have an extension, since we've been operating in good faith all these years up in The Port of Virginia. That's really all the comments I have."

Chairman Milliken said he appreciated Mr. Cooper's comments and he stated that the Board wanted to proceed in good faith with his organization as he has been an important part of the port community for many years. The Chairman encouraged Mr. Cooper to continue the dialogue and any further comments he may have as the port proceeds with discussions.

Mr. Craig Mygatt was the next speaker and the following were his remarks:

"Hello Mr. Chairman, this is Craig Mygatt, CEO of Ceres Terminal. I appreciate the opportunity. Just like Angus was speaking to, we have a long history in the port, over 40 years, starting out with a barge service from Baltimore into Norfolk. Over the time, we have invested heavily in equipment and customer relationships and I believe we have helped grow Virginia to where we are today. We have one model where we have put together a joint venture with two other stevedores so we have a precedent here with South Carolina Port Authority. We have put together a 33-33-33 joint venture and that's to ensure optimization at the port which we have a VP overseeing it from Ceres. So three stevedores are working together, using the best practices at the port and we collaborate on systems, equipment, and, very important, on safety processes and operations. So, we have the know-how, we know what we're doing there and we have a precedent that works and we look forward to working with VIT to find a solution here. It took two years to get that joint venture together so it does take time. We do have some learnings from it so hopefully it can be quicker but it does take some time and we have to work through a lot of details. The dashboard itself is probably over 60 different items that we have to work through individually. So, I wanted to make that commentary and I appreciate the time and hope we can have a constructive dialogue and get this done over time."

Chairman Milliken thanked Mr. Mygatt and said he was confident that they can have a constructive discussion and that he respected Ceres' history with the port and long-time partnership as a significant factor in the maritime community. Chairman Milliken affirmed that the Board does not take this matter lightly and that the port has certain goals they hope to achieve and that it is the Board's job to work with stevedores to find a way to achieve those goals.

Commissioner McWhorter asked what type of extension would be requested. Mr. Cooper explained that there is a five-year extension in the agreement that, he said, was not going to be exercised and that the parties are asking for a two-year extension, similar to Charleston. Mr. Cooper explained that the single stevedoring model proposed by The Port of Virginia is different than Charleston as the state will be part of the stevedoring company which, he said,

has never happened in the United States. Mr. Cooper said he was told that the deal would need approval by the Federal Maritime Commission (FMC). Commissioner McWhorter thanked both gentlemen for their remarks.

Committee Chair McWhorter presented the Growth and Operations Committee report, as follows:

“The Growth and Operations Committee met virtually for the first time yesterday and, in an effort to continue The Port of Virginia’s critical operations during the Governor’s declared state of emergency, the Committee heard about the following projects:

Cathie Vick, Chief Development & Public Affairs Officer and Jim Bibbs, Chief Human Resources Officer provided an update on the herculean efforts of the port’s COVID-10 Planning and Response Task Force. On behalf of the Board, we thank your team for your hard work to ensure that all of our colleagues and stakeholders at the Port remain well and safe.

Mr. Price, VIT Chief Operations Officer, then provided an operations report that included the latest safety statistics, new facility hours, terminal consolidations as a result of PMT’s closure, cruise ship lay berths at PMT, delivery of the last six ASCs (automatic stacking cranes), and NIT maintenance dredging and basin widening. The Board will vote on a resolution for the dredging/widening projects today. Mr. Price also reviewed operational statistics of gate turn-times, volumes, rail dwell, missed reservations, and vessel productivity.

Rich Ceci, Senior VP, Technology and Projects, described the status of several major projects at the port and construction and financial updates on the South NIT optimization project, which is scheduled for completion in December 2020.

Tom Capozzi, VIT Chief Sales Officer, provided a sales update that included blank sailings report, update on carrier and rail contracts, and two new weekly ship line services. Several non-containerized services for The Port of Virginia – lay berthing at PMT for Norwegian Cruise Lines, confidential negotiations with a business prospect, were reported by Kevin Price, Matt Barnes-Smith, Chief Administration Officer, and Sarah McCoy, General Counsel. The Board will vote on a resolution directing VIT to implement commercially reasonable efforts to implement a single stevedore model at Norfolk International Terminals (NIT) and Virginia International Gateway (VIG).”

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

Mr. Price thanked Mr. Roger Geisinger, who was on the conference line, and the Hampton Road Shipping Association (HRSA) for their purchase of 105,000 masks for waterfront employees. He described the social distancing efforts by operations that were put in place throughout the terminals.

Mr. Price reported that the port's OSHA Lost Work Day (LWD) rate was 1.68 man-hours as of April 30, 2020, compared to the industry average of 2.2, which was the lowest rate in 10 years. He commended Mr. Ron Babski and the safety team on their efforts and noted that the social distancing due to the coronavirus also contributed to the low rate.

Mr. Price reviewed rail versus gate/barge volumes and rail volumes that reflected slight increases in March and a downward trend in April. He advised that the same results are expected in May, due to COVID-19 impacts, and mentioned that POV still remains the top port on the East Coast for trucking turn-times.

Mr. Price reviewed traditional trucking turn-times for April and the effects from adjusted gate hours and safety measures due to the virus in order to keep colleagues safe. He reported that the port still provided good service times with over 82 percent having turn-times under 60 minutes.

Mr. Price reviewed missed reservations and reported that a wind event caused a surge in missed reservations as indicated on the slide, but shortly after that the port had an average of only eight percent in missed reservations and that the goal is to get it to three percent. He announced that the trucking community has done a great job cooperating with the port's reservation system.

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

Mr. Capozzi reviewed fiscal year-to-date volumes that reflected the impacts of COVID-19. He reported that total TEUs (20-foot equivalent units) were down -3.8 percent through April due to the pandemic. Mr. Capozzi mentioned that the first six months of the FY2020 (July-January) resulted from China trade tensions. He then talked about the reasons behind the trade imbalance with exports and imports.

Mr. Capozzi announced that Richmond Marine Terminal (RMT) is a success story and continues to drive growth at 24.8 percent, due to new businesses attracted to the area. He explained that ship calls are down due to the larger vessels and consolidation of cargo as well as blank sailings.

Mr. Capozzi reported that the Sales team has adopted new technologies to meet with customers despite the pandemic travel ban, and served as a presenter on 30 webinars and have participated in over 130 webinars.

Mr. Capozzi talked about void (blank) sailings and its effect on the cargo volume with over 84,000 slots of volume decreases forecast through July.

Mr. Capozzi reported that a new weekly service commenced on May 19th connecting the Mediterranean with the U.S. East Coast – the Eastern-Med Service (EMA) – calling New York, Norfolk, and Savannah. Mr. Capozzi projected that the port should receive about 1,000 moves per week.

Mr. Capozzi announced EC2, a new weekly service, and he explained that THE Alliance dropped the EC3 service for a couple of months due to blank sailings. He explained, during that time, there were going to be some port pairs that were not going to be serviced by Norfolk. POV worked with THE Alliance and were able to provide a berth window for a call to Norfolk with an expected 2,500 container moves per vessel on the EC2 service. Mr. Capozzi advised that the sales team is hoping that the EC2 service will be a permanent call when the EC3 returns to service.

IV. Report by Chief Development & Government Affairs Officer – Cathie Vick

I. Update on Norfolk Harbor & Channels Deepening and Widening Project

Ms. Vick described the challenges with COVID-19 and having dredge inspections on a regular basis. She reported that cameras were installed on the vessel and she reported daily production on the hydraulic dredge – three of the eight segments of the first element have been completed. Ms. Vick advised that the hopper dredge arrived on May 18, which will increase production until September when the dredge will be suspended until mid-November due to environmental requirements. She advised that the production rate experienced thus far should result in the first element possibly completed almost a year early.

Ms. Vick reported that The Port of Virginia is working with the Norfolk District Army Corps on the next element of the project that will move to Thimble Shoals east to do the deepening and widening on the east side of Chesapeake Bay-Bridge Tunnel (CBBT). She explained that the port is waiting on approval for a New Start and negotiating the Project Partnership Agreement (PPA) and then the Army Corps would contract to use a hydraulic dredge for the inner harbor and do those two constructible elements concurrently.

Ms. Vick reported she met with Alvin (Al) Lee, Director of Civil Works, who replaced James

Dalton, at U.S. Army Corps Headquarters, the week before travel restrictions were put in place and also conducted an electronic meeting with Vance Stewart, the Corps' new budget deputy in the Assistant Secretary of the Army's office.

2. Economic Development update

Ms. Vick reported that the Economic Development team has been very busy and she announced the following progress since January for the Commonwealth:

- 18 new business announcements
- 6.3 million square feet built or under development
- \$647 million invested
- 2,680 jobs created

Ms. Vick announced that Amazon has been very pleased with the service that they have been receiving from the port that resulted in two new announcements which, she said, was a testament to the efforts of the port's sales, operations, and economic development teams as well as the Virginia Economic Development Partnership (VEDP). Ms. Vick also mentioned business expansions in Henrico County, Carroll County, and Richmond.

3. Presentation of Aid to Local Ports Grant Projects and Consideration of Resolution 20-8, Approving Grant Awards for FY2021

Ms. Vick reported that the Governor's budget included the Port's usual allocations for its Aid to Local Ports Grant Program and Waterway Maintenance Fund and she welcomed the guests who were on the conference call from the sponsors on the projects.

Ms. Vick reviewed the seven projects that are presented for approval for a total of \$990,537 out of the \$1 million that was allocated in the budget, and a total of \$809,240.97 in carry-over projects that were previously awarded. Ms. Vick addressed a question posed by Commissioner Strayhorn in the Growth and Operations Committee meeting held May 18th, with regard to the carry-over funds requested for the Hampton seafood initiative. Ms. Vick advised that it was a project from last year involving a waterfront pier and deck for downtown Hampton and adjacent to it the City is constructing a new building that will house the Virginia Tech Seafood Agricultural Research and Extension Center. The request is to carry-over \$50,000 to install the pilings at the pier due to a delay in the site and building permits and design, but construction is set to start in the fall. Ms. Vick provided a brief description of each of the projects, as listed in Resolution 20-8, along with several photos. (Votes on Resolution 20-8 and Resolution 20-9, follow the discussions of Resolution 20-7).

4. Consideration of Resolution 20-7, approving an amendment to VIT

Terminal Services Agreement

At this time, Committee Chair McWhorter announced that the Growth and Operations Committee seeks full Board approval of Resolution 20-7, for consideration and vote. (This item was moved up on the agenda.) Mr. McWhorter provided the following remarks:

“Resolution 20-7 amends the Terminal Service Agreement and directs VIT to use commercially reasonable measures to implement a single stevedore model at Norfolk International Terminals and Virginia International Gateway. Yesterday, the committee had a rather lengthy and energetic discussion on this topic and is of the opinion and recommends to the Board that a single stevedore model will enhance safety at the port while providing a greater level of service to the port’s ship line customers by increasing the efficiency of its operations. A vote in favor of this resolution will direct VIT to develop a single stevedore model at NIT and VIG in order to gain much needed improvements in safety and vessel productivity which are very important elements to the committee. Executive Director Reinhart, who has been delegated by this Board to oversee the management of VIT will continue discussions with the firms that currently provide stevedoring in the port and will bring the specifics of a proposal to the Board at the next Growth and Operations Committee meeting. That is the recommendation of the committee, Mr. Chairman.”

Chairman Milliken advised that the statement by Committee Chair McWhorter would be considered a motion on the behalf of the Growth and Operations Committee and Vice Chairman Wimbush seconded the motion. There was further discussion before the motion carried, as follows.

Chairman Milliken stated that this topic is of great interest to the Board and to others in the maritime community and he announced that the dialogue will continue at the next meeting of the Growth and Operations Committee in July. Chairman Milliken asked if there were any questions from the Board.

Commissioner Aument disclosed that there is an investor affiliated with Ceres, the Macquarie Group, and that Macquarie Capital, which is a division of Macquarie Group, has a business relationship with her company, Transurban. She explained that Macquarie Capital has no affiliation with the business decisions of the parent company and that it poses no conflict in her opinion. Chairman Milliken agreed with Commissioner Aument and confirmed that she can participate in the discussions and vote. The Chairman thanked her for the disclosure.

Commissioner Hardy stated that she was very concerned with the September deadline and, as the committee heard yesterday and today, this is a very complex issue involving a private sector running something for 40 plus years and the public sector stepping in to take over.

Commissioner Hardy advised she was not saying that it should never happen at some time, but she expressed concern about the timeline and the port's ability to vet this issue as it had not been done anywhere else at any port and in the manner in which it is going forward. Commissioner Hardy said it was troubling to her the speed with which the matter was rushing.

Vice Chairman Wimbush stated that he seconded the motion to adopt the resolution to proceed to authorize Mr. Reinhart to go forward with negotiations to come up with a commercially reasonable model to go to a single stevedoring operation. The Vice Chairman said he was convinced by the analysis that it was the proper model for the port. He said he was less concerned about the timing considerations because he understood that discussions had been underway for a period of time and the parties have all known that the contract was coming to a close in September and that is why formal discussions began a while ago. In addition, Vice Chairman Wimbush agreed the Board should give Mr. Reinhart the authority to try to bring this to closure so that the Commonwealth can reap benefits of what has proven to be the modern approach to stevedoring at ports, hence the implementation at South Carolina, moving forward in Georgia, and the model that is used throughout the world in many ports.

Vice Chairman Wimbush stated he fully supports Resolution 20-7 to authorize Mr. Reinhart to continue negotiations toward a reasonably commercial model to implement.

Commissioner Strayhorn confirmed that the briefing information that was provided by Commissioner McWhorter gave her comfort.

Commissioner Ivey announced that she appreciated the opportunity to hear the discussion in the Growth and Operations Committee meeting on Monday and that, as a new board member, she felt she was not ready going forward. Commissioner Ivey said she felt that she did not have enough information on the matter to make an informed decision at this time.

Commissioner Ganeriwala asked Mr. Reinhart if there was a backup plan if the negotiations are not mutually agreed upon before the expiration of the contract.

Mr. Reinhart explained that the negotiations will be led by VIT and Kevin Price as that would be the entity that would be forming a joint venture with the two stevedore companies who are on the conference call today. He advised that, if negotiations are underway, short extensions might be needed but that it was important to keep everyone focused on achieving a mutually agreeable joint venture within the timeline.

Chairman Milliken advised that the single stevedoring model can take many forms and that there are different models in different port facilities and that the essence of the discussions will relate to many things such as control, operations and leadership. The Chairman advised that

Mr. Reinhart and Mr. Price will come back to the Board to discuss the progress of negotiations.

Action: Upon motion by Committee Chair McWhorter, on behalf of the Growth and Operations Committee, seconded by Vice Chairman Wimbush, the Board (11-2) approved Resolution 20-7, authorizing modification of the Service Agreement with Virginia International Terminals, LLC (VIT) to require commercially reasonable efforts to implement a single stevedore model. Commissioner Hardy voted to oppose. Commissioner Ivey voted to abstain.

5. Consideration of Resolution 20-6, authorizing a contract for maintenance dredging at Norfolk International Terminals (NIT)

Chairman Milliken asked if there were any questions from the Board. There was no discussion on Resolution 20-6.

Action: Upon motion by Committee Chair McWhorter, on behalf of the Growth and Operations Committee, seconded by Vice Chairman Wimbush, the Board unanimously (13-0) approved Resolution 20-6, authorizing a contract for maintenance dredging at Norfolk International Terminals (NIT). There were no abstentions and no objections.

Action: Upon motion by Committee Chair McWhorter, on behalf of the Growth and Operations Committee, seconded by Commissioner Waters, the Board unanimously (13-0) approved Resolution 20-8, authorizing Aid to Local Ports Funding (FY21) totaling an estimated \$990,537 to the City of Newport News, County of Accomack, County of Northampton, Town of Cape Charles Town of Chincoteague, Town of Onancock, and the Town of Wachapreague. There were no abstentions and no objections.

Ms. Vick presented a list of the grant requests from localities for grant funds from the port's Waterway Maintenance Grant program. She reported that the port's Review Board recommended that all nine projects be approved for funding. Ms. Vick explained that there is a balance of \$1.6 million in the fund and that all projects are eligible. She presented a map highlighting the localities and provided a brief description of each project.

Action: Upon motion by Committee Chair McWhorter, on behalf of the Growth and Operations Committee, seconded by Vice Chairman Wimbush, the Board unanimously (13-0) approved Resolution 20-9, authorizing Waterway Maintenance Grant Funding (FY21) totaling an estimated \$1,405,000 to the County of Accomack, County of Gloucester, County of Mathews, County of Middlesex, the Middle Peninsula Chesapeake Bay Public Access Authority, and the County of Northampton. There were no abstentions and no objections.

V. Report by CEO & Executive Director – John F. Reinhart

Mr. Chairman, Commissioners, Colleagues, and Guests:

Firstly, I would like to welcome our new Commissioners, Ms. Eva Hardy and Ms. Joni Ivey. We look forward to working with you and meeting you in person when conditions permit. This is the first time we have met as a full board since January, and our first electronic meeting due to this COVID-19 pandemic and authority to meet electronically due to the crisis.

When we met in January, we had completed the first half of our fiscal year and were growing our business, improving service and execution, building momentum on economic development, delivering on our infrastructure projects and started our wider-deeper-safer dredging project, improving safety and optimistic about relaxing of tariffs and trade opening back up with China. Then the COVID-19 pandemic became a reality and the world changed dramatically. The loss of lives has been staggering, countries have closed down to stop the spread of the virus and economies fell in to recession, job losses are historic, and keeping communities safe and slowly planning to reopen our economies has consumed us all.

Our story is the same as all businesses in the fact that we have a tale of two halves. We are seeing huge drops in volume due to lack of demand and blank sailings. We will drop from +4% volume in December to a year-over-year decline of up to 10%. This is unprecedented and the POV team has been responding professionally, responsibly and keeping our colleagues, customers and partners safe and our facilities operating. I am exceptionally proud of our team and appreciate their commitment and that of our ILA partners and motor carriers to keep critical cargo moving during the crisis. Our team focused on health and safety, reducing discretionary spending, halted travel, worked remotely wherever possible and responded to this crisis as a mature team of professionals. The POV will preserve a small operating profit this fiscal year, and earlier you approved our budget for FY21 which is our baseline, and we will come back in September with a re-forecasted budget as we know more about the length and severity of the crisis.

It has been a privilege and honor to serve the Commonwealth as the CEO and Executive Director of The Port of Virginia. Working with the Board, our team has revitalized the port, grown as professionals, exceeded expectations and built a modern, competitive port complex which is creating economic prosperity for the Commonwealth. Today, we are announcing my intention to retire in the first quarter of 2021. Work is underway to ensure a smooth transition with a new leader and the fantastic leadership team we have at The Port of Virginia. What we have achieved over the last six and a half years is amazing and a tribute to our team and this Board. We have a great deal of work yet to do and we will maintain our focus, led by our values, and be great stewards.

Finally, I want to thank each of you for the faith, trust and support you have given me and I look forward to watching The Port of Virginia achieve its goals and mission for years to come. The time has come for me to step aside and enjoy more time with Mary and our family and friends.

At this time, the Chairman, Commissioners, and Secretary Valentine expressed appreciation to Mr. Reinhart after he announced his retirement plans. A copy of the transcript is attached.

VI. Unfinished Business

There was no unfinished business.

VII. New Business

There was no new business.

IX. Other Business and Adjournment

Chairman Milliken announced that the Executive Committee meeting, which was scheduled for an 11:00 a.m. conference call, would start at 11:45 a.m. today. The Chairman advised that the meeting would be closed to discuss personnel issues that include succession planning. He also announced that there were no further follow-up questions from the public. The Chairman advised everyone to stay safe and stay home if they can and thanked everyone for keeping the port in operation. There being no further business, the meeting adjourned at 11:28 a.m.

Respectfully submitted,



Debra J. McNulty
Secretary to the Board

VPA Board scheduled meeting dates for the remainder of 2020 are as follows:

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 Board of Commissioners

Public Session (Zoom Meeting) - May 19, 2020

Board Comments on the Announcement of John Reinhart's Retirement in 2021

Chairman John G. Milliken

"It is with a heavy heart that I hear that, but I will say this to the Board and to all others who are listening, John Reinhart was the right man at the right time for this port. His strength of character combined with his clear vision and leadership skills lifted The Port of Virginia from a very low point in 2014 to its proper role as one of the Nation's premier commercial gateways. Upon his arrival, he focused first on stemming the port's financial losses which were considerable in 2012, 2013, and into 2014, and on restoring the credibility of The Port of Virginia in the worldwide marketplace. He then went about reinventing the port from the bottom up and rebuilding its terminals to semi-automated facilities able to handle the largest vessels along the East Coast. Personally, I have come to trust his word and value his friendship. The Commonwealth owes John Reinhart and Mary, his wife, our most sincere thanks and on behalf of the Governor, and on behalf of the people of the Commonwealth of Virginia, I wish him all the best in whatever he may do in the future. As Mr. Reinhart knows, since this has been in the works for a couple of months it was originally to have been announced at the March meeting we did not have, a search for his successor is underway. His are big shoes to fill – size 13 or something like that (laughter). It will be a challenge for anybody to do that. I have appointed a Search Committee which is the Executive Committee of this board but under state law, as everyone knows, it is the Board of Commissioners that is vested with the responsibility for the selection and hiring of an Executive Director of the Virginia Port Authority. The formal announcement of the vacancy and the search being underway will be made now, I am making it as I speak, and it will be formally advertised as required by statute. John Reinhart is not somebody who can be replaced he can only be succeeded and I say to him and the staff that has strengthened him in these years, good job, clear sailing ahead, and we look forward to working with you in whatever role you choose for yourself going forward. With that, I will be happy to entertain any other comments or thoughts that commissioners may have."

The Hon. Shannon Valentine, Secretary of Transportation

"Mr. Chairman, this is Shannon. John, I can't tell you how challenging it is not to be in the room with you right now because I know, and I think people can just hear how much you care about everyone at the port. I choose to remember you coming onboard, it was right before I joined the CTB (Commonwealth Transportation Board). It was around Valentine's Day in 2014 through a series of just incredibly smart investments, and infrastructure, and innovation, and technology, operations, safety, but most importantly and what I have learned from you is your investment in people, in values, in trust and respect. That, to me, is your real legacy for all of us. The port today generates about \$92 billion of economic impact for the Commonwealth of

Virginia which in 2014 would have been impossible for any of us to imagine but I really believe that, with that economic impact, the foundation you have left us with are the people that you have managed and developed and brought along with you, that is really the power of what is behind the port today – just really smart, creative, resilient people. That’s the legacy that I hope to borrow and stand on as I continue my career and as many of us do and in your words Mr. Reinhart it’s really building the capacity for greatness. So, I really thank you for just the pleasure and the privilege I have had working with you and continue to work with you and I know, on behalf of the Governor and this entire Northam Administration, we are just sincerely grateful to you. Thank you.”

Commissioner Jennifer Aument

“Mr. Chairman,... the Secretary’s elegant comments, all which I agree with. I have been with John every day of his tenure here, I’ll just say to you, John, in a little less elegant way, you delivered about a billion dollars of projects on time and on budget some of them pretty complex while you were driving down the highway at 90 miles an hour, I’m glad that that branding stuck, and I think you might have done that just to prove me wrong (laughter) but that’s okay. I do want to congratulate you, John, and I look forward to further reflecting on the years and the transformation that I have been very pleased and honored to have watched you lead over the last few years, but we’ll have plenty of time for that. I will officially say, I was wrong, you were right, you did it, so congrats.”

(Secretary Valentine – “Mr. Chairman, is that recorded?” more laughter)

Commissioner Stephen Moret

“Mr. Chairman and members, the transformation at The Port of Virginia has not only been remarkable but an inspiration for our work at VEDP. I’m thinking back to my first year here and it has been just a short tenure and it’s been such an important part of my work and our partnership with John and John’s team. One of the things I heard often from leaders at the General Assembly and business leaders across the Commonwealth was the notion that as VEDP was going through our dark days, our turnaround, there was this common refrain that I heard from folks, wow, what if we could accomplish a turnaround, the transformation as profound and as successful and meaningful as The Port of Virginia under John’s leadership. John I just really want to congratulate you, for the team that built and the great work that the team has done and for the clear sense of values that have guided the work of the port under your leadership. You and your team and the board together have built The Port of Virginia into one of the most important economic assets in all of the Commonwealth of Virginia and I think most importantly, you set forth a vision and put in place a plan, a largely implemented plan, for building one of the most advanced ports in the world, one that is really positioned to drive economic development in Virginia for years to come. So I just wanted to say thank you very much for all that.”

FINANCE and AUDIT COMMITTEE

Rodney W. Oliver
Chief Financial Officer

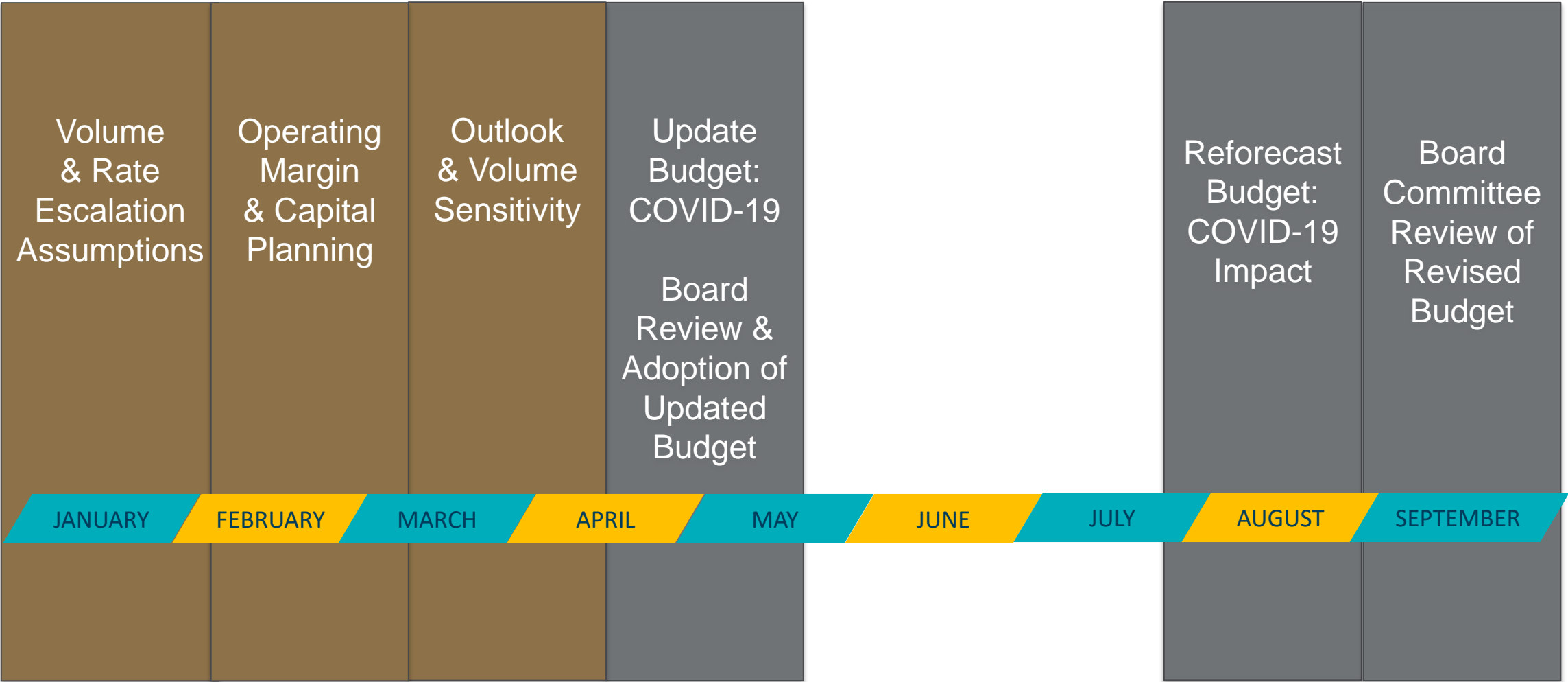


FY21 Budget

AGENDA

- Approach and Timeline
- Financial Highlights and Main Assumptions
- Our Budget and Plans

APPROACH AND TIMELINE



HIGHLIGHTS

	2019 ACTUAL	2020 FORECAST	2021 BUDGET
FOR THE YEAR <i>(numbers in millions except debt service coverage)</i>			
Container Volume	1.7 ▲3.0%	1.5 ▼8.4%	1.5 ▲0.1%
Operating Revenues	\$567.6 ▲5.7%	\$507.7 ▼10.6%	\$524.1 ▲3.2%
Operating Income	\$63.5* ▲35.8%	\$14.8 ▼76.7%	\$11.6 ▼21.5%
AT YEAR END			
Net Position Change	\$89.4	\$42.1	\$(19.0)
Residual Fund	\$140.1	\$124.7	\$105.7
FINANCIAL RATIOS			
EBITDA	26.5%	23.4%	25.9%
Aggregate Net Revenue Coverage (1.1x test)	1.49	1.26	1.33

**2019 Operating income reflects expense reclassification effective July 1, 2019 and may differ from published financials.*

MAIN ASSUMPTIONS

VOLUME

- Container volume growth flat compared with FY20 forecast (as of 4/21/20)

OPERATING INCOME

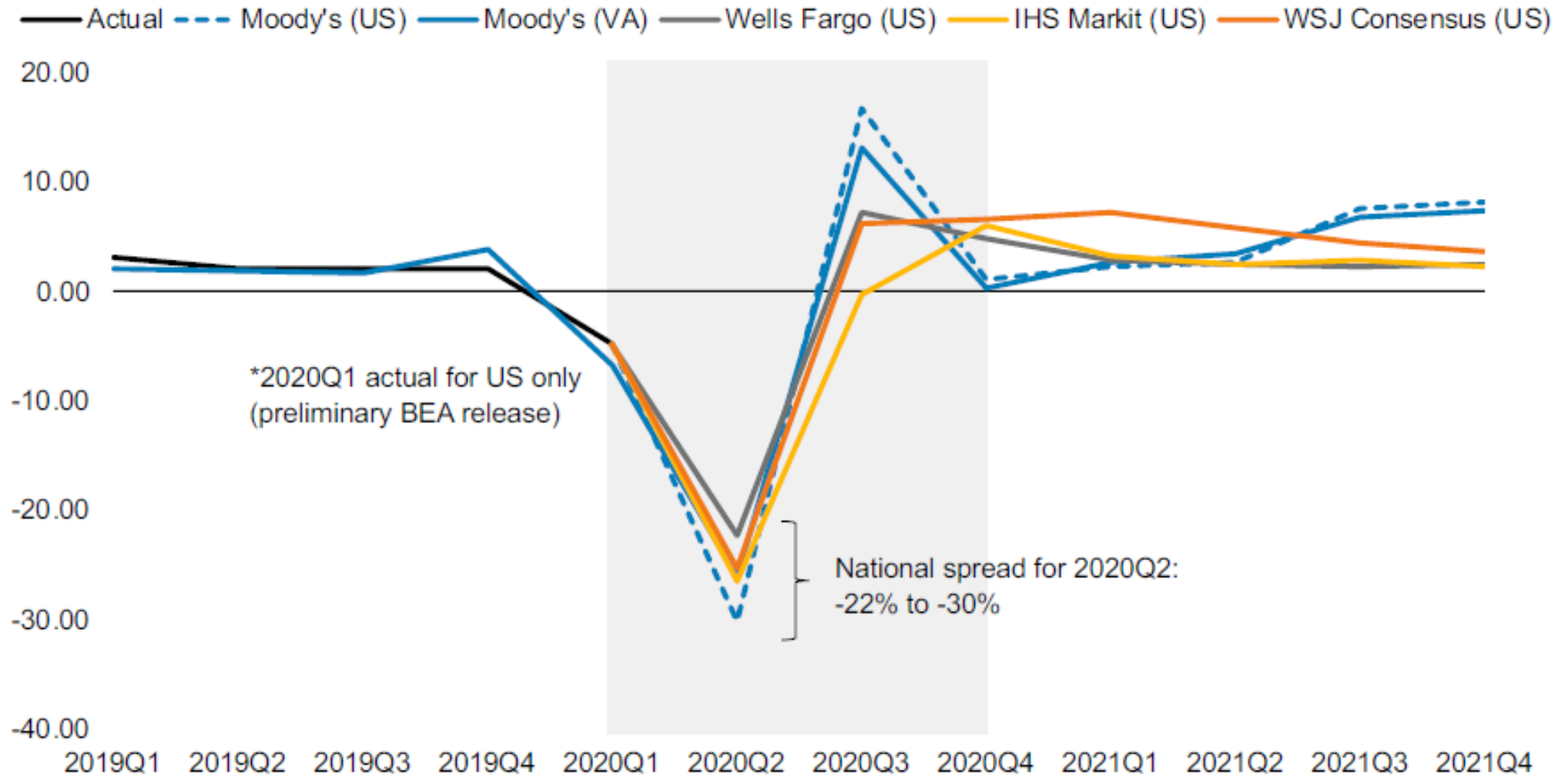
- Schedule of Rate increase for revenues of 1.75%
- CPI increase of 1.5%
- Labor rate increase of 2.0%
- PMT closure
- Salary and Benefits
 - Pay increase eliminated
 - Cost of benefits rise 3.0%

OTHER

- Accounting Standards
 - GASB 87 & 89 – deferred until July 1, 2021
- Stevedoring Operations
- COVID-19
 - Preliminary projections of impacts included
 - Virus-related expenses or reimbursements not included

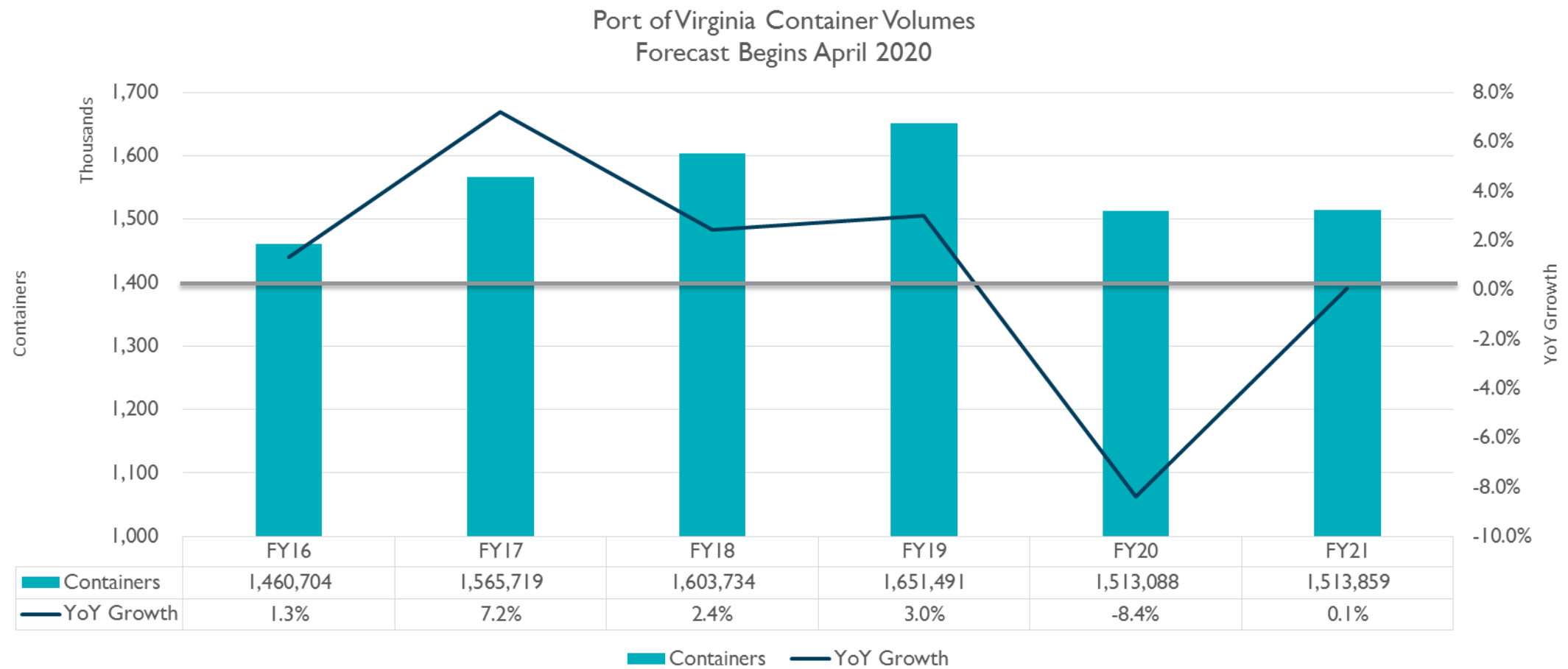
Quarterly real GDP growth

Annualized % change, billions of chained 2012 \$



Source: VEDP C19 Impact Briefing, Moody's Analytics (April/Revised March baselines); Wells Fargo (April Forecast), IHS Markit (April Update); Wall Street Journal (April survey); VEDP analysis

VOLUME TRENDS



VOLUME BY TERMINAL

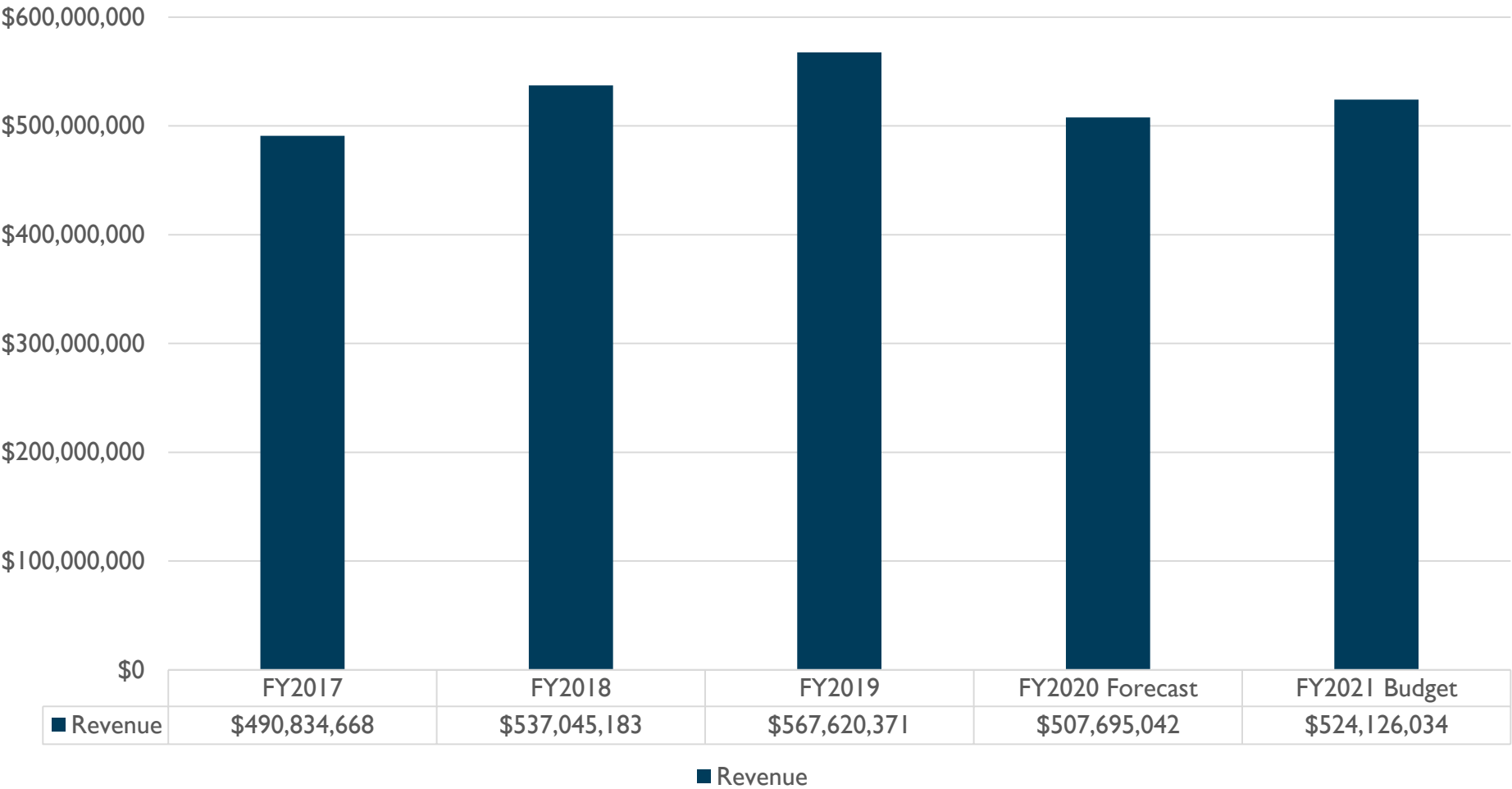
Terminal	FY 2020 <i>projected as of 04/21/20</i>	FY 2021	Percent Change
NIT	694,310 containers	728,130 containers	+4.9%
VIG	784,926 containers	785,729 containers	+0.1%
PMT	33,852 containers	-	-100.0%
Total container volume	1,513,088	1,513,859	+0.1%

NNMT	18,855 vehicles	23,582 vehicles	+25.0%
VIP	30,025 containers	30,025 containers	+0.0%
RMT	41,690 containers	45,656 containers	+9.5%

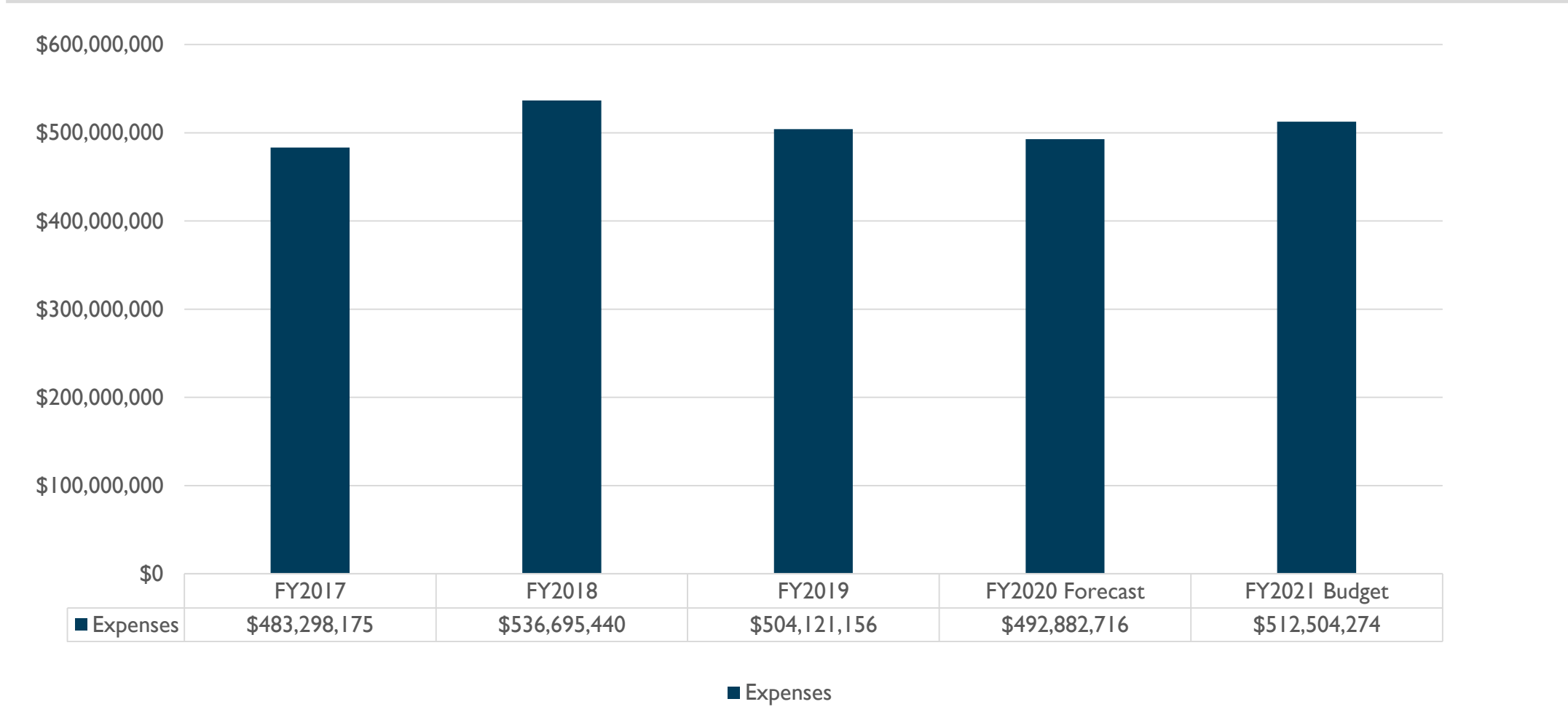
FY21 BUDGET

	FY 20 FORECAST	FY21 BUDGET	CHANGE	% CHANGE
Operating Revenues (Expenses)				
Total Operating Revenues:	507,695,042	524,126,034	16,430,992	3.2%
Terminal Operations Expense	216,321,698	221,387,537	5,065,839	2.3%
Terminal Maintenance Expense	114,349,697	110,437,323	(3,912,374)	-3.4%
General and Administrative Expense	56,623,149	56,336,687	(286,462)	-0.5%
Facility Rental Expense	1,744,255	190,000	(1,554,255)	-89.1%
Depreciation and Amortization Expense	103,843,917	124,152,727	20,308,810	19.6%
Total Operating Expenses:	492,882,716	512,504,274	19,621,558	4.0%
Operating Income (Loss)	14,812,326	11,621,760	(3,190,566)	-21.5%
Non-operating Revenues (Expenses)				
Interest Income	5,144,089	3,256,813	(1,887,276)	-36.7%
Interest Expense	(124,812,931)	(124,524,612)	288,319	-0.2%
Total Non-operating Expenses	(117,836,499)	(95,267,291)	22,569,208	-19.2%
Income (loss) before capital contributions	(103,024,173)	(83,645,531)	19,378,642	-18.8%
Increase (decrease) in Net Position	42,137,357	(19,031,183)	(61,168,540)	-145.2%

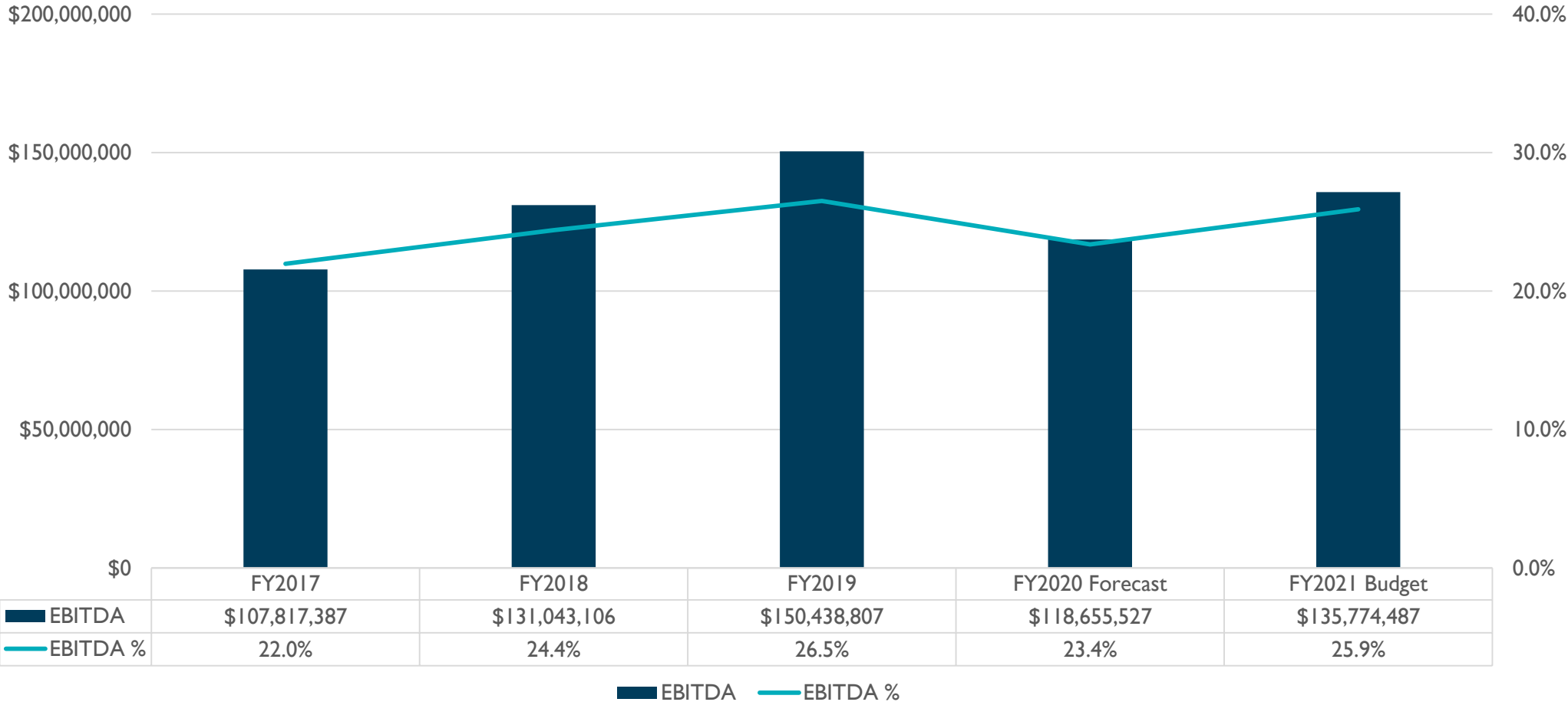
OPERATING REVENUES TREND HIGHER



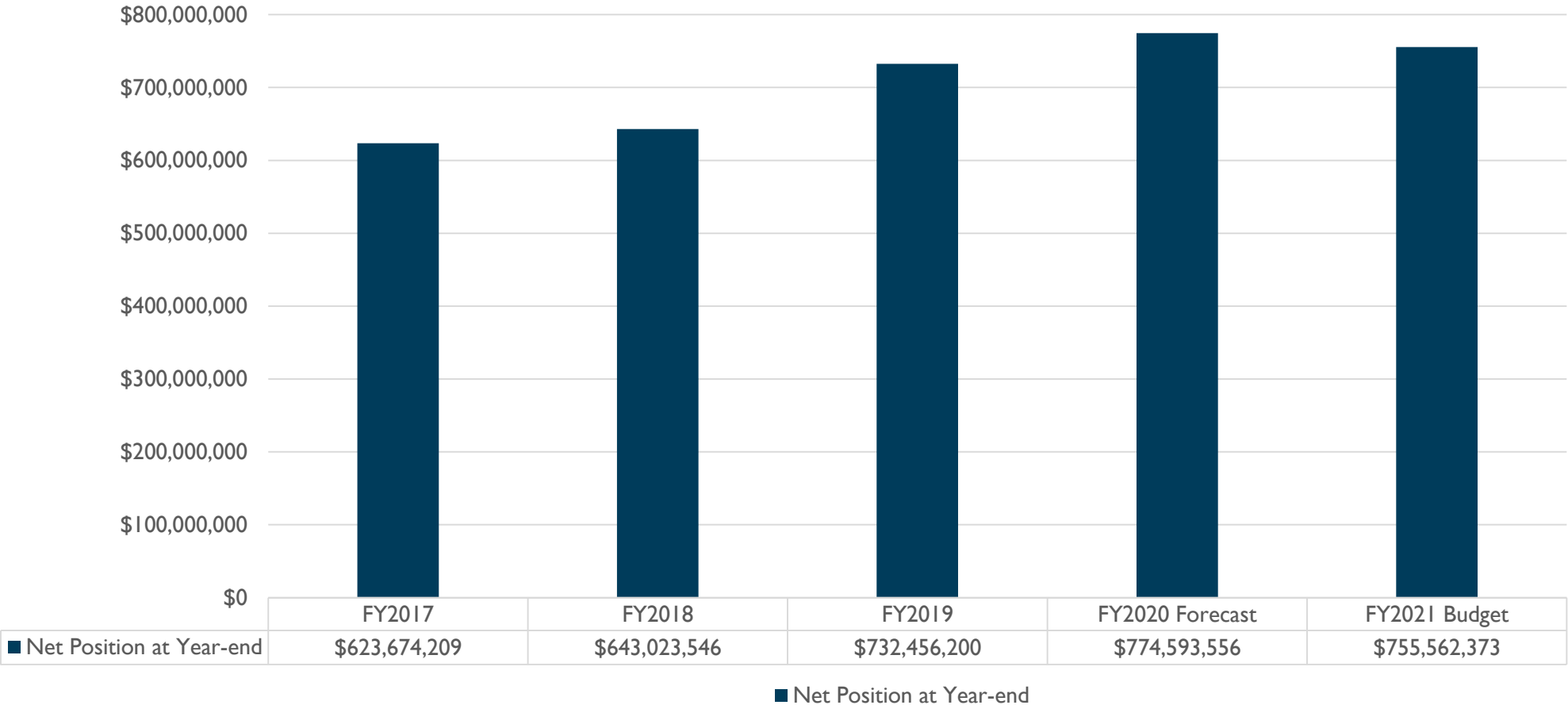
EXPENSE TRENDS



EBITDA MARGIN INCREASES



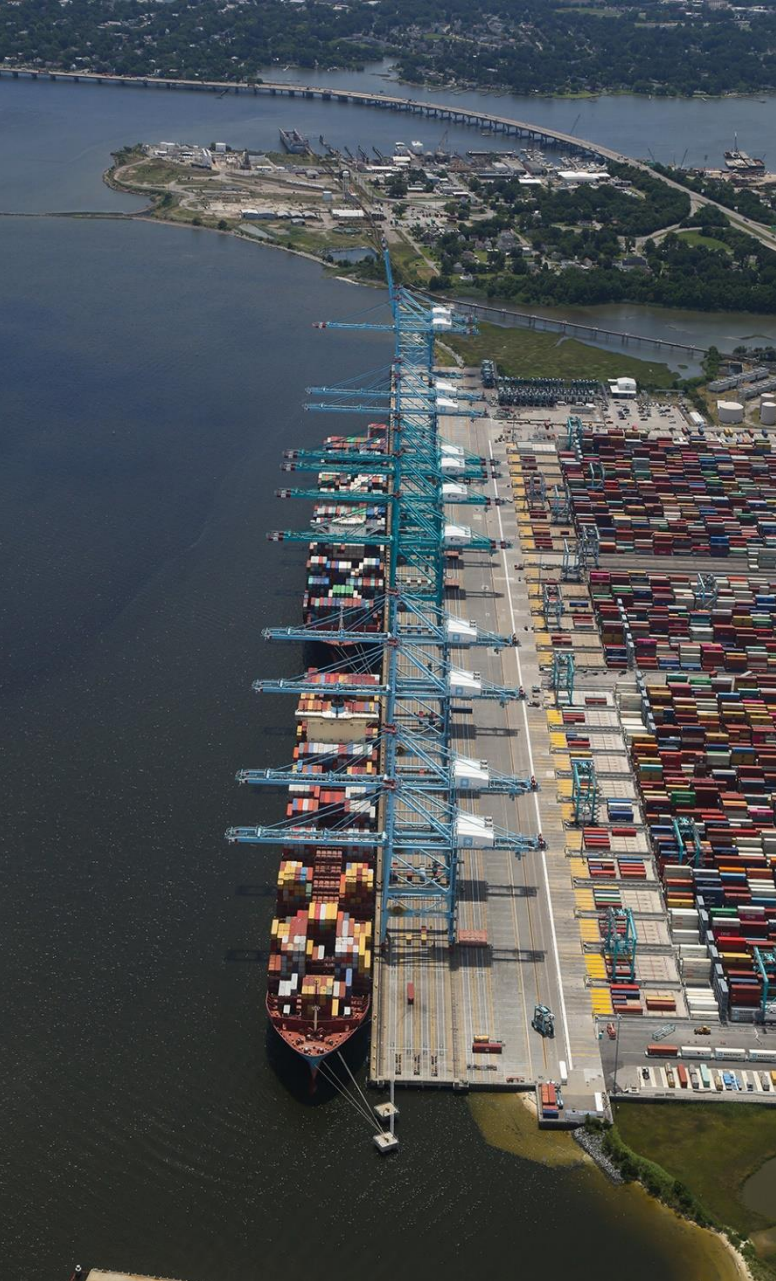
NET POSITION TREND



POV CAPITAL OUTLAY BUDGET

CAPITAL PROJECTS	
Container Handling Equipment	\$ 51,450,000
Commonwealth Railway Marshalling Yard	28,663,694
Improvements to Container Handling Facilities	12,880,000
NIT South Dredging, Phase II	11,500,000
IT	6,721,500
Miscellaneous other	4,175,000
RMT Drop Lot	2,205,190
PMT Dredging	2,000,000
NIT Entrance Track Optimization	1,985,000
RMT Gate Enhancements	1,500,000
VIP Rail Expansion	500,000
Vehicle Replacement	2,685,000
Total	\$ 126,265,384

SUMMARY OF SOURCES	
State Grants	\$ 31,568,884
Federal Grants	28,089,250
Terminal Revenue Paygo	35,233,500
MELP	23,560,000
CPF Paygo	7,813,750
Total	\$ 126,265,384



FY21 Budget

EXCEEDING OUR BOND REQUIREMENTS

Measure	Minimum Requirement	FY2020		FY2021	
		Budget FY2020	FY2020 Current Forecast	2019 Masterplan Projection for FY2021	Budget FY2021
Aggregate Net Revenue Coverage	1.10	1.45	1.26	1.76	1.33
Aggregate Adjusted Net Revenue Coverage	1.25	1.60	1.42	1.92	1.50
Net Revenue Coverage	1.00	1.35	1.17	1.67	1.23
Fixed Obligation Coverage	1.00	1.30	1.16	1.58	1.22



FY21 Budget

SUMMARY

- Continue to manage the business with an eye on evolving COVID-19 impacts
- Maximize use of new capacity
- Positive cash flow and improving debt service coverage ratios



THE PORT OF
VIRGINIA®

RESOLUTION 20-4

**APPROVING VIRGINIA PORT AUTHORITY'S
CONSOLIDATED ANNUAL BUDGET FOR FISCAL
YEAR ENDING JUNE 30, 2021**

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, 2021 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, 2021.

PASSED AND ADOPTED this 19th day of May, 2020.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary

Resolution No. 20-5

RESOLUTION AUTHORIZING VIRGINIA INTERNATIONAL TERMINALS, LLC TO ENTER INTO AN ELIGIBLE CREDIT FACILITY PURSUANT TO RESOLUTION 16-9 AND THE PAYMENT AGREEMENT

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 16-9 (the "Bond Resolution"), which in Section 718(d) authorizes any Port Operator to substitute an Eligible Credit Facility for up to and including fifty percent (50%) of the Port Operator Liquidity Reserve Requirement and enter into a revolving loan agreement, reimbursement agreement or other credit agreement with the provider of the Eligible Credit Facility; and

WHEREAS, an Eligible Credit Facility is defined in the Bond Resolution as a revolving loan facility, standby letter of credit or other credit facility issued in favor of the Port Operator by a United States bank or financial institution or foreign bank or financial institution with a United States branch having a long-term senior rating of no less than "A3" from Moody's and "A-" from S&P; and

WHEREAS, Virginia International Terminals, LLC, a Virginia limited liability company ("VIT"), serving as the operator of the Port Facilities of the Authority, desires to enter into a loan agreement (the "Loan Agreement") with Truist Bank, a North Carolina banking corporation (the "Bank"), providing for a line of credit in the maximum principal amount not to exceed \$15,000,000 at any one time outstanding for the purpose of satisfying the VIT Liquidity Reserve Requirement; and

WHEREAS, the Loan Agreement evidences an Eligible Credit Facility; and

WHEREAS, the Authority is the sole member of VIT; and

WHEREAS, the Chief Operations Officer and the Chief Sales Officer (together, the "Officers") of VIT must obtain the express written consent of the Authority prior to entering into or approving the Loan Agreement as it may have a material effect on VIT's budget; and

WHEREAS, the Payment Agreement dated as of November 17, 2016 between the Authority and VIT (the "Payment Agreement") requires the written approval of the Authority prior to VIT substituting up to and including fifty percent (50%) of its Liquidity Reserve Requirement with an Eligible Credit Facility, which VIT desires to formally evidence pursuant to the declaration of substitution in substantially the form of Exhibit A attached hereto and presented at this meeting (the "Declaration of Substitution"); and

WHEREAS, the Board has determined that it is necessary to delegate to the Executive Director of the Authority, as sole member of VIT, the authority to approve the Limited Liability Company Resolutions of VIT in substantially the form of Exhibit B attached hereto and presented at this meeting (the "Limited Liability Company Resolutions") authorizing VIT to

enter into the Loan Documents and do such other acts in furtherance of the resolutions set forth therein; and

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

Section 1. Approval of the Loan Agreement. The Board hereby approves the Loan Agreement as an Eligible Credit Facility. The Officers, and each of them individually, are hereby authorized to execute and deliver the Loan Agreement and such other instruments, documents and agreements, in each case as he deems necessary or appropriate in connection with the Loan Agreement and to meet the requirements of the Bank, with such amendments, modifications, supplements, completions, omissions, insertions and changes thereto as may be approved by such Officer, his execution to be conclusive evidence of his approval of any such amendments, modifications, supplements, completions, omissions, insertions and changes. VIT shall agree and arrange with the Authority for the payment of any fees or expenses associated with obtaining or maintaining the Eligible Credit Facility and interest or other expenses due and payable by VIT under the Loan Agreement from funds available to the Authority in the Residual Fund pursuant to Section 718(d) of the Bond Resolution.

Section 2. Authorization of Declaration of Substitution. VIT, acting through the Officers, or the appropriate officer(s) of the Authority, acting on behalf of VIT pursuant to the Agreement for Shared Services among the Authority, VIT and HRCF II, L.L.C., and each of them individually, are hereby authorized to substitute for up to and including fifty percent (50%) of VIT's Liquidity Reserve Requirement all or a portion of the Eligible Credit Facility represented by the Loan Agreement in such amount as he deems necessary to ensure that VIT's Liquidity Reserve Requirement is met from time to time during the term of such Eligible Credit Facility pursuant to the Declaration of Substitution, and the Executive Director of the Authority is hereby authorized to approve such Declaration of Substitution from time to time.

Section 3. Authorization of Limited Liability Company Resolutions. The Executive Director of the Authority, as sole member of VIT, is hereby authorized to execute and deliver the Limited Liability Company Resolutions, with such amendments, modifications, supplements, completions, omissions, insertions and changes as may be approved by the Executive Director, his execution of the Limited Liability Company Resolutions to be conclusive evidence of his approval thereof and of such amendments, modifications, supplements, completions, omissions, insertions and changes.

Section 4. Ratification; Further Action. All actions previously taken by the officers and staff of the Authority and VIT in furtherance of this Resolution are ratified and affirmed as though each act had been specifically authorized. The officers and staff of the Authority and VIT 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 Eligible Credit Facility herein authorized.

Section 5. Other Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

PASSED AND ADOPTED this 19th day of May, 2020.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

Exhibit A

Declaration of Substitution

[Attached]

Exhibit B

Limited Liability Company Resolutions

[Attached]



VIRGINIA PORT AUTHORITY

600 WORLD TRADE CENTER, NORFOLK, VA 23510

(757) 683-8000

To: John Reinhart, VPA Executive Director
From: Rodney Oliver, VIT Shared Services CFO; Kevin Price, VIT COO
CC: [_____]
Date: [_____]
Subject: Declaration of Substitution

Virginia International Terminals, LLC ("VIT") has entered into that Loan Agreement dated as of May [], 2020 with Truist Bank (the "Loan Agreement") providing for a revolving line of credit in the maximum principal amount not to exceed \$15,000,000 at any one time outstanding for the purpose of satisfying VIT's Liquidity Reserve Requirement.

Pursuant to the Payment Agreement dated as of November 17, 2016 between the Virginia Port Authority (the "Authority") and VIT and Section 718(d) of the Authority's Resolution No. 16-9 (the "Bond Resolution"), upon written approval from the Authority, VIT may at any time and from time to time substitute for up to and including fifty percent (50%) of its Liquidity Reserve Requirement an Eligible Credit Facility. As of the date hereof, the Loan Agreement evidences an Eligible Credit Facility.

At this time, VIT desires to substitute \$[] of the line of credit under the Loan Agreement for purposes of satisfying its Liquidity Reserve Requirement. After this substitution, the total amount of VIT's Liquidity Reserve Requirement that is substituted with the line of credit under the Loan Agreement will be \$[], which is no more than 50% of its Liquidity Reserve Requirement.

Terms used but not defined herein have the meanings given to such terms in the Bond Resolution.

Approved: _____
John F. Reinhart, Executive Director
Virginia Port Authority

LIMITED LIABILITY COMPANY RESOLUTIONS

WE, THE UNDERSIGNED, DO HEREBY CERTIFY TO TRUIST BANK ("BANK") THAT:

COMPANY'S EXISTENCE. The complete and correct name of the Company is **VIRGINIA INTERNATIONAL TERMINALS, LLC** ("Company") and the Taxpayer Identification Number for the Company is 541187491. The Company is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Virginia. The Company is duly authorized to transact business in the Commonwealth of Virginia and all other states in which the Company is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Company is doing business. The Company is, and at all times shall be, duly qualified as a foreign limited liability company in all states, if any, in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Company has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Company maintains its principal office at **601 World Trade Center, Norfolk, VA 23510**. Unless the Company has designated otherwise in writing, the principal office is the office at which the Company keeps its books and records. The Company shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges.

RESOLUTIONS ADOPTED. By vote at a duly called meeting of the Board of Commissioners of the Member held on May 19, 2020, the resolutions set forth in this Resolution were approved.

MEMBERS AND OFFICERS. The following are the sole member and officers of the Company

<u>Names</u>	<u>Titles</u>	<u>% of Interest</u>	<u>Authorized</u>	<u>Signatures</u>
Virginia Port Authority	Member	100%	N	X _____ John F. Reinhart, Executive Director
Kevin Price	Chief Operations Officer	0%	Y	X _____
Thomas D. Capozzi	Chief Sales Officer	0%	Y	X _____

ACTIONS AUTHORIZED. The authorized persons listed above, or any one of them acting alone, may enter into any agreements with Bank on behalf of the Company:

Definitions. "Payment Agreement" means the payment agreement between the Virginia Port Authority and the Company dated as of November 17, 2016. "Eligible Credit Facility" has the meaning given to it in the Payment Agreement.

Borrow Money. To borrow on such terms as may be agreed upon between the Company and Bank, up to \$15,000,000.00 pursuant to a revolving line of credit (the "Loan") to be used as an Eligible Credit Facility as permitted by, and according to the terms of, the Payment Agreement.

Execute Notes. To execute and deliver to Bank the promissory note or notes, or other evidence of the Loan at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed, and also to execute and deliver to Bank one or more renewals, extensions, modifications, refinancings, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of the Loan.

Further Acts. To do and perform such other acts and things and to execute and deliver such other documents and agreements as the authorized officer may in his discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution and to comply with the requirements under the Payment Agreement, including without limitation those applicable to Eligible Credit Facilities.

ASSUMED BUSINESS NAMES. The Company has filed or recorded all documents or filings required by law relating to all assumed business names used by the Company. Excluding the name of the Company, the following is a complete list of all assumed business names under which the Company does business: **NOT APPLICABLE.**

NOTICES TO BANK. The Company will promptly notify Bank in writing at 500 E. Main Street, 2nd Floor, Norfolk, VA 23510 (or such other addresses as Bank may designate from time to time) prior to any (A) change in the Company's name; (B) change in the Company's assumed business name(s); (C) change in the management or in the members and officers of the Company; (D) change in the authorized signer(s); (E) change in the Company's principal office address; (F) change in the Company's state of

organization; (G) conversion of the Company to a new or different type of business entity; or (H) change in any other aspect of the Company that directly or indirectly relates to any agreements between the Company and Bank. No change in the Company's name or state of organization will take effect until after Bank has received notice.

RELIANCE BY BANK. Bank shall be fully protected by relying upon any certification of the authorized persons named herein and shall be saved harmless by Borrower in any claims, demands, expenses, loss, or damage resulting from or growing out of honoring the signature of any authorized person or signature of an officer or employee certified by an authorized person.

CERTIFICATION CONCERNING MEMBERS AND OFFICERS AND RESOLUTIONS. The member and officers named above are duly elected, appointed, or employed by or for the Company, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Company, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Bank may rely on it until written notice of its revocation shall have been delivered to and received by Bank at Bank's address shown above (or such addresses as Bank may designate from time to time). Any such notice shall not affect any of the Company's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above are their genuine signatures.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Company certify that all statements and representations made in this Resolution are true and correct. This Limited Liability Company Resolution is dated May 19, 2020.

This Resolution is given under seal and it is intended that this Resolution is and shall constitute and have the effect of a sealed instrument according to law.

VIRGINIA PORT AUTHORITY

By: _____ (SEAL)
John F. Reinhart, Executive Director

RESOLUTION 20-6

AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR THE NORFOLK INTERNATIONAL TERMINALS MAINTENANCE DREDGING AND THE CHANNEL WIDENING PHASE II DREDGING

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, the Authority is empowered to cooperate with, and to act as an agent for, the United States of America or any agency, department, corporation or instrumentality thereof in the maintenance, development, improvement, and use of harbors and seaports of the Commonwealth; and

WHEREAS, in furtherance of its powers and duty, the Authority intends to complete the maintenance dredging at the south berth of Norfolk International Terminals (NIT) and to complete NIT South Access Basin Widening Phase II to permit ultra-large container vessels to turn fully outside the federal navigation channel (collectively "the Dredging Project"); and

WHEREAS, the maintenance portions of the Dredging Project will be funded by Harbor Maintenance Trust funds and the South Access Basin Widening Phase II portions of the Dredging Project will be funded by the Fiscal Year 2021 Capital Budget; and

WHEREAS, the Authority intends to issue invitation for bids for the Dredging Project ("IFB"); and

WHEREAS, the Authority will accept the lowest responsive bid submitted by a responsible bidder with respect to the IFB that is within the Authority's budget, up to twelve million dollars (\$12,000,000), as funds become available for the work covered by the IFB; and

WHEREAS, the Board has determined that it is appropriate to delegate to the Executive Director the authority to approve the final form and content of and execute and deliver, the contract for the work covered by the IFB ("Contract") with the responsible bidder submitting the lowest responsive bid.

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

Section 1. Approval of Contracts. The Authority hereby approves the execution and delivery of the Contract for the Dredging Project covered by the IFB to the responsible bidder submitting the lowest responsive bid. The Authority hereby authorizes the Executive Director to approve the final form and content of, and to execute and deliver, the Contract on behalf of the Authority. The execution of the Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the Contract. The Board of Commissioners hereby authorizes the Executive Director to execute and deliver all ancillary documents which he deems necessary to further the intent of this Resolution.

Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers and employees of the Authority in furtherance of the IFB and resulting Contract are hereby ratified and affirmed. The officers and employees of the Authority 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 furtherance of the intent of this Resolution.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption. The Secretary of the Authority shall file this Resolution with the books and records of the Authority maintained according to Section 3.11 of the Authority's Bylaws.

PASSED AND ADOPTED this 19th of May 2020.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

**VIRGINIA PORT AUTHORITY
RESOLUTION 20-7**

**RESOLUTION AUTHORIZING MODIFICATION OF SERVICE AGREEMENT
WITH VIRGINIA INTERNATIONAL TERMINALS TO REQUIRE
COMMERCIALY REASONABLE EFFORTS TO IMPLEMENT A SINGLE
STEVEDORE MODEL**

WHEREAS, Virginia International Terminals, LLC ("VIT") operates the marine terminals owned by the Virginia Port Authority (the "Authority") pursuant to a Terminal Operator Agreement dated as of September 25, 2018 (the "Agreement");

WHEREAS, in-depth analysis of terminal operations in Virginia, as well as other marine terminals with a single operator which performs stevedoring and terminal services, indicate that the single stevedore model in Virginia would materially enhance safety, productivity, and profitability and would attract more containerized cargo to Virginia's terminals. The positive economic impact for Virginia could exceed \$23 million in addition to intangible benefits such as enhanced safety and reduced administrative resources; and

WHEREAS, VIT's agreement with the stevedores currently working at the terminals expires on September 30, 2020. The Authority, acting through its Board of Commissioners (the "Board") adopts this Resolution for a single stevedore model at the Authority's container terminals.

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

Section 1. Single Stevedore Model. The Executive Director of the Authority ("Executive Director") is authorized and directed to cause the Agreement to be modified to require VIT to use commercially reasonable efforts to implement a single stevedore model at Norfolk International Terminals and Virginia International Gateway.

Section 2. Ratification; Further Action. All prior actions by the VPA in furtherance of this resolution are ratified and affirmed. The officers and staff of the Authority are hereby authorized to take such actions and deliver such additional documents as they may in their discretion deem necessary or proper in connection with the single stevedore model herein authorized.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 19th day of May, 2020.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

**VIRGINIA PORT AUTHORITY
RESOLUTION 20-8**

A RESOLUTION AUTHORIZING AID TO LOCAL PORTS FUNDING (FY21) TOTALING AN ESTIMATED \$990,537 TO THE CITY OF NEWPORT NEWS, COUNTY OF ACCOMACK, COUNTY OF NORTHAMPTON, TOWN OF CAPE CHARLES, TOWN OF CHINCOTEAGUE, TOWN OF ONANCOCK, AND THE TOWN OF WACHAPREAGUE

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 \$506,508 for improvements to the barge fendering at the outer harbor pier at the Seafood Industrial Park;

County of Accomack, up to \$172,500 for a partial bulkhead and dock replacement at Quinby Harbor;

County of Northampton, up to \$11,250 for the construction of a kayak launch at Morley's Wharf; up to \$7,500 for construction of a floating dock at Wise Point; and up to \$30,000 for improvements to sanitary facilities at the Oyster Public Boat Landing;

Town of Cape Charles, up to \$88,850 for the Town's Inner Harbor Rehabilitation project;

Town of Chincoteague, up to \$110,067 for the installation of a floating dock at the Curtis Merritt Harbor of Refuge;

Town of Onancock, up to \$54,862 for improvements to the Town's boat ramp; and

Town of Wachapreague, up to \$9,000 for various improvements to the Town's marina.

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

- I. 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, 2021, 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, 2021 its previous balance estimated to be \$50,000.

The City of Newport News may carryover until June 30, 2021, its previous balance estimated to be \$150,000.

The City of Richmond may carryover until June 30, 2021, its previous balance estimated to be \$81,848.

The County of Accomack may carryover until June 30, 2021, its previous balance estimated to be \$82,500 for Quinby Harbor and \$239,958 for Greenbackville Harbor.

The Town of Onancock may carryover until June 30, 2021, its previous balance estimated to be \$111,564.97.

The Town of Saxis may carryover until June 30, 2021, its previous balance estimated to be \$148,500.

The Town of Tangier may carryover until June 30, 2021 its previous balance estimated to be \$57,925.

PASSED AND ADOPTED this 19th day of May, 2020.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

**VIRGINIA PORT AUTHORITY
RESOLUTION 20-9**

A RESOLUTION AUTHORIZING WATERWAY MAINTENANCE GRANT FUNDING (FY21) TOTALING AN ESTIMATED \$1,405,000 TO THE COUNTY OF ACCOMACK, COUNTY OF GLOUCESTER, COUNTY OF MATHEWS, COUNTY OF MIDDLESEX, THE MIDDLE PENINSULA CHESAPEAKE BAY PUBLIC ACCESS AUTHORITY, AND THE COUNTY OF NORTHAMPTON.

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 found it necessary and in the public interest, pursuant to its statutory responsibility, to establish a policy governing disbursement of the Virginia Waterway Maintenance Fund to local governmental entities for financial assistance for dredging activities in order to foster and stimulate the flow of commerce through the waterways of Virginia, such policy ("Virginia Waterway Maintenance Grant Policy") was adopted 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 \$307,000 for pre-planning activities to address the dredging needs of Wachapreague Channel and Folly Creek;

County of Gloucester, up to \$175,000 for pre-planning activities to address the dredging needs of Cedarbush Creek;

County of Mathews, up to \$150,000 for pre-planning activities to address the dredging needs of Winter Harbor;

County of Middlesex, up to \$150,000 for pre-planning activities to address the dredging needs of Parrots Creek;

Middle Peninsula Chesapeake Bay Public Access Authority, up to \$297,000 for the development of a Local Government Business Dredging Implementation Plan; and

County of Northampton, up to \$326,000 for pre-planning activities to address the dredging needs of Red Bank Creek, Nassawadox Creek, and Hungars Creek.

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

- I. 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 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 19th day of May, 2020.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary