

## **MINUTES**

### **Virginia Port Authority (VPA) Board of Commissioners Public Meeting – Session 402**

Electronic Meeting (Zoom Video Conference)

Tuesday, September 22, 2020 – 9:00 AM

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*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 September 22, 2020. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. and Mrs. McNulty confirmed that the public line was connected. The Chairman then 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, were identified 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

(\* Connected shortly after start time)

Guests:

Hon. Shannon Valentine, Secretary of  
Transportation  
David White, Virginia Maritime Association  
JoAnne Carter, PFM Group  
Eric Sisco, Virginia International Gateway  
Heather Wood, Dewberry

VPA Staff:

John F. Reinhart, CEO and Executive Director  
Matthew Barnes-Smith, Chief Administration  
Officer  
Sarah McCoy, General Counsel  
Rodney W. Oliver, Chief Financial Officer  
Joseph P. Ruddy, Chief Innovation Officer  
James (Jay) Stecher, Chief Marketing Officer  
Monica Sturgis, Chief Human Resources Officer  
Cathie Vick, Chief Development and Government Affairs Officer  
Joe Harris, Senior Director, Media Relations  
Carla Welsh, Director, Production

VPA Staff (continued):

Marissa Blanco, Director, Supply Management

Melissa Katz, Manager, Design

Jodie L. Asbell, Sr. Executive Administrative Asst. and Assistant Secretary to the Board

Debra J. McNulty, Secretary to the Board

VPA-Information Technology Support:

Lung Cheng, Director, Information Technology

Kelly Taylor, Information Technology Technician

Matt Dudley, Helpdesk Technician

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Kevin Price, Chief Operations Officer

**I. Motion to Convene an Electronic Meeting**

At 9:00 a.m., at the request of Chairman Milliken, Vice Chairman Wimbush made a motion to convene an electronic meeting as permitted by Virginia Law [pursuant to the 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 then explained the factual basis for convening an electronic meeting. Law states:

*“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 Asbury. The Chairman then asked Mrs. McNulty for a roll call vote of the Board, as follows:

Ayes: 12 (Milliken, Wimbush, Asbury, Aument, Ganeriwala, Hardy, Ivey, McWhorter, Moret, Power, Strayhorn, Waters)

Nays: 0

Absent During Vote: 1 (Cofer-connected shortly after vote)

Absent During Meeting: 0

**II. Chairman’s Welcome – Monica Sturgis, New Chief Human Resources Officer (CHRO)**

Chairman Milliken announced that Ms. Sturgis is the Virginia Port Authority’s new Chief Human Resources Officer and he welcomed her as part of the senior leadership team and said he looked forward to meeting her in person.

Ms. Sturgis said she was very happy to relocate to Virginia and looked forward to working with the team to forward the mission of the port. Mr. Reinhart added that it was great to have Monica onboard.

### **III. Approval of Minutes**

**Action:** Minutes of the VPA Board's (Zoom) electronic annual and regular meetings held July 28, 2020 were approved as circulated. Commissioner Asbury brought forward the motion to approve the minutes, seconded by Vice Chairman Wimbush, and approved unanimously (13-0).

### **IV. Reports of Committees**

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

Chairman Milliken reported that the Executive (Search) Committee met in closed session on September 21, 2020, via Zoom to discuss personnel matters relating to the search process for the new Executive Director. Chairman Milliken explained that it was an ongoing process and that the Board hoped to bring the search to a conclusion in the near future.

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

##### **1. Report of Finance and Audit Committee**

Commissioner Power provided the following report:

The Finance and Audit Committee met yesterday afternoon via electronic meeting and received presentations from PBMAres on the status of the VPA and VIT audits, and from management on fiscal year 2021 financial performance to date, proposed fiscal year 2021 budget modifications, status of planned Master Equipment Lease Program (MELP) borrowings, a procurement manual update, a proposed modification to an Aid to Local Ports grant for the Town of Saxis, and a Richmond focused economic development update.

With regards to the presentation from PBMAres on the status of the VPA and VIT audits for fiscal year 2020:

- Mike Garber, Audit Partner with PBMAres provided an update on progress to date on the three fiscal year 2020 audits.
- The VIT audit and related year end financials are complete.
- The VPA financial audit and federally-required Single Audit are very close to completion.
- Fieldwork is complete, and the teams are working on the final drafts of the presentations.
- Mr. Garber noted that all audits received or will receive unmodified opinions, there were no audit adjustments, or uncorrected misstatements.

- Mr. Garber also expressed his appreciation for the work performed by the Port of Virginia team to close the financial results and provide information requested by the auditors in a timely manner.

Commissioner Power added that this was a huge undertaking and she congratulated the Finance team. She also reported that the audits were completed ahead of schedule.

Commissioner Power reported that the Finance and Audit Committee discussed Resolutions 20-15, 20-16, 20-17, and 20-18 and, after deliberation and consultation, the Committee unanimously recommended approval of the Resolutions as stated. She turned the meeting over to Mr. Oliver at this time.

2. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended July 31, 2020 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver reviewed financial results for the first two months of the fiscal year and reported that volumes are coming back since the lowest volume results that were reported for May. He reported that volume in August was 15.5 percent ahead of July and that the port is also seeing increases in September with expected volume increases in October as well.

Mr. Oliver reported that July's operating income is \$5 million ahead of budget and \$6.3 million ahead of budget in August. He noted that operating expenses were below budget for both months, which, he said, proved that operations moved more boxes at a lower cost due to operating efficiencies at the two expanded terminals (VIG and NIT). Mr. Oliver added that all other line items are below or within budget expectations for both months.

Mr. Reinhart reported that the operations team continues to perform at a very high level and expressed appreciation for their discipline and focus on the economics of running the port.

3. Review of FY21 Budget Update and Consideration of Resolution 20-15, approving the VPA FY21 (Reforecast) Consolidated Budget – Nina Malone, Principal Economist

Ms. Malone announced that the global economy experienced severe disruptions in supply and demand over the last several months of the pandemic. She reported that POV saw the worst year-over-year decline in volumes in the fourth quarter of FY20 since the 2008-09 financial crisis. Ms. Malone reviewed highlights of the updated budget projections for FY21 and explained that fiscal year-end results turned out to be better than what was anticipated in April, due to operating efficiencies and cost management across the organization.

Ms. Malone reported container volumes are projected to grow 2 percent higher (+3.6 percent) and operating revenues are expected to be 5.5 percent higher (+3.2 percent)

compared to the original FY21 budget that was approved by the Board in May. She then reviewed net position and residual fund and operating cash. Ms. Malone announced that the budget also provides for COVID-19 expenses to ensure safety of the port's colleagues and customers and also includes a 2 percent pay increase for all colleagues which was originally eliminated in the May budget. Operating income is projected to be \$27.8 million which is an improvement over FY20 actuals and May's budget.

Ms. Malone announced that earnings before interest, taxes, depreciation, and amortization (EBITDA) was the best operating margin the port has seen in seven years (26.7 percent). She reported that VPA continues to exceed its bond service requirements.

Mr. Reinhart announced that the improved financial forecast was due to the hard work by the team and the critical investments that were made at the port over the last four years which, he said, is helping to drive the results. He commended the efficiencies of the operations team and credited the Board for approving all of the investments.

Ms. Malone reviewed POV container volume outlook that included scenarios reflecting the impact on the port should the coronavirus make a resurgence through the end of FY21. She then presented a spreadsheet view and provided highlights comparing the approved FY21 budget (May), FY20 actuals through August 30, and the new FY21 budget. Ms. Malone mentioned that the G&A (general and accounting) budget is higher due to COVID-19 related expenses which will continue through the pandemic.

Ms. Malone reported that net position for the revised FY21 budget is an anticipated increase of \$12 million from the original budget approved by the Board in May. She reported capital outlay increases are budgeted to increase by \$1 million from the original budget to \$127 million.

Ms. Malone concluded with a review of debt service coverage ratios and bond service requirements.

Copies of presentations by Mr. Oliver and Ms. Malone are attached.

(At this time, Chairman Milliken paused the meeting briefly until the electronic connection with the public conference line was established. Members of the public could hear the meeting, however, could not respond during roll call in a manner that could be heard by the Board.)

Commissioner Power reported that the Finance and Audit Committee recommended the adoption of Resolution 20-15. The following motion was presented to the Board for approval.

**Action:** Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Asbury, the Board unanimously approved Resolution 20-15 (13-0), adopting the VPA FY21 (Reforecast) Consolidated Budget.

Chairman Milliken commended POV colleagues for their hard work on the revised FY21 budget especially during these difficult COVID-19 times.

Mr. Oliver mentioned that the FY21 budget was revised three times prior to today's Board approval and he also commended the Finance team.

4. Consideration of Resolution 20-16, authorizing financing under a Master Equipment Lease Program (MELP) for the purchase of ship-to-shore cranes and additional terminal operating equipment

It was reminded by Mr. Oliver that the Board approved the financing of 20 shuttle carriers at the July board meeting, 12 of which would be financed through Treasury's Master Equipment Lease Program (MELP). Since that time, Mr. Oliver reported that the state had awarded financing to Bank of America Public Capital Corp and the borrowing that VPA will enter into will be a subordinate obligation for \$12 million which will be a taxable transaction for equipment destined for Virginia International Gateway (VIG). Mr. Oliver advised that the Authority will be closing on the transaction in early October and the financing details have not been finalized.

Mr. Oliver then reported on the proposed establishment of a VPA MELP that was mentioned at the last Board meeting. He reported that the solicitation was completed in August and financing was awarded to SunTrust Equipment Finance and Leasing Corp. He advised that their financing terms were much better than competitors and the program will run through September 2023, for an amount not to exceed \$63 million which is authorized in the current Appropriations Act. Mr. Oliver described interest rates and pre-payment provision and he then reviewed estimated interest rates (see PFM slides attached).

Mr. Oliver explained that the first draw is expected in early November to purchase a ship-to-shore crane at NIT and that the remainder of financing will be covered by the state's award of funds to VPA from the Volkswagen settlement. He then referred to Resolution 20-16 at this time, for the Board's consideration, and reviewed several key components in the document. Mr. Oliver noted on slide 16 that the Treasury Board meeting in October was cancelled and they will meet in November to approve the capital lease transaction with availability of funding moved to late November.

**Action:** Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner McWhorter, the Board unanimously approved Resolution 20-16 (13-0), authorizing a MELP financing for the purchase of ship-to-shore cranes and additional terminal operating equipment.

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

Mr. Barnes-Smith reported that Marissa Blanco, Director, Supply Management, provided a review of the Procurement and Capital Outlay Manual (PCOM) in the Finance and Audit Committee closed session. He described each of the three new sections that were added:

- Request for information
- Statewide contracts

- Sustainable procurement program (SPP)

Mr. Barnes-Smith reviewed updated policies:

- VPA Purchasing Authority
- Audit Reviews
- Audit of Procurement Contracts
- Responsible/Responsive Bidder
- Credit Cards (move from state credit cards to Port of Virginia cards)

He then described updated procedures which were integrated with PeopleSoft:

- Competitive sealed bids/Invitation for Bids (IFB)
- Competitive negotiations/Request for Proposal (RFP)
- Surplus/Unclaimed property

**Action:** Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Hardy, the Board unanimously approved Resolution 20-17 (13-0), authorizing the adoption of the Procurement and Capital Outlay Manual in accordance with Section 2.2-4343 of the Code of Virginia of 1950 as amended.

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

Ms. Vick reported that the Board had previously approved Aid to Local Port Funds for the Town of Saxis in the amount \$148,500 for replacement of bulkhead and some finger piers at their marina. She advised that weather conditions and contractor delays due to the pandemic had halted the project, however, an emergency project arose at their jetty which protects commercial fishing, and the Town requested a reallocation of funds.

Ms. Vick explained that the request is to shift some of their allocated funds to the emergency project and the Town will raise the funds to complete the other contract later in the year. She then referred to Resolution 20-18 for the Board's consideration, at this time.

**Action:** Upon motion by Commissioner Power, on behalf of the Finance and Audit Committee, seconded by Commissioner Ganeriwala, the Board unanimously approved Resolution 20-18 (13-0), authorizing reappropriation of Aid to Local Ports (ALP) Funding (FY21) to the Town of Saxis.

Commissioner Power remarked on all of the project undertaken by the finance division - new financial management system, dealing with COVID-19, year-end, and early completion audits and she thanked the team for their efforts. Mr. Reinhart also thanked Commissioner Power for her work as chair of Finance and Audit.

Ms. Vick then presented an update on the Norfolk Harbor and Channels deepening and advised that the project is making good progress and is ahead of schedule and still on target for early completion of the first element. She reported there were two hopper dredges on site through August and they had to stop work at midnight on the 31<sup>st</sup> to

comply with some environmental windows. Ms. Vick advised that there was a weather delay for the arrival of the mechanical dredge which should not affect the schedule.

Ms. Vick reported that samplings have been completed and waiting on analysis on the next two constructible elements - Thimble Shoals East and the inner harbor. She advised that the port has also completed cultural resource investigations in both areas and is working with the cities of Norfolk and Virginia Beach on beneficial use of dredged material for their beach replenishment projects, thereby saving both money and time for the cities and for the port.

Ms. Vick also provided an update on the New Start federal funding for the next phase of the dredging and reported on the project update meeting with the Assist Secretary of the Army for Civil Works that she attended at the Pentagon on September 11<sup>th</sup>. Additional meetings were held with the new Director of Planning and Budget at Army Corps Headquarters, and Energy and Water staff at the Office of Management and Budget and several Congressional members from mid-west states. Ms. Vick mentioned upcoming meetings that the port has scheduled with the North Atlantic Division Commander and Commanding Officer of the Army Corps.

Ms. Vick reported that Secretary Valentine provided a budget update to the Growth and Operations Committee on the Special Session of the General Assembly. Ms. Vick reported some of the legislation that passed in the Senate was related to helping with COVID-19 impacts and social justice and police reforms and after cross-over with the House legislators will continue to work on the budget. She advised that the Secretary reported an anticipated General Fund budget gap of \$2.7 billion for the biennium and \$870 million reduction in transportation funds.

Ms. Vick mentioned that the Secretary also reported that the Commonwealth Transportation Board is reviewing project funding/priorities and Ms. Vick noted that the port has taken a conservative approach in forecasting the port's share of the Commonwealth Port Fund (CPF) in its FY21 budget, as reported earlier by Ms. Malone.

Ms. Vick reported the following port-related economic developments for calendar year-to-date 2020:

- 24 businesses announced they were locating or expanding
- More than \$863 million invested
- More than 7.1 million square feet built or under development
- More than 3,184 jobs created

Since the last board meeting, Ms. Vick reported there were three additional business announcements, 384 jobs, and \$166 million investments.

Ms. Vick announced that the port's Environmental Management System (EMS), ISO 14001, completed full recertification audits and is awaiting the final report. She reported that the auditors were able to physically visit the Hampton Roads and Richmond terminals to complete the audits after doing remote inspections during the first half of the inspection schedule. She advised that the auditors were very



impressed that POV's sustainability values were embedded in operations, maintenance, mid-level management, and senior leadership and that the port was best-in-industry for integration of environmental principals. Ms. Vick complimented the Human Resources division for the new learning management system offered that documented the training accomplishments that were also reviewed by auditors.

Ms. Vick reported that the auditors offered some opportunities for improvement in the areas of disposal and housekeeping practices at the terminals, however, they were very complimentary of POV's EMS program.

Ms. Vick concluded with a photo of the 2020 National Defense Transportation Association (NDTA) Corporate Distinguished Service Award and announced that POV will be recognized at their annual meeting on October 8<sup>th</sup>. She mentioned POV's involvement with NDTA and work with the Surface Distribution and Deployment Command (SDDC).

(Chairman Milliken paused the meeting again at this time (5 minutes) due to technical difficulties with the public conference line. Members of the public were able to hear the meeting but could not communicate to the Board. In the event for public comment, a new conference line number was provided to callers. Mrs. McNulty confirmed that new connections were made by IT support staff.)

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

#### **1. Report of Growth and Operations Committee**

Commissioner McWhorter reported the following:

The Growth and Operations Committee held its regularly-scheduled meeting yesterday via Zoom, and heard an update on the Port's COVID-19 efforts from Sarah McCoy, General Counsel.

Tom Capozzi, Chief Sales Officer, provided a sales report that included an update on market developments, fiscal year-to-date volume statistics for the period July-August, announcement of a new MSC service and two extra-discharge vessels, and peak season progress.

Cathie Vick, Chief Development & Public Affairs Officer, then provided an update on the off-shore wind project planned for Portsmouth Marine Terminal.

Kevin Price, Chief Operations Officer, provided a safety update on Lost Work Days, current events regarding blank sailings, tug and barge business at Richmond Marine Terminal, and business at the Virginia Inland Port. Mr. Price then reviewed operational metrics on vessel productivity, rail dwell, gate activities and peak season, turn-times, missed reservations, HRCP chassis fleet, and POV cost per lift.

Commissioner McWhorter turned the meeting over to Mr. Capozzi at this time.

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

Mr. Capozzi reviewed market developments relating to rising freight rates and rebounding imports from Asia (mostly out of China). He reminded the Board that blank sailings, which had been discussed in several meetings, were deployed by ocean carriers to manage capacity throughout the pandemic. Mr. Capozzi explained how volumes returned with factories in China opening back up and consumers buying more products while home during the pandemic which depleted inventories of US retailers. He noted that there was also a huge influx of personal protective equipment (PPE) products shipped.

Mr. Capozzi reported that shippers chose the West Coast due to shorter transit times while the East Coast was lagging. He explained how rising rates on the West Coast and congestion along with a shortage of chassis are expected to drive volumes to East Coast ports. Mr. Capozzi reported that POV has an ample supply of chassis at its Hampton Roads Chassis Pool II (HRCP II).

Mr. Capozzi then reviewed Customs filings from imports, mainly from China, that reflect levels rising to where they were in April.

Mr. Capozzi presented highlights of fiscal year-to-date volumes (attached). He reported that port volumes are increasing in the right direction and that September is forecast to be a very good month.

Mr. Reinhart reported that July 2019 was the second best month in the history of the port which was, in part, driven by the hurricanes that diverted vessels to Norfolk from Savannah and Georgia which should be considered when looking at the statistics for July 2020.

Mr. Capozzi reported that the sales team has been actively participating in webinars and video conferences – 100+ as a contributor and over 300+ as an attendee. He described opportunities for POV to participate in several upcoming conferences – North Carolina World Trade Association, Columbus Region Logistics Counsel, and Council of Supply Chain Management Professionals.

Mr. Capozzi described the collaboration between POV's information technology and operations team to create presentations that describe how POV is deploying technology in operations as well as providing information to customers.

Mr. Capozzi announced a new "last out" MSC service – Indusa – is scheduled to commence on October 6<sup>th</sup>, arriving at VIG. He explained the last out port call will benefit POV to capture export rail out of the Midwest. He described the rotation which will service three trade lanes and will enable ports to evacuate surplus empty containers to be shipped back to those countries out of the U.S. POV competed with Baltimore for the MSC service that is expected to discharge approximately 5,000-6,000 containers at VIG and will be barged to Baltimore.

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

Mr. Price explained that POV halted in-person safety briefings for several months during the pandemic to avoid close contact with colleagues which caused a negative effect on the OSHA lost work day (LWD) rates, which he reviewed. The LWD safety goal for FY21 is 1.9 compared to the August increase to 2.78 - a 41 percent increase from FY20. Mr. Price announced that the port implemented new procedures to resume effective safety training in October.

Mr. Price reported that gate and barge volumes reflect increases in July and August and the rail volumes have increased as well. He noted that rail is 32 percent of the total volume. Mr. Price then reviewed rail dwell and indicated the industry standard is 50 hours compared to POV's current rail dwell rate of 38 hours in August, which is ahead of the industry standard.

Mr. Price reported that POV gate turn times continue to perform better than the industry standard of 60 minutes with traditional turn times in July at 31 minutes and 37 minutes in August. He credited the improved operational performance and efficiencies at the terminals and cooperation by motor carriers with the reservation system.

Mr. Price announced that the port increased hours at the terminals in August at the request of some of the larger BCOs (beneficial cargo owners) to an extra hour every day, Monday through Friday, and opened a Saturday gate in September for 12 weeks to help with peak season.

Mr. Price presented a slide showing 99 percent of truck visits were in and out of the terminal under two hours in August and 89 percent of the turn times were within one hour. He then reviewed missed reservations June 1-August 31, which have decreased to under 5 percent compared to over 15 percent mid-August.

### **V. Report by Chief Innovation Officer – Joseph Ruddy**

Mr. Ruddy provided an update on the customer experience (CX) strategy and customer relationship management (CRM). The Customer Service team, within the Innovation division, identified the integration of the CRM platform with the customer experience.

Mr. Ruddy described each of the scheduled integration milestones for the CX and CRM project. He announced the December 1 2020 kick-off for John Jackson, Manager, Customer Service, Lauren Creech, Manager, Sales Support, and Jay Stecher, Chief Marketing Officer, to complete University of Richmond CX Strategy Certificate Program. Also by December 1, will complete the mapping and documentation process, March 1, 2021, completion of the first CRM enhancements, April 1, incorporate CX into new hire onboarding, and June 1, develop suite of metrics for CX.

Mr. Ruddy reviewed major port projects and all are tracking well with just a few minor warning signs. He provided an update on the South NIT optimization project and wharf

modification update. Mr. Ruddy reported that the wharf modification work, which is complete, was being done in anticipation of the two new ship-to-shore cranes that will arrive soon and two that are on order. He commended the project and operations teams for working safely and efficiently and completing the wharf modifications.

Mr. Ruddy announced that the ship-to-shore cranes destined for South NIT have left China several days ago and are scheduled for delivery on November 5<sup>th</sup> and operational by January 2021. A photo of the largely-completed South NIT terminal was presented, followed by the timeline of remaining projects.

Mr. Reinhart announced that The Port of Virginia's added capacity will have six ultra-large container berths which no other port on the East Coast has six berths of that size.

## **VI. Report by Chief Marketing Officer – James (Jay) Stecher**

Mr. Stecher reviewed the initiatives by the Marketing and Communications team to spread the news about The Port of Virginia and he described the following advertising methods:

- Earned media – Reaching out to new outlets and new mediums to drive business
- Targeted advertising combined with POV's new website to help inform audiences and drive leads
- Platform-specific social approach to strengthen our reputation as service providers and drive leads

Mr. Stecher reported that there are scheduled monthly conversations with the Journal of Commerce to provide information on what is going on at POV in the port industry. He emphasized that the port is taking a more digital focus in advertising and media communications versus print and providing content that is relative to The Port of Virginia.

Mr. Stecher announced that when it is safe again to meet in person and to attend trade shows, The Port of Virginia will be ready. He mentioned the Trans-Pacific Maritime (TPM) trade show, scheduled for February 28-March 3, 2021, and he described how the port is preparing for the event with targeted advertising and collaborating with the Innovation division's initiatives with the CX and CRM platform that Mr. Ruddy talked about.

Mr. Stecher reported that POV's engagement rates are increasing with the targeted advertising campaign with more people clicking on articles with imbedded information directing customers to The Port of Virginia. He noted that POV's engagement rate is 6.25 percent compared to New York's rate which is half that and LA/Long Beach together is about 4.8 percent.

Mr. Stecher announced the first virtual State of the Port (SOTP) address, sponsored by the Hampton Roads Global Commerce Council (HRGCC) that will be presented by Mr. Reinhart on October 1, 2020, at 10:00 a.m. He explained the format for the event that will include a filmed presentation by Mr. Reinhart that will cut to a live video of the

CEO/Executive Director at which time he will take a number of questions from the audience.

(Note: The event had over 1,400 participants.)

Mr. Stecher explained the marketing campaign that will take place before and after the event that will include the immediate release of the SOTP link to all registrants followed by a link to the port's Annual Report, on October 1<sup>st</sup>.

Mr. Stecher credited the collaboration of HRGCC.

At this time, Mr. Stecher introduced Melissa Katz, Manager, Design, who provided an overview of The Port of Virginia's approach, strategy, and delivery of the Annual Report. Ms. Katz remarked that this was a year unlike any other year and the report basically reflects the port's activities before the pandemic and after the pandemic.

Ms. Katz explained that the port planned to reach a wide range of audience consisting of Congressional members, federal, state, regional, local officials, BCOs, and the general public and to use the digital Annual Report as a tool to drive leads and generate sales.

She briefly highlighted sections of the report and advised that there will be a short printed publication for POV's Government Affairs division to mail out.

Ms. Hardy asked if the port's social media websites offer several languages for readership. Mr. Stecher advised that for now the sites are only in English, however, he mentioned that POV's foreign representatives often post in their native language.

## **VII. Report by Chief Human Resources Officer – Monica Sturgis**

Chairman Milliken announced that Ms. Sturgis would be making her first report to the Board as the port's new Chief Human Resources Officer (CHRO).

Mr. Reinhart welcomed Ms. Sturgis and said she was a great addition to the team and he also thanked Ms. McCoy for the additional responsibilities she and her team took on after the departure of Mr. Jim Bibbs, former CHRO.

Ms. Sturgis reported that the port has been focusing on FY 20 performance reviews and FY21 goal setting over the last couple of months. She advised that colleagues worked hard work to perform remotely within the different virtual platforms during the pandemic whether it be Zoom, Microsoft Teams and various webinars.

Ms. Sturgis reported that colleagues stayed focused on completing their FY 20 performance reviews and, she said, they are still performing at a high level given all of the changes and challenges as evidenced by their performance reviews. She advised that an aggressive FY21 goal setting process has also been underway and colleagues have been fully engaged since the beginning of the fiscal year.

In the spirit of continued improvement, Ms. Sturgis announced that the senior leadership team (SLT) established a new breakthrough objective for FY21 which the Board will hear more about in several upcoming meetings. She reported that the overall objective identified by the SLT and colleagues will involve creating an employee experience that will encourage colleagues to rate The Port of Virginia as one of the top regional employers. Ms. Sturgis advised that it was a long-term objective that will involve collaboration among every division.

Ms. Sturgis announced that the Human Resources division, in partnership with the Procurement division, has been focused on managing requests for proposals (RFPs) for the process of renewing the port's healthcare, life, and disability benefits for this year while maintaining continuity with minimal disruption to colleagues. Ms. Sturgis announced that POV will pay \$150,000 less this year for the exact same benefits and no cost increases to colleagues. She reported that open enrollment is in November.

### **VIII. Report by CEO and Executive Director – John F. Reinhart**

Mr. Reinhart made the following closing remarks:

“Mr. Chairman, Commissioners, Colleagues, and Guests,

We have completed Fiscal Year 2020 with positive operating income and debt coverage above requirements and positive cash flows. Our team delivered great service and safely navigated through the challenges of the COVID-19 pandemic. We have started FY21 better than our original budget and building some positive momentum on volume and operational results.

We have re-forecasted the FY21 budget which the board has reviewed and approved. The results are positive to what was approved in May. September volumes remain strong and are trending to a positive comparison to last September.

On August 31 we welcomed Monica Sturgis as our new Chief Human Resources Officer for The Port of Virginia.

On September 1, Chief Mike Brewer retired and Mona McLaurin was promoted to Chief and is the first female Chief of Police for the POV.

The port team continues to drive economic development with 24 announcements this calendar year with investments of \$863 million, 7.1 million square feet and 3,184 jobs. We continue to work to develop OSW potential at PMT and NNMT to foster an entirely new industry and jobs for Virginians.

We welcomed the largest vessel to call the East Coast when the CMA CGM Brazil called at VIG. A beautiful new ULCV with 15,000+ TEU capacity. We have a new service beginning on October 6 when MSC's new Indusa calls the POV with a last out call. We are seeing carriers restore services and announcing some extra discharge vessels and believe volume will remain strong through October. There is still uncertainty about future months and we will manage and adapt appropriately.

Our project teams have done exceptional work and the two STS cranes for NIT are on the water and expected to arrive in early November and be operational in January. Since our last board meeting, we have ordered 2 additional STS cranes for NIT and 20 new hybrid shuttles for VIG.

Dredging continues ahead of schedule and we will again be the widest, deepest and safest port on the East Coast by 2024.

We have reached a 17 month extension agreement with Ceres and CP&O for stevedoring and VIT will join them as a stevedore on October 1st. This agreement ensures competitive service and continuity for our customers and will provide time to develop longer term stevedore solutions to keep the POV competitive and growing.

On October 1st we will host a virtual State of the Port. We hope you can join us and hear more about the great work by our team and how the POV is performing. We thank our colleagues, labor partners, motor carriers and customers for keeping the business growing and flowing across the POV.

First and last: Today is Monica Sturgis's first board meeting and we welcome you and look forward to working with you. Today is the last board meeting for Matthew Barnes-Smith and we thank him for his great work and contributions to the POV for over 8 years. We wish Matt and his family good health and success in the next chapter. We enter the fall strong, aligned and prepared. Thank you."

**IX. Unfinished Business**

There was no unfinished business to report.

**X. New Business**

There was no new business to report at this time.

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

There being no further business and no public comments, the meeting adjourned at 10:56 a.m.

Respectfully submitted,



Debra J. McNulty  
Secretary to the Board

The next VPA Board of Commissioners Public Session is scheduled for 9:00 a.m. on November 17, 2020 (Last meeting of 2020 - Thanksgiving holiday is November 26).

Committee meetings are scheduled the Monday before the Public Session.

**RESOLUTION 20-15**  
**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 for their review and consideration; 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 of Commissioners of the Virginia Port Authority, as follows:

Section 1. Approval of the Fiscal Year 2021 Budget. The Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2021.

Section 2. Supersede and Replace. This consolidated budget for Fiscal Year Ending June 30, 2021 as presented does hereby supersede and replace the previously approved Fiscal Year 2021 budget previously approved on May 19, 2020.

Section 3. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority in furtherance of this Resolution 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 adoption of this Resolution.

**PASSED AND ADOPTED** this 22<sup>nd</sup> day of September, 2020.



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John G. Milliken  
Chairman

Attest:



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Debra J. McNulty, Secretary



## **Resolution No. 20-16**

RESOLUTION AUTHORIZING THE ACQUISITION OF TERMINAL OPERATING EQUIPMENT IN THE AGGREGATE PRINCIPAL AMOUNT UP TO \$63,000,000 THROUGH ONE OR MORE FINANCING PROGRAMS; ESTABLISHING GUIDELINES AND STANDARDS AND DELEGATING TO THE EXECUTIVE DIRECTOR OF THE AUTHORITY RESPONSIBILITY FOR FIXING THE PRINCIPAL AMOUNT, THE TERM, THE INTEREST RATES, THE REPAYMENT PROVISIONS AND OTHER DETAILS OF SUCH FINANCING PROGRAM; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE OR OTHER SUCH AGREEMENT EVIDENCING THE FINANCING PROGRAM.

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 510 authorizes the issuance of Subordinate Obligations as defined in the Bond Resolution; and

WHEREAS, pursuant to Item 458, B4 of the 2020 Virginia Acts of Assembly – Chapter 1289, the General Assembly of the Commonwealth of Virginia has authorized the acquisition by the Authority of terminal operating equipment at a total estimated cost of \$63,000,000 (the "Equipment Financing"); and

WHEREAS, the Authority has determined that in connection with the ongoing renovation and renewal and replacement needs of Norfolk International Terminals it is necessary to contract to purchase certain equipment including without limitation Ship to Shore Container Cranes, Rail Mounted Gantry Cranes, Rubber Tire Gantry Cranes, Shuttle Carriers, Reach Stackers, Top Picks, Empty Container Handlers, Yard Hustlers (UTRs), Bomb Carts and other such similar equipment (collectively, the "Equipment"), which Equipment may also be used at Portsmouth Marine Terminal, Richmond Marine Terminal and/or the Virginia Inland Port; and

WHEREAS, the Authority has determined that in connection with ongoing renovation and renewal and replacement needs of its Virginia International Gateway, Inc. ("VIG") facility it is necessary to contract to purchase certain Equipment; and

WHEREAS, the Authority has entered into an Amended and Restated Deed of Facilities Lease Agreement, a Construction Authority Agreement and an Installment Sale Contract, each dated September 21, 2016 (the "Senior Documents"), with VIG; and

WHEREAS, the Senior Documents obligate the Authority to make payments of Senior Obligations, as defined in the Bond Resolution, to VIG; and

WHEREAS, the Authority has issued, and there are currently outstanding in the aggregate principal amount of \$261,145,000 multiple series of its Port Facilities Revenue Refunding Bonds (the "Outstanding Bonds") and \$60,692,849 in Subordinate Obligations; and

WHEREAS, the Equipment will be acquired pursuant to a financing program evidenced by a Master Equipment Lease Agreement and subsequent equipment lease schedules (the "Agreement"), between the Authority and SunTrust Equipment Finance & Leasing Corp (the "Lessor"), to be dated the closing date thereof; and

WHEREAS, payments made by the Authority pursuant to the Agreement will be Subordinate Obligations under the Bond Resolution and, as such, subordinate as to payment from the Authority's Net Revenue to the Senior Obligations, the Outstanding Bonds and any other Bonds outstanding from time to time under the Bond Resolution; and

WHEREAS, the Board has found and determined that the obligations that will be evidenced by the Agreement on the terms contemplated hereby 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;

WHEREAS, the Board has determined that it is necessary to delegate to the Executive Director the authority to approve the form of the Agreement, execute the Agreement and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof that have not yet been finalized, but subject to the parameters established hereby;

WHEREAS, on March 12, 2020, Governor Northam issued Executive Order Fifty-One declaring a state of emergency pursuant to Virginia Code Section 44-146.17 to help the Commonwealth better respond to the threat posed by the COVID-19 virus pandemic;

WHEREAS, the reconvened session of the 2020 Virginia General Assembly adopted amendments to the budget bill proposed by Governor Northam allowing any public body, including any state, local, regional or regulatory board to meet by electronic communication means without a quorum of the public body or any member of the governing body physically assembled at one location when the Governor has declared a state of emergency in accordance with Virginia Code Section 44-146.17 provided (i) the nature of the declared emergency makes it impracticable or unsafe for the public body or governing board to assemble in a single location; (ii) the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body and the discharge of its lawful purpose, duties and responsibilities; (iii) the public body makes available a recording or transcript of the meeting on its website in accordance with certain time frames set forth in Sections 2.2-3707 and 2.2-3701.1 of the Virginia Code; (iv) public notice, where required, is given using the best available method given the nature of the emergency; (v) arrangements are made for public access to the meeting through electronic means, and if the means of communication allow, to provide an opportunity for public comment; and (vi) the minutes of the meeting specify the nature of the emergency, the fact that the meeting was held by electronic communications and the type of electronic communications by which the meeting was held;

WHEREAS, the nature of the Governor's declaration of emergency arising from the COVID-19 pandemic and related social distancing measures implemented by the Governor to mitigate the spread of COVID-19 make it impracticable or unsafe for the Board to assemble in a single location to meet;

WHEREAS, the Board is meeting to discuss and transact the business of the Authority, which is to provide for the funding of the Authority's capital needs, and the Board deems it necessary to meet by electronic communications without physical assembly of members of the Board; and

WHEREAS, accommodations have been made for public notice of, and public access to, the meeting as required by the aforementioned electronic meeting requirements.

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

Section 1. Authorization of the Obligations Evidenced by the Agreement as Subordinate Obligations. (a) Pursuant to Section 510 of the Bond Resolution, the Authority is hereby authorized to acquire the Equipment pursuant to the Agreement and to pay the costs incident thereto in an aggregate principal amount not to exceed \$63,000,000.

(b) The Agreement and the obligations of the Authority pursuant to the Agreement will be Subordinate Obligations under the Bond Resolution.

(c) Pursuant to the Bond Resolution, the Authority hereby confirms the appointment of Truist Bank, formerly SunTrust Bank and Branch Banking and Trust Company, or an affiliate thereof, as a Depositary for amounts deposited to the Subordinate Obligations Fund or the applicable account thereof referred to in Section 510 of the Bond Resolution. In connection with the Agreement and the transactions contemplated thereby, the establishment of an account or subaccount within the Subordinate Obligations Fund is authorized and approved.

Section 2. Terms of Agreement. The Executive Director is hereby authorized, if the Authority's Financial Advisor shall so recommend, to accept an offer of the Lessor to provide financing for the Equipment in the form of the Agreement whereby such Agreement:

(i) shall be for a term not to exceed September 30, 2023; and

(ii) shall provide for the interest portion of the payments made thereunder to be calculated using a rate per annum not to exceed 4.0% for tax-exempt lease payments and 5.0% for taxable lease payments.

Section 3. Approval of Agreement. The Executive Director is hereby authorized to approve the form of the Agreement. The execution and delivery of the Agreement in accordance with Section 2 hereof by the Authority is hereby authorized, and if the

Executive Director shall accept the offer of the Lessor, the Agreement shall be executed in the manner therein set forth to evidence the acceptance by the Authority of such offer.

Section 4. Official Intent. The Authority intends that the proceeds from the Equipment Financing be used to pay or reimburse the Authority for the payment of any expenditures made after the date of this Resolution or made within 60 days prior to the date of this Resolution with regard to expenditures incurred in connection with the Equipment. The Authority intends to make a reimbursement allocation, which is a written allocation by the Authority that evidences the Authority's use of proceeds of the Equipment Financing to reimburse an expenditure, no later than 18 months after the later of the date on which the expenditure is paid or the Equipment is placed in service or abandoned, but in no event more than three years after the date on which the expenditure is paid. The Authority recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, and certain *de minimis* amounts. Each expenditure will be, unless otherwise approved by Kaufman & Canoles, a Professional Corporation, the Authority's approved bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the expenditure), (b) a cost of issuance with respect to the Equipment Financing, or (c) a nonrecurring item that is not customarily payable from current revenues. The Board intends that the adoption of this Resolution confirms the "official intent" of the Authority within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 1.150-2(e)(1) of the Treasury Regulations, the Authority hereby designates its Executive Director and Chief Financial Officer, either of whom may act, as persons authorized to declare official intent on behalf of the Authority pursuant to the Treasury Regulations, regarding the Authority's intent to reimburse itself for expenses incurred prior to the date of this Resolution with regard to expenditures incurred in connection with the Equipment.

Section 5. Tax Covenant; Public Hearings. The Authority covenants that it will comply with the provisions of the Code, so that the interest portion of the payments on tax-exempt lease payments made to the Lessor pursuant to the Agreement do not become includable in gross income of the Lessor for federal income tax purposes under the Code. Pursuant to Section 147(f) of the Code, and applicable regulations thereunder, the Authority designates its Executive Director and its Chief Financial Officer, either of whom may act, as the public hearing officer to hold any public hearings required in order to ensure the tax-exempt status of the interest portion of the payments on tax-exempt lease payments made to the Lessor pursuant to the Agreement.

Section 6. 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 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 Agreement.

Section 7. Other Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 8. Confirmation of Electronic Meeting Findings. The Board confirms the findings and determinations contained in the recitals to this Resolution setting forth the reason for the need to meet by electronic means without requiring board members to physically assemble at one location during the current declared state of emergency by the Governor of the Commonwealth arising from COVID-19.

Section 9. Effective Date. This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

**PASSED AND ADOPTED** this 22nd day of September, 2020.



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John G. Milliken  
Chairman

Attest:



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Debra J. McNulty, Secretary

## **RESOLUTION 20-17**

### **AUTHORIZING THE ADOPTION OF THE PROCUREMENT AND CAPITAL OUTLAY MANUAL IN ACCORDANCE WITH SECTION 2.2-4343 OF THE CODE OF VIRGINIA OF 1950 AS AMENDED**

**WHEREAS**, Section 2.2-4343 of the Code of Virginia of 1950 as amended exempts the Virginia Port Authority ("Authority") from the Virginia Public Procurement Act, provided the Authority implements, by policy or regulation adopted by the Authority's Board of Commissioners, procedures to ensure fairness and competitiveness in the procurement of goods and services in the administration of its capital outlay program. This exemption shall be applicable only so long as such policies and procedures meeting the requirements remain in effect.

**WHEREAS**, the Board of Commissioners has been presented at its meeting the proposed amended and restated form of the Procurement and Capital Outlay Manual with an effective date of October 1, 2020, in compliance with the requirements of Section 2.2-4343 of the Code of Virginia for consideration and approval.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE VIRGINIA PORT AUTHORITY**, as follows:

Section 1. Approval of the Procurement and Capital Outlay Manual. The amended and restated Procurement and Capital Outlay Manual with an effective date of October 1, 2020 (the "Manual") presented to the Board is hereby approved in the form presented at this meeting. The Executive Director is further authorized to approve omissions and insertions to the Manual as may be necessary from time to time to accommodate changes in the Virginia Code and any non-material changes reasonably required by modifications to organizational policy or structure. Any such changes shall be reported to the Board of Commissioners at their next regularly scheduled meeting and be subject to veto by simple majority.

Section 2. Supersede and Replace. This Manual supersedes and replaces the previously approved June 2018 Virginia Port Authority Procurement and Capital Outlay Manual.

Section 3. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority in furtherance of this Resolution 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 adoption of this Resolution.

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

**PASSED AND ADOPTED** this 22<sup>nd</sup> day of September, 2020.

A handwritten signature in black ink, appearing to read "J. Milliken", written in a cursive style.

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John G. Milliken  
Chairman

Attest:

A handwritten signature in blue ink, appearing to read "Debra J. McNulty", written in a cursive style.

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Debra J. McNulty, Secretary

**VIRGINIA PORT AUTHORITY  
RESOLUTION 20-18**

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

**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 Policy was last amended on November 29, 1995; and

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

In fiscal year 2020, the Town of Saxis (the "Town") was awarded \$148,500 in Aid to Local Ports funding for the replacement of a bulkhead, several finger piers, and other miscellaneous improvements to the Town's marina which serves both commercial and residential interests ("Original Project"). However, the Original Project has experienced delays due to weather conditions, contractor availability and the COVID-19 pandemic. Accordingly, the Town requests re-appropriation from their Original Project award, to urgent repairs needed to the jetty located just outside the Town's harbor ("New Project"). The jetty has become damaged and broken due to the heavy wave and wind action sustained during storms and hurricane season. This jetty provides protection to commercial vessels located in the Town's harbor from various storm systems. The cost estimate for this project is \$100,000. The Town will be responsible for twenty-five percent of the total project cost as the required match under the Aid to Local Ports Policy.

**WHEREAS**, the Town of Saxis desires to re-appropriate \$75,000 of the \$148,500 awarded in fiscal year 2020 for the New Project.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Virginia Port Authority that up to \$75,000 of the Town's fiscal year 2020 Aid to Local Ports funding award may be re-appropriated for the Town's New Project.

**PASSED AND ADOPTED** this 22<sup>nd</sup> of September 2020.



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John G. Milliken  
Chairman

Attest:



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Debra J. McNulty, Secretary



# July/August highlights

	Category	Budget	Final
July	Volume	113,004	122,446
	Operating Income (Loss)	(\$3.0 million)	\$2.0 million
	Operating Revenues	\$39.5 million	\$40.4 million
	Operating Expenses	\$42.5 million	\$38.4 million
August	Volume	117,868	136,144
	Operating Income (Loss)	(\$1.4 million)	\$4.9 million



# **FY 21 Budget Reforecast**

September 22, 2020

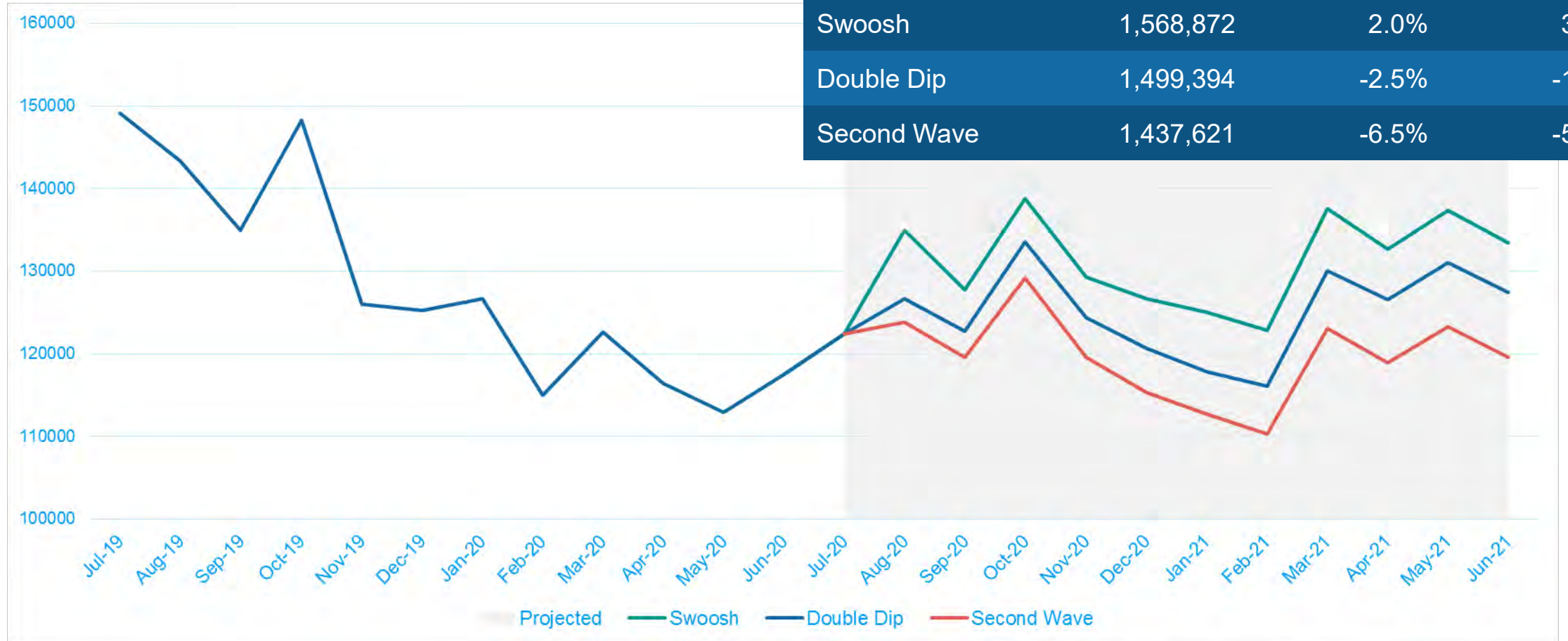
# Highlights

	2020 ACTUAL	2021 BUDGET (MAY)	2021 BUDGET
FOR THE YEAR <i>(dollars in millions)</i>		YoY % / May Budget	
Container Volume	1,538,169	1,513,859	1,568,872 ▲ 2.0% / ▲ 3.6%
Operating Revenues	\$512.9	\$524.1	\$541.2 ▲ 5.5% / ▲ 3.2%
Operating Income	\$19.6	\$11.6	\$27.8 ▲ 41.9% / ▲ 139.0%
AT YEAR END			
Net Position Change	\$41.8	\$(19.0)	\$(7.2)
Residual Fund & Operating Cash	\$188.0	\$146.7	\$173.7
FINANCIAL RATIOS			
EBITDA	24.1%	25.9%	26.7%
Aggregate Net Revenue Coverage (1.1x test)	1.29	1.33	1.40

# POV container volume outlook

Below scenarios represent baseline for POV volumes based on potential US economic recovery tracks.

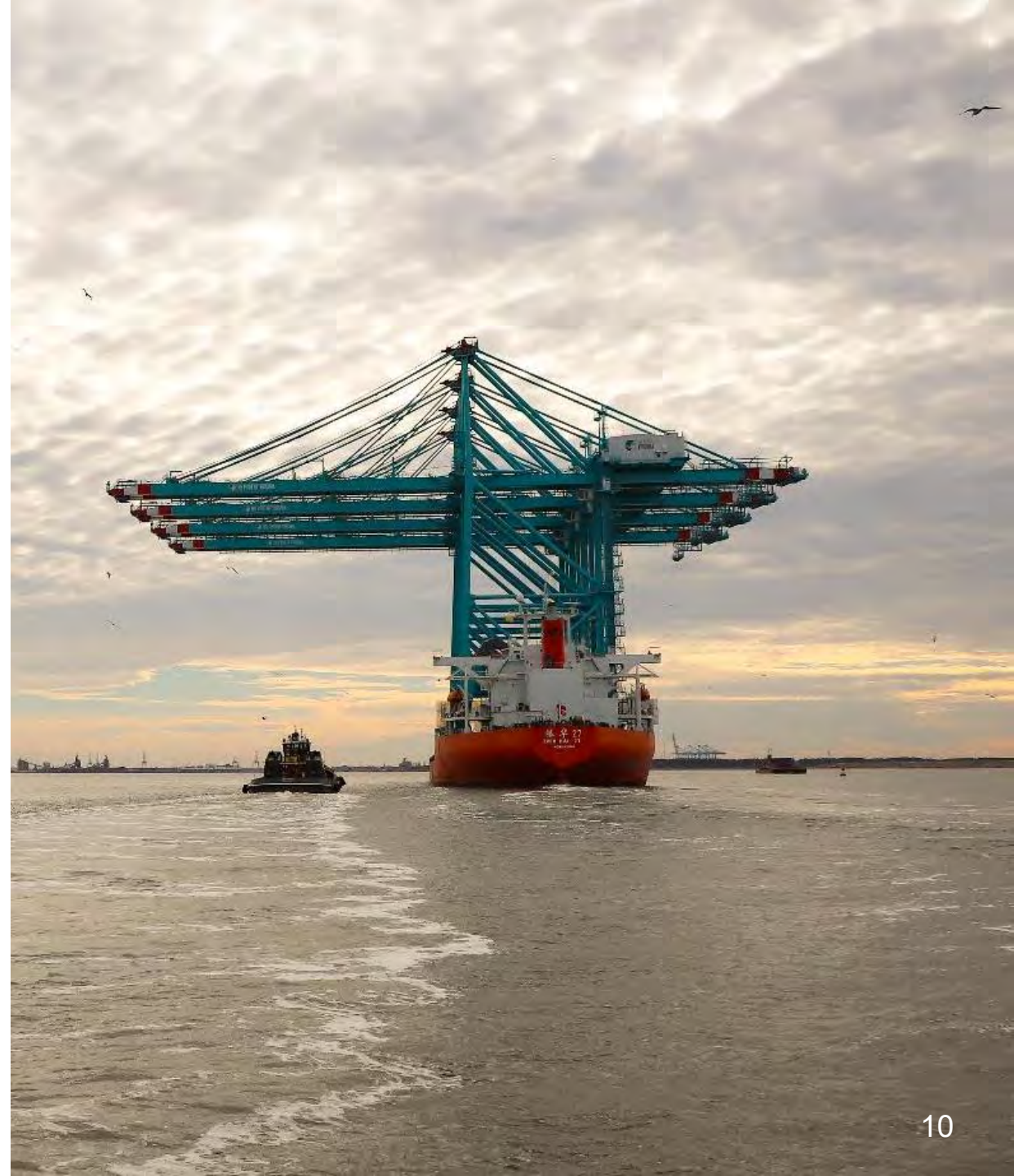
US Economy Recovery Track	FY21 Volume	YoY %Chg	vs. (May) FY21 Budget
Swoosh	1,568,872	2.0%	3.6%
Double Dip	1,499,394	-2.5%	-1.0%
Second Wave	1,437,621	-6.5%	-5.0%



Dollars in Thousands

	as of 05.13.2020 FY21 Budget	as of 8.30.2020 FY20 Actuals	as of 08.27.2020 New FY21 Budget	FY21 Budget vs FY20 Actuals		FY21 Budget, New vs May	
				Change	% Chg	Change	% Chg
<b>Volume (containers)</b>	<b>1,513,859</b>	<b>1,538,169</b>	<b>1,568,872</b>	<b>30,703</b>	<b>2.0%</b>	<b>55,013</b>	<b>3.6%</b>
<b>Operating Revenues</b>							
Terminal operating revenues	\$506,959	\$496,258	\$520,002	\$23,743	4.8%	\$13,043	2.6%
Other revenues	\$11,259	\$10,946	\$11,718	\$772	7.1%	\$460	4.1%
Operating revenues - grants	\$5,908	\$5,704	\$9,437	\$3,732	65.4%	\$3,528	59.7%
<b>Total operating revenues</b>	<b>\$524,126</b>	<b>\$512,909</b>	<b>\$541,157</b>	<b>\$28,247</b>	<b>5.5%</b>	<b>\$17,031</b>	<b>3.2%</b>
<b>Operating Expenses</b>							
Terminal operations	\$221,388	\$217,208	\$220,705	\$3,497	1.6%	-\$683	-0.3%
Terminal maintenance	\$110,437	\$112,129	\$110,972	-\$1,157	-1.0%	\$534	0.5%
G&A	\$56,337	\$58,476	\$64,541	\$6,065	10.4%	\$8,204	14.6%
Facility rental	\$190	\$1,672	\$350	-\$1,322	-79.0%	\$160	84.5%
Depreciation and amortization	\$124,153	\$103,848	\$116,811	\$12,963	12.5%	-\$7,342	-5.9%
<b>Total operating expenses</b>	<b>\$512,504</b>	<b>\$493,334</b>	<b>\$513,379</b>	<b>\$20,045</b>	<b>4.1%</b>	<b>\$875</b>	<b>0.2%</b>
<b>Operating income</b>	<b>\$11,622</b>	<b>\$19,575</b>	<b>\$27,777</b>	<b>\$8,202</b>	<b>41.9%</b>	<b>\$16,156</b>	<b>139.0%</b>
<b>Non-operating</b>							
Interest expense	-\$124,525	-\$125,264	-\$127,312	-\$2,049	1.6%	-\$2,788	2.2%
All other	\$29,257	\$8,908	\$29,257	\$20,349	228.4%	\$0	0.0%
<b>Capital Contributions &amp; Transfers</b>	<b>\$64,614</b>	<b>\$138,569</b>	<b>\$63,114</b>	<b>-\$75,455</b>	<b>-54.5%</b>	<b>-\$1,500</b>	<b>-2.3%</b>
<b>Increase (decrease) in Net Position</b>	<b>-\$19,031</b>	<b>\$41,788</b>	<b>-\$7,163</b>	<b>-\$48,952</b>	<b>-117.1%</b>	<b>\$11,868</b>	<b>-62.4%</b>

POV capital outlay  
increases by **\$1 million**  
to **\$127 million** as we  
continue to invest in our  
**people, equipment**  
and **technology**.





# Exceeding our bond requirements

Measure	Minimum Requirement	FY2020	FY2021	
		FY2020 Actual	Budget FY2021 as of May 2020	Budget FY2021 as of Aug 2020
Aggregate Net Revenue Coverage	1.10	1.29	1.33	1.40
Aggregate Adjusted Net Revenue Coverage	1.25	1.48	1.50	1.58
Net Revenue Coverage	1.00	1.20	1.23	1.30
Fixed Obligation Coverage	1.00	1.22	1.22	1.28

# Summary

- Continue to manage the business in line with COVID-19 impacts and recovery
- Maximize use of new capacity
- Positive cash flow and improving debt service coverage ratios





## Treasury MELP Update

The Port intends to make its draw under the Treasury's Master Equipment Lease Program (MELP) for \$12 million in early October.

Lessor/Lender	Banc of America Public Capital Corp ("BAPCC")
Security	First priority security interest in the equipment, Subordinate Obligations under Resolution 16-9
Estimated Draw Amount	\$12 million
Purpose	To purchase 12 shuttle trucks at VIG
Tax Status	Taxable
Financing Term	10 years
Estimated Annual Lease Payment*	\$1.35 million
Estimated Borrowing Rate*	2.12%

*\*Preliminary, subject to change. Based on market conditions as of September 2, 2020. Draw is subject to final credit approval of BAPCC.*



## Key Terms of the VPA's MELP\*

The Port is seeking VPA Board approval to establish a MELP.

Lessor/Lender	SunTrust Equipment Finance & Leasing Corp. ("STEFL")
Not-to-exceed Par Amount	\$63 million
Expiration Date	September 30, 2023
Security	First priority security interest in the equipment, Subordinate Obligations under Resolution 16-9
Financing Terms	5, 7, 10 or 15 years, to match the useful life of the financed equipment
Interest Rate	Interest rates on each draw/loan will be set based on agreed upon formula and prevailing market rates at the time of draw
Amortization	Level annual debt service expected
Pre-payment Provisions	Prepayment premium of 3% through year 3, 2% in year 4, 1% in year 5 & par thereafter.

*\*Preliminary, subject to final credit approval of STEFL.*



## Estimated Interest Rates\*

- Agreement sets a formula for rate setting, using an index known as “ICE Swap Rate”
  - For a tax-exempt draw with a 15 year term, the formula is  $78.35\% \times 8 \text{ year ICE Swap rate (0.54\% as of 9/2/2020)} + 1.1824\% = 1.61\%$
- Once the rate is set on a loan, loan rate and debt service payments will be fixed for the life of the loan
- The Port intends to make the first draw in early November 2020 to purchase a ship-to-shore crane at NIT
  - Estimated \$12 million of tax-exempt draw amortized over 15 years, annual debt service of ~\$906k\*

Term of Loan	5-year	7-year	10-year	15-year
Interest Rate* (Tax-exempt)	0.97%	1.13%	1.35%	1.61%
Interest Rate* (Taxable)	1.23%	1.44%	1.73%	2.05%

*\*Preliminary, subject to change. Market conditions as of September 2, 2020.*



## VPA MELP Next Steps

- ◆ Seeking Treasury Board Approval at its October meeting (pending)
- ◆ Finalize lease documentation
- ◆ Availability of funding expected in late October 2020

# POV volume FYTD

	FY 2020	FY 2021	Change	% Change
<b>Total TEUs</b>	<b>523,235</b>	<b>468,377</b>	<b>(54,858)</b>	<b>-10.5%</b>
Export Loaded TEUs	161,610	143,919	(17,691)	-10.9%
Export Empty TEUs	111,101	95,543	(15,558)	-14.0%
<b>Import Loaded TEUs</b>	<b>246,802</b>	<b>226,606</b>	<b>(20,196)</b>	<b>-8.2%</b>
Import Empty TEUs	3,722	2,309	(1,413)	-38.0%
<b>Total Containers</b>	<b>292,490</b>	<b>258,590</b>	<b>(33,900)</b>	<b>-11.6%</b>
<b>General Cargo Tonnage</b>	<b>3,745,998</b>	<b>3,337,957</b>	<b>(408,041)</b>	<b>-10.9%</b>
Container Tonnage	3,715,341	3,329,685	(385,656)	-10.4%
Breakbulk Tonnage	30,657	8,272	(22,385)	-73.0%
<b>Total Rail Containers</b>	<b>95,745</b>	<b>83,202</b>	<b>(12,543)</b>	<b>-13.1%</b>
VIP Containers	6,084	4,860	(1,224)	-20.1%
<b>Total Barge Containers</b>	<b>11,171</b>	<b>11,142</b>	<b>(29)</b>	<b>-0.3%</b>
RMT Containers	7,122	7,040	(82)	-1.2%
<b>Total Truck Containers</b>	<b>185,574</b>	<b>164,246</b>	<b>(21,328)</b>	<b>-11.5%</b>
<b>Ship Calls</b>	<b>268</b>	<b>239</b>	<b>(29)</b>	<b>-10.8%</b>
<b>Vehicle Units</b>	<b>3,419</b>	<b>426</b>	<b>(2,993)</b>	<b>-87.5%</b>