

MINUTES

Virginia Port Authority (VPA) Board of Commissioners Public Meeting – Session 404

Electronic Meeting (Zoom Video Conference)
Tuesday, January 26, 2021 – 9:00 AM

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

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held an electronic meeting via the Zoom platform, on January 26, 2021. 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 are listed as follows:

Commissioners:

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

Guests:

Hon. Shannon Valentine, Secretary of
Transportation
John Lawson, Deputy Secretary of
Transportation
Julie Whitlock, Office of the Attorney General
W. Brice Fiske, Office of the Attorney General
Bryant McGann, Vandeventer Black LLP
Brian Jeffreys, CMA-CGM
JoAnne Carter, PFM Group
The Hon. Tim Hugo, The Livingston Group
Paul Cambon, The Livingston Group
Kimberly Pierceall, *The Virginian-Pilot*

Commissioners Absent:

John C. Asbury
Stephen Moret

VPA Staff:

Stephen A. Edwards, CEO and Executive Director
John F. Reinhart, Executive Director Emeritus (Retiring)
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
Daniel Hendrickson, Vice President, Asset Management and Special Projects
Barbara Nelson, Vice President, Government Affairs and Transportation Policy
Joseph Harris, Senior Director, Media Relations

VPA Staff (continued):

Dustin Rinehart, Director, State and Local Government Affairs

Andrew Sinclair, Director, Federal Government Affairs

Carla Welsh, Director, Production

Melissa Katz, Manager, Design

Tatyana Thomas, Communications Design Specialist

Claire Krull, Analyst

Debra J. McNulty, Secretary to the Board

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

VPA-Information Technology Support:

Lung Cheng, Director, Information Technology

Kelly Taylor, Information Technology Technician

Matt Dudley, Helpdesk Technician

Barika Jones, Helpdesk Technician

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Kevin Price, Chief Operations Officer

Joe O'Brien, Vice President, Ocean Carrier Sales

Rob Canizzarro, Vice President, Operations

Tony Salino, Director, Ocean Carrier Sales

Zachary Clark, Director, Stevedoring

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

Ayes: 11 (Milliken, Wimbush, Aument, Cofer, Ganeriwala, Hardy, Ivey, McWhorter, Power, Strayhorn, Waters)

Nays: 0

Absent During Vote: 2 (Asbury, Moret)
Absent During Meeting: 2 (Asbury, Moret)

II. Chairman's Welcome to Stephen A. Edwards, new CEO and Executive Director of the Virginia Port Authority

On behalf of the Board, Chairman Milliken welcomed Mr. Stephen Edwards to the Commonwealth of Virginia and to his first VPA Board meeting as the new CEO and Executive Director of the Virginia Port Authority. The Chairman announced that Mr. Edwards formally started work on January 19 and he explained that Mr. Edwards has 30 years of experience in the maritime industry and most recently as CEO of TraPac which owns and operates marine terminals in Los Angeles, Oakland, and Jacksonville. Chairman Milliken remarked that it was good to have Mr. Edwards onboard to join the Board as they express appreciation to John Reinhart for his seven years of service as CEO and Executive Director.

Mr. Edwards remarked that he was happy to be at The Port of Virginia and looking forward to working with the Board.

III. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the VPA Board's (Zoom) electronic meeting held November 17, 2020, were unanimously approved by the Board (11-0), as circulated previously.

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

Ms. Vick reported that, as the Commonwealth experiences a rise in the number of positive COVID-19 cases, The Port of Virginia has also seen cases increase with a total of 158 employee incidents across all three legal entities, to date. Ms. Vick announced that there has been no interruption of service at the port and she described the team's efforts with COVID-19 protocols that were put in place and actions taken when there are positive cases.

Ms. Vick provided a status report on the port's efforts to coordinate vaccinations for port colleagues, including ILA, docking and harbor pilots, and Customs Border Patrol (CBP) who access the Maritime Administration (MARAD) buildings located at the terminals.

Ms. Vick explained how the port is working with local health departments to secure vaccines for port employees. She reported that the City of Norfolk has allowed the port to submit 130 names every three days and 260 names had been submitted to date from over 1,000 colleagues who have indicated interest to receive the vaccine. The City of Norfolk has asked the port to pause while they catch up with supply. Ms. Vick advised that the City of Portsmouth contacted the port and they will set up two days of dedicated vaccinations for 200 colleagues on Tuesday, February 2, and another 200 in mid-February.

Ms. Vick affirmed that The Port of Virginia remains diligent to protect colleagues with protocols that have been put in place and continue to comply with the Governor's COVID-19 precautions and requirements.

V. Reports of Committees

A. Executive Committee – Chairman Milliken

1. Report of Executive Committee and Remarks on the Occasion of John F. Reinhart's Retirement

Chairman Milliken reported that the Executive Committee met on Monday, January 25, to review the annual performance of the Executive Director, John F. Reinhart, based on Board-approved metrics. The Chairman announced that the Board reviewed the CY2020 results against the metrics that were developed keeping in mind that it was a very difficult year with the pandemic and economic disruptions around the world. To Mr. Reinhart's credit, the Chairman announced that the port has performed well despite the headwinds.

Chairman Milliken advised that Board members also discussed the condition the port was in seven years ago when Mr. Reinhart first came onboard – low morale, losing money year-over-year, and watching the port's competitors gaining market share. The Chairman described the transformation of the port under Mr. Reinhart's leadership as "remarkable" after he set a vision, put a strong leadership team in place, and built out the port with the expansions of Virginia International Gateway and Norfolk International Terminals South, with expanded rail capacity.

Chairman Milliken announced that the port is ready to receive the largest ships with new equipment and a channel that is being dredged to be deeper, wider, and safer; an improved financial picture, and additional investments to bring economic development and jobs to the Commonwealth. The Chairman remarked on the high morale of POV colleagues and credited Mr. Reinhart for valuing colleagues' service and contributions to the future of the Commonwealth.

Chairman Milliken reported that the Executive Committee, upon completing its review of CY2020 results and taking into account Mr. Reinhart's achievements over the past seven years, unanimously agreed to award the Executive Director 100 percent of the eligible incentive compensation.

At this time, Chairman Milliken asked the Board for their approval of Resolution 21-1, awarding John Reinhart the full performance pay for which he is allowed under his employment contract.

Action: Upon motion by Chairman Milliken, seconded by Vice Chairman Wimbush, the Board unanimously (11-0) approved Resolution 21-1, awarding 100 percent incentive compensation to John F. Reinhart, CEO and Executive Director of the Virginia Port Authority, based on CY2020 performance.

Chairman Milliken remarked that Mr. Reinhart will hear additional comments from the Board in a special Zoom tribute session planned after the board meeting.

Mr. Reinhart reminded the Board that he accepted the position of CEO and Executive Director on Halloween day, trick or treat, seven years ago and he hoped that the tribute would be a treat and not a trick. Chairman Milliken remarked, "We make no guarantees". (laughter)

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

1. Report of Finance and Audit Committee

Commissioner Power reported that the Finance and Audit Committee met on January 25, via Zoom and received presentations from management on calendar year 2020; Small, Women-owned, and Minority (SWaM) spending results, fiscal year 2021 financial performance through November, fiscal year forecast for the remainder of the year, and trended performance statistics over the last several years.

At this time, Commissioner Power turned the meeting over to Rodney Oliver, Chief Financial Officer.

2. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended November 30, 2020 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver reviewed highlights of the first five months of fiscal year 2021 through November. He reported the port was 7.5 percent ahead of budget for volume, 8.4 percent ahead on operating revenues, and operating expenses were lower than budget, despite higher volumes.

Mr. Oliver announced that the port is \$24.5 million above budget for operating income and \$25.2 million ahead on EBITDA (earnings before interest, taxes, depreciation, and amortization).

Mr. Oliver reported that the month of December closed and volume was 143,262 containers which was 14.2 percent ahead of last year and the best December volume in the port's history. December closed with \$8.7 million in operating income and for the first six months of the fiscal year, operating income was \$44.6 million.

Mr. Oliver then reviewed cash flow FY20 versus (positive) FY21 year-to-date in four major categories – operating, non-capital financing, capital and related financing, and investing. He reviewed capital and related financing activities and noted that there were two master equipment lease financings in December that were not reflected in FY21 YTD.

Mr. Oliver presented several slides on trended performance statistics on port performance over the last several years. For operating revenue, every year except

during the pandemic, it increased each year on a regular basis. Mr. Oliver then reviewed cash spent on capital assets, working capital to current ratio, that reflects the port's liquidity is consistently increasing. He reported that EBITDA for FY21 is projected to be very strong which has increased since 2016 as a result of the infrastructure improvements/expansions and improved efficiencies and productivity. Mr. Oliver also reviewed operating cash flow ratios.

Mr. Oliver announced that days sales outstanding (DSO), which is how quickly POV collects on the revenues owed, improved from 65.04 days in 2016 to 42.03 days in FY21 YTD. He explained how DSO numbers improved through the collaboration of sales, collections and operations. Next, Mr. Oliver reviewed debt service coverage and he announced that he looked forward to meeting with the rating agencies this summer.

Mr. Reinhart announced that with the Board's support the port took on major infrastructure projects with a warning that it was going to be a very lean period financially. He advised that Mr. Oliver's financial presentation demonstrates how far POV exceeded its financial expectations with debt coverage ratios, liquidity, and efficiencies, and that it was a testament to the team.

Mr. Oliver presented margin percentages and EBITDA margin percentages, reflecting increases and he explained the 31+ percent EBITDA margin for FY21 YTD means that for every dollar, the port creates 31 cents in cash flow. He then presented debt to equity ratios beginning with 2016, the year before VPA entered into the VIG capital lease, which created a significant amount of debt for the Authority, to FY21 YTD that reflected improved financials due to infrastructure improvements at the port and contributions from the state and federal grants. He concluded with a brief recap of return on equity.

Commissioner Power thanked Mr. Oliver for his presentation and remarked that the financial news was a testament to Mr. Reinhart and the team for their efforts over the last seven years.

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

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

1. Report of Growth and Operations Committee – Chair McWhorter

Commissioner McWhorter reported the following:

The Growth and Operations Committee held its regularly scheduled meeting yesterday via Zoom, and first heard an update on the Port's COVID-19 efforts from Cathie Vick, Chief Development and Public Affairs Officer. Ms. Vick also provided an update on the 55-foot harbor deepening project; the General Assembly's virtual legislative session; offshore wind project; and calendar year 2020 economic development results.

Tom Capozzi, VIT Chief Sales Officer, provided a volume comparison of East Coast ports, peak season recap, new ocean carrier services, MSC contract update, lay berth revenues, and schedule of extra loaders.

Kevin Price, VIT Chief Operations Officer, reviewed OSHA Lost Work Days and the Recordable Incident Rate, and a new metric that was implemented - workplace injuries without incident. Mr. Price reviewed several employee-focused initiatives, current events that included two new ship-to-shore cranes at NIT, blank sailings, and business opportunities at Newport News Marine Terminal. Mr. Price then reviewed operational metrics on vessel productivity, VIT stevedoring productivity, rail ready dwell, gate volumes, turn-times, missed reservations, and cost per lift results for November.

In addition, Jason Barlow, Vice President, Contracts and Risk Management, presented on how the Risk Management team is supporting operations in making The Port of Virginia a safer place to work through increased injury data sharing and analysis. Mr. Barlow discussed the results of a preliminary review of five years of data involving workplace injuries that were reported without a specific mishap or identifiable cause of injury. Mr. Barlow also presented on efforts the Port is taking to provide personalized, concierge service to injured employees to help them obtain the medical care they need and return to work as soon as it is safe to do so.

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

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

Mr. Price presented a photo of the completed NIT South terminal depicting the new ship-to-shore cranes at berth and the first barge worked by VIT stevedores.

Mr. Price reviewed the OSHA lost work day (LWD) rate that is currently below the industry average at 2.51, however, it is below the goal of 1.9. He reported that the LWD rate decreased from the last report, which was 2.87. Mr. Price explained that the protocols and constraints with COVID-19 prevents in-person safety training sessions and he affirmed that colleagues are working hard to keep the numbers down and that the port's primary focus is safety.

Mr. Price reviewed rail versus gate/barge volumes reflecting record-breaking numbers from September through December. He then presented rail volume, which show steady increases through November with efficiencies in rail service and well below the industry standard for rail dwell times that is a similar story with gate volumes.

Mr. Price reviewed gate turn times which also show POV well below the industry standard for traditional gate turn times and expanded turn times. He demonstrated on the Traditional Turn Time slide for December 2020 how POV handled 88.6 percent of truck traffic under one hour; 10.7 percent in 1-2 hours, and only 0.67

percent or 534 visits over two hours.

In conclusion, Mr. Price announced that the truck reservation system has enabled the port to keep truck turn times down, to schedule a predicable day/time for truckers, which is driving missed reservations down to 5 percent.

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

Mr. Capozzi presented POV CY20 volumes (attached) and announced that the port saw declining volumes from April through August due to COVID-19 and, since September, there has been strong growth in volumes throughout the rest of 2020. He reported that POV finished the year very strong with 23.3 percent increase in November and 15.8 percent increase in December for total TEUs (twenty-foot equivalent units). Mr. Capozzi added that January was up by 27 percent, year-to-date. Overall, TEUs for calendar year 2020 were down -4.2 percent and he then reviewed import loaded TEUs (-3.6 percent) and total rail containers (-8.7 percent). Calendar year 2020 rail finished strong with 23.6 percent growth in November and 10.1 percent growth in December.

Mr. Capozzi reported that Richmond Marine Terminal (RMT) CY20 volumes were 12.1 percent. He then reviewed FYTD21 volumes as indicated on the attached and he predicted stronger growth for the remainder of FY21 based on projections from ship lines.

Mr. Capozzi announced the new APL Logistics Trans-Atlantic Service chose The Port of Virginia for the reliability of services and that the port has first-in services calling from Europe. He also announced a new 15-month contract extension with Mediterranean Shipping Company (MSC) that calls for a minimum annual guarantee of volume and committed rail volumes.

Mr. Capozzi reported there was no port on the East Coast in CY2020 that obtained more new services than The Port of Virginia. He announced there were four new services as follows:

- COSCO/OOCL/ONE/YML East Mediterranean America (EMA) (May 2020)
- THE Alliance East Coast Loop 2 (EC2) (July 2020)
- MSC Service, INDUSA – POV last-out (Oct 2020)
- Hapag Lloyd Service, Caribbean Express Service (CES) – POV first-in/last-out (December 2020)

Mr. Capozzi then presented the spring 2021 schedule for THE Alliance services as they are upgrading to 13,500 TEU vessels and he noted one change. The ship line combined the EC1 and EC3 services with Norfolk remaining the last out port.

Commissioner McWhorter thanked the members of the Senior Leadership Team who presented at the Growth and Operations Committee meeting for their “encouraging and promising news particularly in the face of the pandemic”. He said it was a very positive meeting.

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

Mr. Stecher announced that the port has a great story to tell and he provided an update on the Marketing and Communications efforts. He described how the port is in front of the right people in the right places with earned media where the journalist are helping to tell the port's story. Compared to last year, POV made fewer impressions but they were worth more with its directed media to intended audiences.

Mr. Stecher described "owned media" – POV's website, social media, etc. On the social media side, he explained that the team is providing more focused messages that are platform specific based on audiences that are using those platforms. He then described engagement rates.

Mr. Stecher explained "paid media" which is advertising that appears in the Washington Post, CNN, or Fox, for example, that tells the port's story with an emphasis on our size, speed, and services.

Mr. Stecher announced the next chapter of The Port of Virginia Sustainability Report is due to be released and it was reminded that the first introduction chapter was released in December. He advised that this month's chapter would focus on the port's people and how our colleagues cope with COVID while continuing to move cargo. February's chapter will focus on community and finance and the last issue will cover the environment.

VII. Report by Chief Innovation Officer – Joseph Ruddy

Mr. Ruddy provided an update on the port's CY20 expenditures for Small, Women-owned, and Minority (SWaM) in accordance with the Governor's Executive Order 35. He announced that The Port of Virginia's discretionary and total SWaM spend was 37.1 percent, compared with the port's goal of 34 percent.

Mr. Ruddy cautioned that there are headwinds with SWaM discretionary spend opportunities due to the conclusion of the build-out of VIG and South NIT, however, the efforts will continue to provide SWaM vendors with additional business.

Mr. Ruddy presented CY20 Port of Virginia SWaM by type that indicate the various target levels of expenditures making up the total \$92.8 million discretionary spend. He then provided an overview of CY19 versus CY20 expenditures that reflected an increase in SWaM expenditures from last year. Mr. Ruddy credited the efforts of the entire organization and Marissa Blanco, Senior Director of Supply Management, and her team.

Mr. Ruddy announced that POV would be conducting its second annual SWaM event on February 10, 2021, to be held virtually. He explained that the event would be very informative to ensure that businesses in the local area and around the Commonwealth know of upcoming projects at the port and how to do business with the port. Mr. Ruddy advised that Mr. Edwards and Mr. Reinhart would also be participating in the event,

along with Commissioner Strayhorn, and many colleagues throughout all of the port's business units. To date, he noted that 106 participants are registered for the event.

Mr. Ruddy presented a snapshot review of VPA's ISO 9001-2015 certification results from the 2018 surveillance to the 2020 recertification. He reported that Bureau Veritas will conduct a virtual surveillance audit March 1-2, 2021, on the Authority's ISO 9001-2015 certification to review all of the port's quality management system standards. Mr. Ruddy reported that last year's recertification resulted in five strengths, zero non-conformances, and zero areas for improvement.

Commissioner Waters questioned if the SWaM vendors are primarily businesses in the Commonwealth. Mr. Ruddy advised that the Governor's mandate requires only Virginia businesses. He added that the supply management team also works to ensure that other areas of port projects are eligible for SWaM opportunities.

Commissioner Strayhorn thanked Mr. Reinhart for his enthusiastic support of the team and remarked that the team has done an amazing job of going above and beyond to meet the Governor's mandate. She credited Mr. Reinhart's leadership and support of the SWaM goals and remarked that, even without major construction projects planned for next year, the port will strive to continue to meet those goals.

VIII. Report by Chief Human Resources Officer – Monica Sturgis

Ms. Sturgis presented highlights of the Human Resources division efforts to attract, develop, engage, and retain colleagues. She presented a list of some of the initiatives under each category to ensure that POV is aligned in delivering its mission.

Ms. Sturgis announced that there are 13 positions selected for POV's summer internship program; recruitment efforts continue in a virtual format; with a mindset of diversity and representation.

She then described efforts relating to development of colleagues in the areas of training webinars, workforce question and answer session, Learning Week 2020, IMPACT Development Program. Engagement programs include training webinars, workforce question and answer sessions, mid-year reviews, and engagement surveys.

Ms. Sturgis explained colleague retention tools that include benefits continuity, development, engagement, and diversity, in order to retain world-class colleagues for our world-class port.

IX. Report by Chief Development and Government Affairs Officer – Cathie Vick

Ms. Vick thanked the Maritime and Incident Response Team (MIRT) who have been overseeing and supporting the COVID Planning and Response Team. She announced that MIRT has moved back the upcoming search and rescue operation (SAR) to March in order to have everyone vaccinated who participates in the live exercise. Ms. Vick added that the Marine fire-fighting (MRR) school exercise was moved to May with an alternate date set for October.

Ms. Vick provided an update on the harbor deepening and widening projects. She reported that dredges are removing an average of 27,000 cubic yards of material daily from Thimble Shoal West, which is equivalent to nine Olympic-size swimming pools.

Ms. Vick reported that the first segment of the dredging project is approximately 40 percent complete. She advised that the sampling/analysis and EPA concurrence is taking place in preparation for work that is needed to move to the next segment.

Ms. Vick announced that, due to circumstances beyond its control, The Port of Virginia was not awarded a new start designation by U.S. Army Corps (awarded to Port of Houston). She commended efforts by port colleagues, along with partners in the coal industry and the Virginia Maritime Association, and emphasized that the port has a contingency plan and the port is still on track to submit bids for the Thimble Shoal Channel-East and widening projects as one package this summer. Ms. Vick mentioned that the port could continue to use state funding without overrunning the port's percentage of the cost-share.

Ms. Vick announced that a revised schedule and budget for the project would be provided at the March board meeting. She reported that POV received additional funding in the Army Corps Operation and Maintenance Work Plan from \$13 million up to \$20 million for some additional work at Craney Island. Also, funding for the James River was increased from \$420,000 to \$8.3 million for dredging that will benefit the port's barge business for RMT.

Ms. Vick described the beneficial reuse of dredging sediment for Norfolk and Virginia Beach and memorandums of understanding for beach replenishment. She mentioned that Portsmouth and Suffolk elected new mayors and port representatives met with them to provide a briefing.

Ms. Vick announced the VPA was awarded an Advanced Transportation and Congestion Management Technologies Deployment (ATCMD) grant that will allow the port to do a study of over-the-road trucks and the impacts on port technology/infrastructure. She reported that POV is in partnership with the Virginia Tech Transportation Institute who will assist with the two-year study.

Ms. Vick announced the recent approval of legislation in full committee for a bill that gives Virginia Port Authority a seat on the Central Virginia Transportation Accountability Commission, that was created last year. Ms. Vick reported that legislation to extend the VPA tax credit sunset provision to 2025 passed unanimously on the Senate floor and will cross over to the House for consideration. She also mentioned several budget amendments in the works to allow \$40 million for upgrades at Portsmouth Marine Terminal (PMT) to attract the offshore wind industry and POV is advocating for increased funding for VEDP's International Trade program, site development, marketing, and workforce development.

Ms. Vick announced, despite the pandemic, the port had great success for CY2020 economic development totals:

- 38 announcements
- 4,300 jobs created
- More than \$1.5 billion in investment
- More than 9.2 million square feet

Ms. Vick concluded with an overview of engineering projects that totaled 389 in CY20, which was an increase of 23 percent from the previous year and she described the collaboration between all divisions and management of services.

With regard to the new start, Mr. Reinhart complimented the team for their “extraordinary work” to have The Port of Virginia considered for a new start designation and he said it was a shame that politics played into the decision of Texas being awarded the designation. He said the port would continue to fight a good fight. Chairman Milliken concurred and he affirmed that the port would move forward without the designation and “fight another round next year”.

Ms. Hardy asked Ms. Vick to explain the budget language for the International Trade Development and said she was interested in the port’s ability to market more internationally. Ms. Vick explained that there is a designated office within the Virginia Economic Development Partnership (VEDP) to help execute the international trade plan. She explained that due to some of the budget amendments that took place because of COVID-19, the international trade plan was not funded. Ms. Vick explained there are budget amendments on the House and Senate side introduced to provide funding for that plan and the port is assisting the VEDP Government Relations team and so is the Virginia Maritime Association.

X. Remarks by John F. Reinhart – Executive Director Emeritus

Mr. Reinhart made the following closing remarks:

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

It was October of 2013 that I entered this room and accepted the job to be the CEO and Executive Director and at the time the port was broken, we needed to rebuild, we needed to rebrand, and we needed to change a lot from the foundation up. And I am just here to say how amazing seven years has flown by and the phenomenal work that this team, the Board, and all of us have done to recreate and elevate the brand of The Port of Virginia. What we have done together is amazing.

I would like to welcome Stephen Edwards as the CEO and Executive Director. We have been working since the announcement to make sure it’s a smooth transition and I know that Stephen will do an absolutely phenomenal job as the leader of The Port of Virginia. He is a professional who has all the requisite talents, skills, and working with this Board I know he will build a strong foundation and will continue to deliver exceptional results, service, safety, and economic prosperity for the Commonwealth. So Stephen, all the best. It’s your helm now, it’s your watch. So you’ve got it now.

It has been a privilege and honor to work with all of you and I thank you for your support, your contributions, your friendship and leading and living by our values. You have achieved so much and exceeded all expectations. I thank you and am incredibly proud of you, The Port of Virginia, and our work together is amazing.

I think only two commissioners on this call today were here in 2013 - Captain Cofer and Jennifer Aument (and State Treasurer, Manju Ganeriwala). They know how broken we were and they've been with us all along this journey as all of you have.

This next chapter for The Port of Virginia is underway and my time to step down has arrived. I will continue to be a supporter and watch you from the sidelines. To Mary, like it or not honey I'm coming home, so get ready! I will have more time with my family, my bride, and my grandchildren. I thank you for allowing me the opportunity to lead The Port of Virginia.

I regret that we have not been able to gather in person because of COVID-19. It would have been so wonderful to have a meal, to share a moment, to shake a hand, to have a hug to welcome one another and to thank you for what you have done. So, this is your virtual hug and handshake. I wish you all good health, success and happiness in the years to come."

Chairman Milliken remarked, "On behalf of the Board, the Commonwealth, and its citizens, we owe you an enormous debt of thanks and we are deeply grateful for the exemplary job that you have done in leading this team in the past seven years. We know that, while you may be leaving the post, you're not leaving the area and I am sure we and the new CEO will seek your counsel from time to time as you watch the team build on the platform that you have created over these past seven years."

XI. Unfinished Business

There was no unfinished business to report.

XII. New Business

There was no new business to report at this time.

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

At the request of Chairman Milliken, Mrs. McNulty confirmed that there were no public comments submitted by email to: PublicComments@portofvirginia.com.

Chairman Milliken announced that a special Zoom tribute event for John F. Reinhart would be taking place immediately after the board meeting, at 10:30 a.m.

For the record, the attached Resolution of Appreciation on the Service of John F. Reinhart was presented during the tribute and read by Governor Ralph S. Northam, who attended. Mr. Reinhart was then presented with a chair and plaque that will be placed on the 10th floor of the operations tower at Norfolk International Terminals (NIT).

There being no further business, the meeting adjourned at 10:15 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 March 23, 2021. Committee meetings are scheduled the Monday before the Public Session.

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

RESOLUTION 21-1

A RESOLUTION APPROVING THE INCENTIVE COMPENSATION FOR JOHN F. REINHART, CEO and EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY, BASED ON 2020 MANAGEMENT INCENTIVE METRICS

WHEREAS, §62.1-129 of the Code of Virginia states that the Virginia Port Authority Executive Director's compensation shall be fixed by the Virginia Port Authority Board of Commissioners in accordance with law; and

WHEREAS, §62.1-129 further states that the compensation shall be established at a level which will enable the Virginia Port Authority to attract and retain a capable Executive Director; and

WHEREAS, the Board of Commissioners and John F. Reinhart, Executive Director of the Virginia Port Authority ("Mr. Reinhart") entered into an Employment Agreement dated October 31, 2013 ("Employment Agreement"), which Employment Agreement was approved by the Governor on November 14, 2013; and

WHEREAS, a First Amendment to the Employment Agreement, approved on January 27, 2015, provides that the additional incentive compensation may be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan)) established pursuant to the Employment Agreement; and

WHEREAS, the Board of Commissioners and Mr. Reinhart entered into a Second Amendment to the Employment Agreement, dated July 25, 2017, extending Mr. Reinhart's employment through February 2022, which was approved by the Governor on September 7, 2017; and

WHEREAS, Mr. Reinhart's Employment Agreement with the Virginia Port Authority provides that the Board of Commissioners may grant Mr. Reinhart incentive compensation to a maximum amount of fifty percent of his then-effective Annual Base Salary, as defined in the Employment Agreement, provided Mr. Reinhart achieves certain performance goals and metrics set by the Board; and

WHEREAS, the Board of Commissioners established and approved the Management Incentive Metrics for Calendar Year 2020 for Mr. Reinhart on May 18, 2020; and

WHEREAS, the Board of Commissioners has determined that Mr. Reinhart has achieved 100 percent of his Management Incentive Metrics for Calendar Year 2020.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Virginia Port Authority grants the Chairman of the Board the authority to approve payment of additional incentive compensation in the amount of 100 percent of fifty percent of Mr. Reinhart's Annual Base Salary, as defined in the Employment Agreement, effective January 26, 2021.

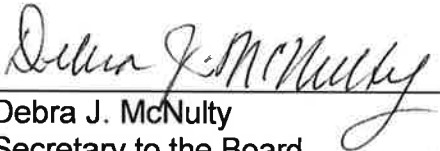
BE IT FURTHER RESOLVED, that the Chairman is authorized to determine the amount of the payment described above that will be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan) established pursuant to the Employment Agreement, and the remaining amount that will be paid to Mr. Reinhart.

PASSED AND ADOPTED this 26th day of January, 2021



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary to the Board

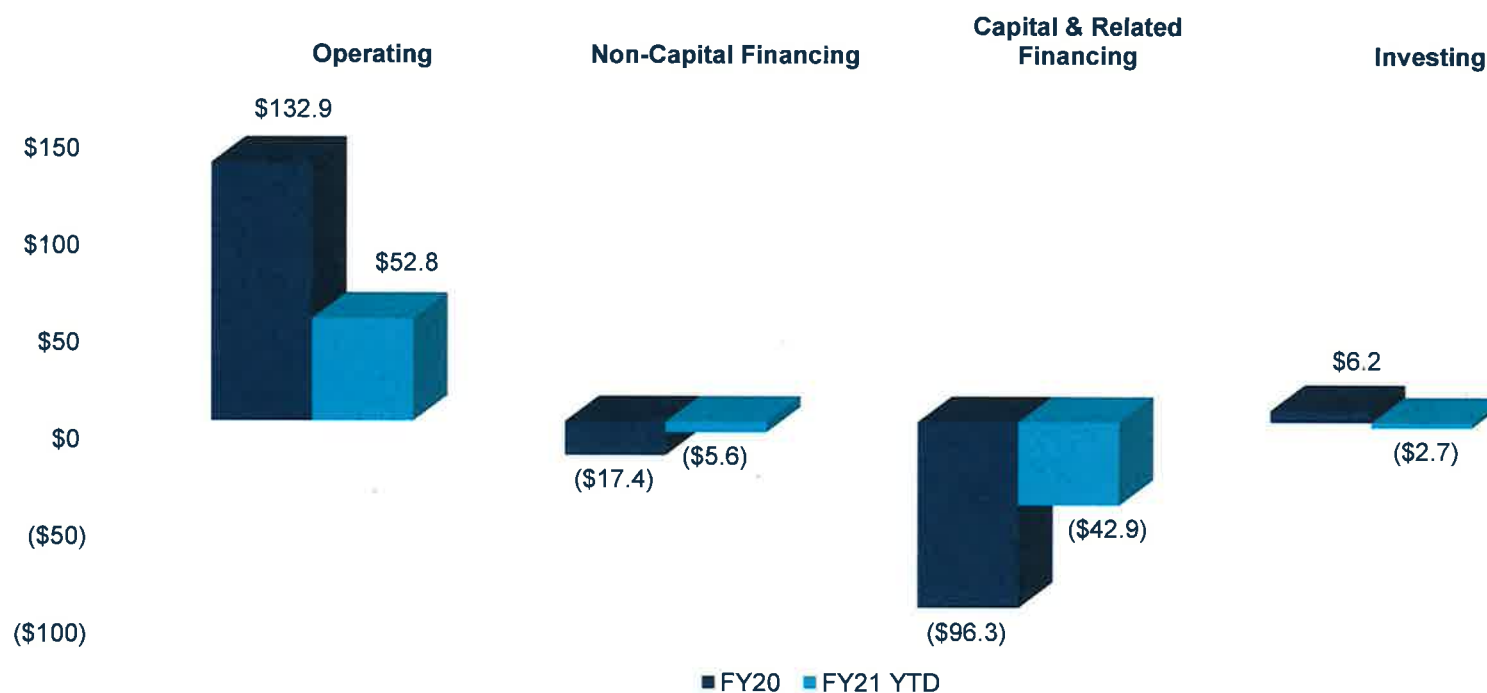


Finance and Audit Committee Report

Fiscal Year 2021 YTD Highlights

	Category	Budget	Actual
Jul - Nov	Volume	653,218	701,656
	Operating Revenues	\$222.8 million	\$241.6 million
	Operating Expenses	\$211.5 million	\$205.8 million
	Operating Income	\$11.3 million	\$35.8 million
	EBITDA	\$59.4 million	\$84.6 million
Dec			
	Volume	126,673	In-Process
	Operating Income	\$1.03 million	In-Process

Cash Flow FY20 vs FY21 YTD – USD millions



Cash and Investments as of 11/30/2020: \$342.0 million
Residual Fund and Operating: \$214.7 million

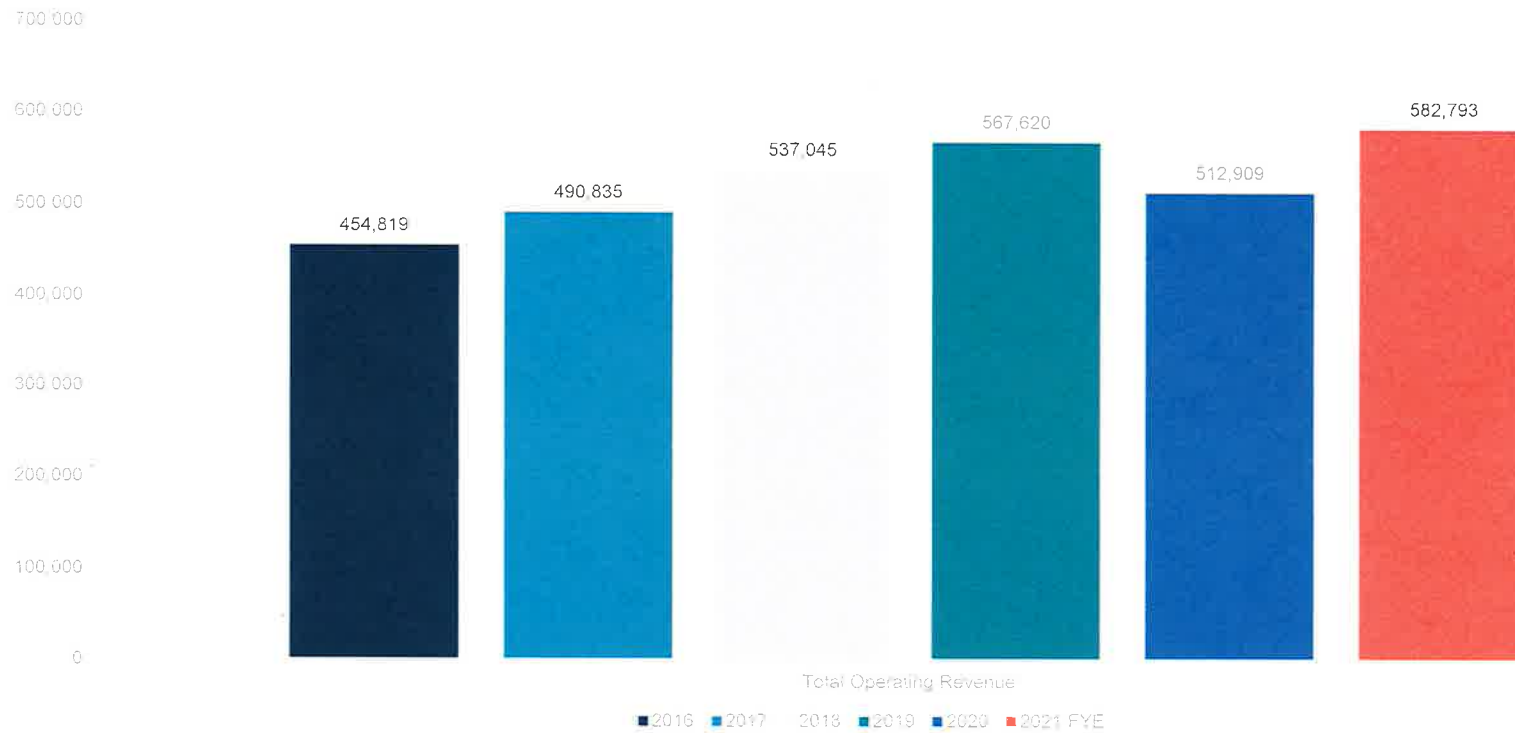
Capital & Related Financing Activities – USD millions

Category	FY20	FY21 YTD
Net refunding proceeds	\$ -	\$9.9
CPF contribution	\$44.0	\$19.1
Acquisition of capital assets	\$(165.7)	\$(30.5)
Transfer from primary government	\$106.9	\$18.3
Facility capital lease payments	\$(88.9)	\$(36.9)
Proceeds from MELP financing	\$37.1	\$ -
Principal paid on long-term debt	\$(18.5)	\$(19.0)
Interest paid on long-term debt	\$(22.6)	\$(11.6)
Other	\$11.4	\$7.8
Total	\$(96.3)	\$(42.9)

Trended Performance Statistics

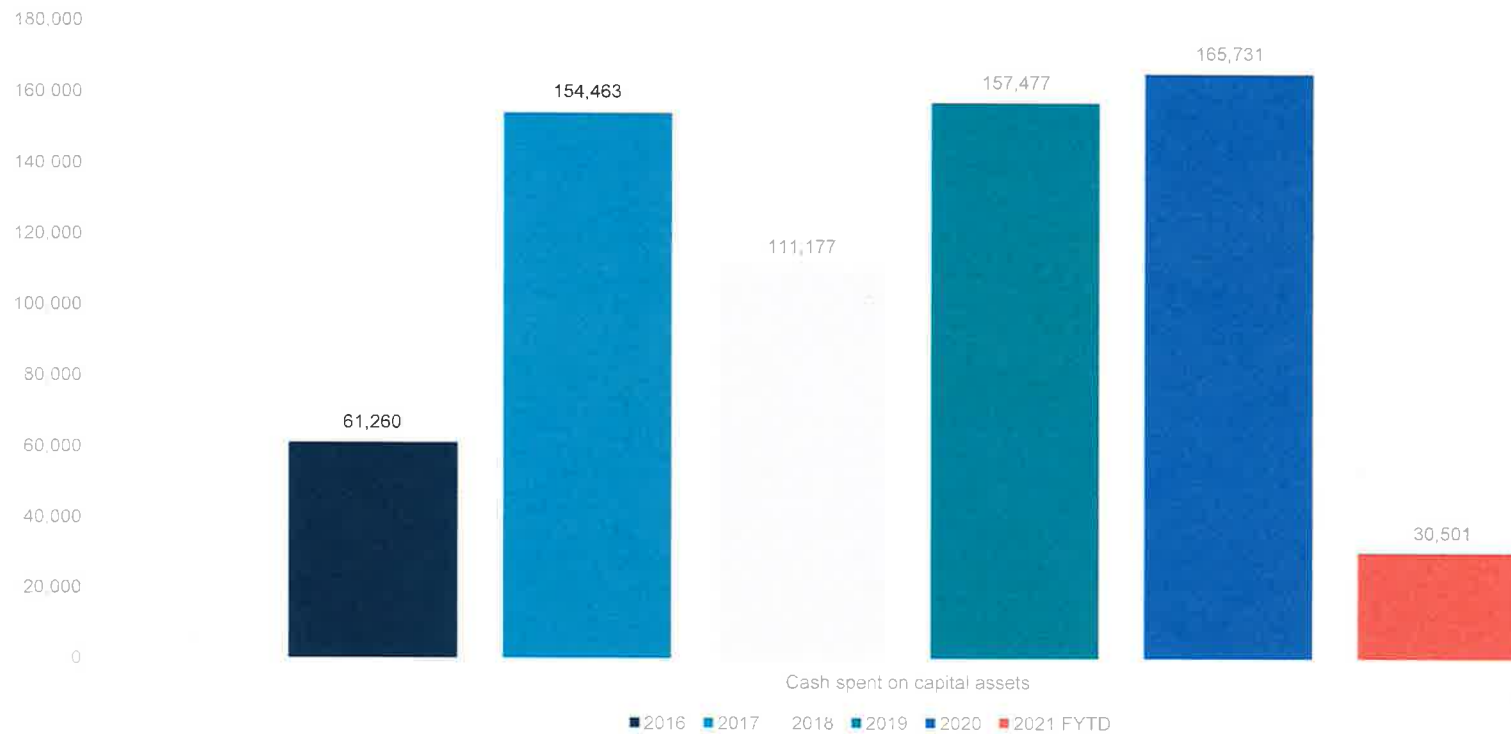
Operating Revenue

(Dollars in '000s)



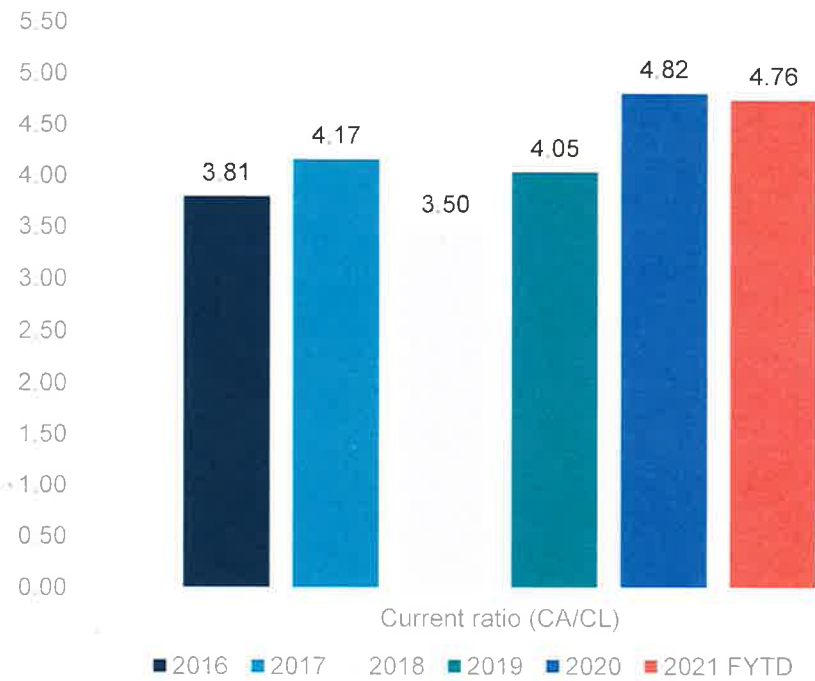
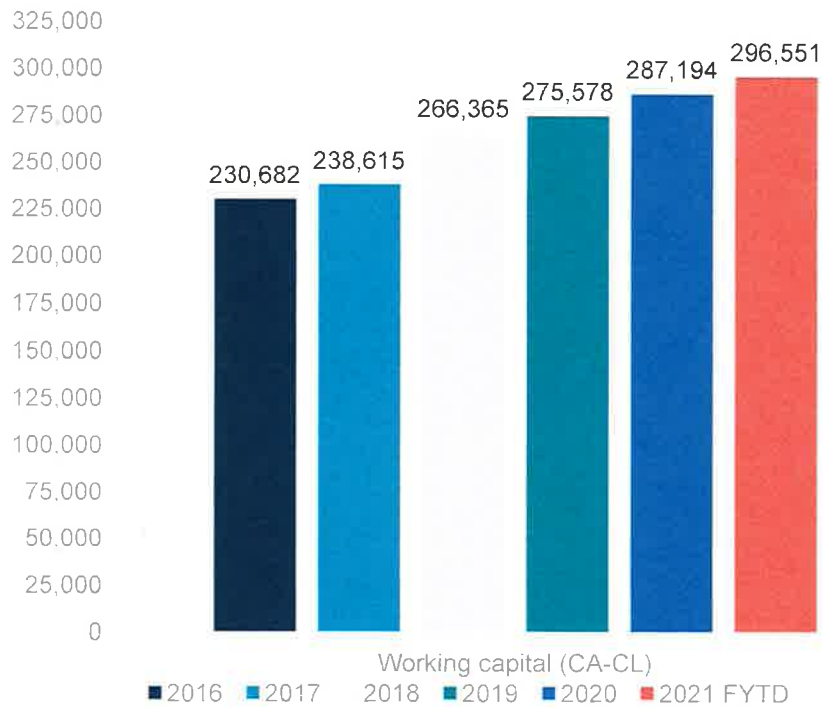
Cash Spent on Capital Assets

(Dollars in '000s)



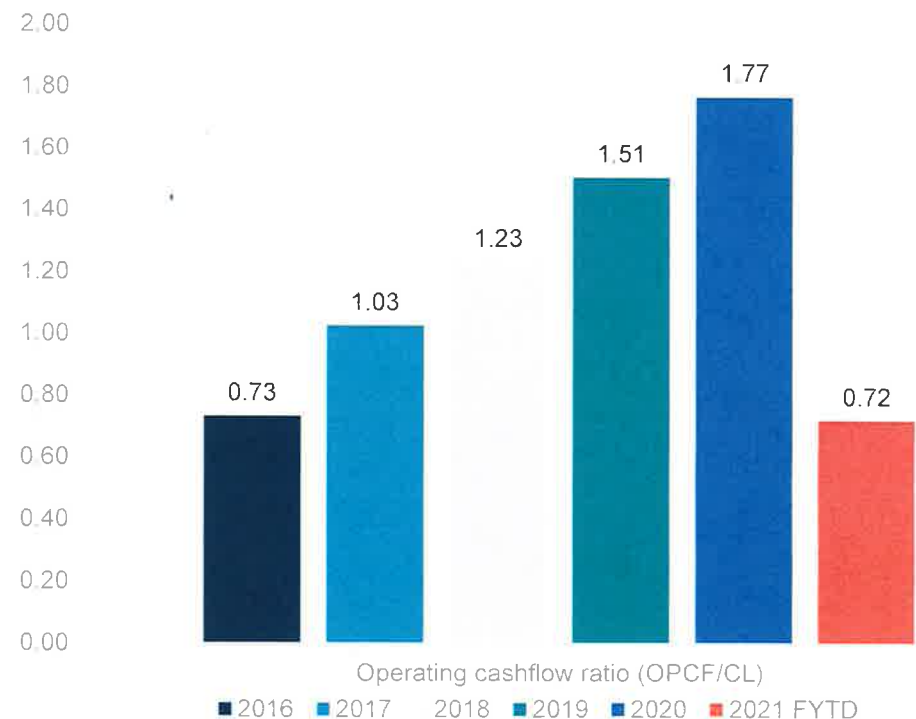
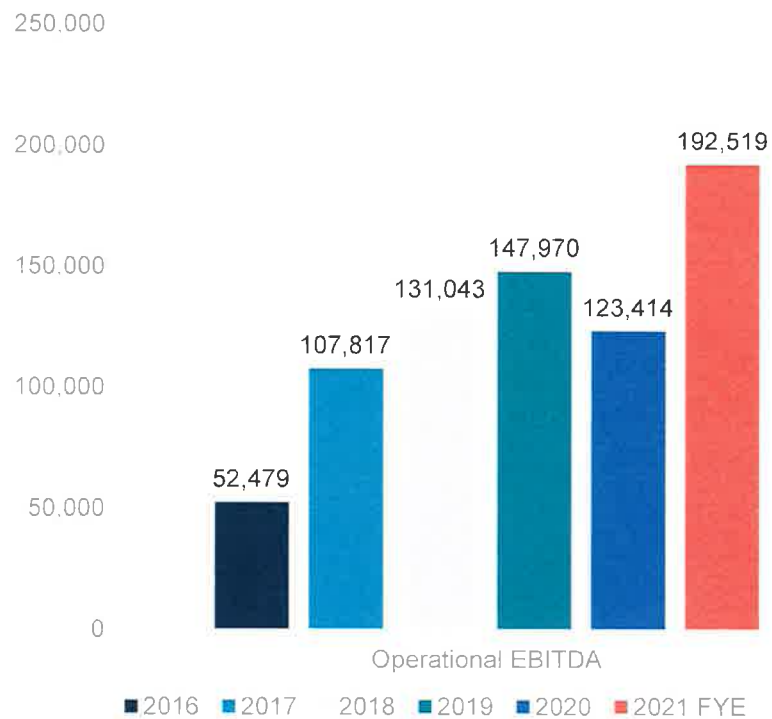
Working Capital | Current Ratio

(Dollars in '000s)

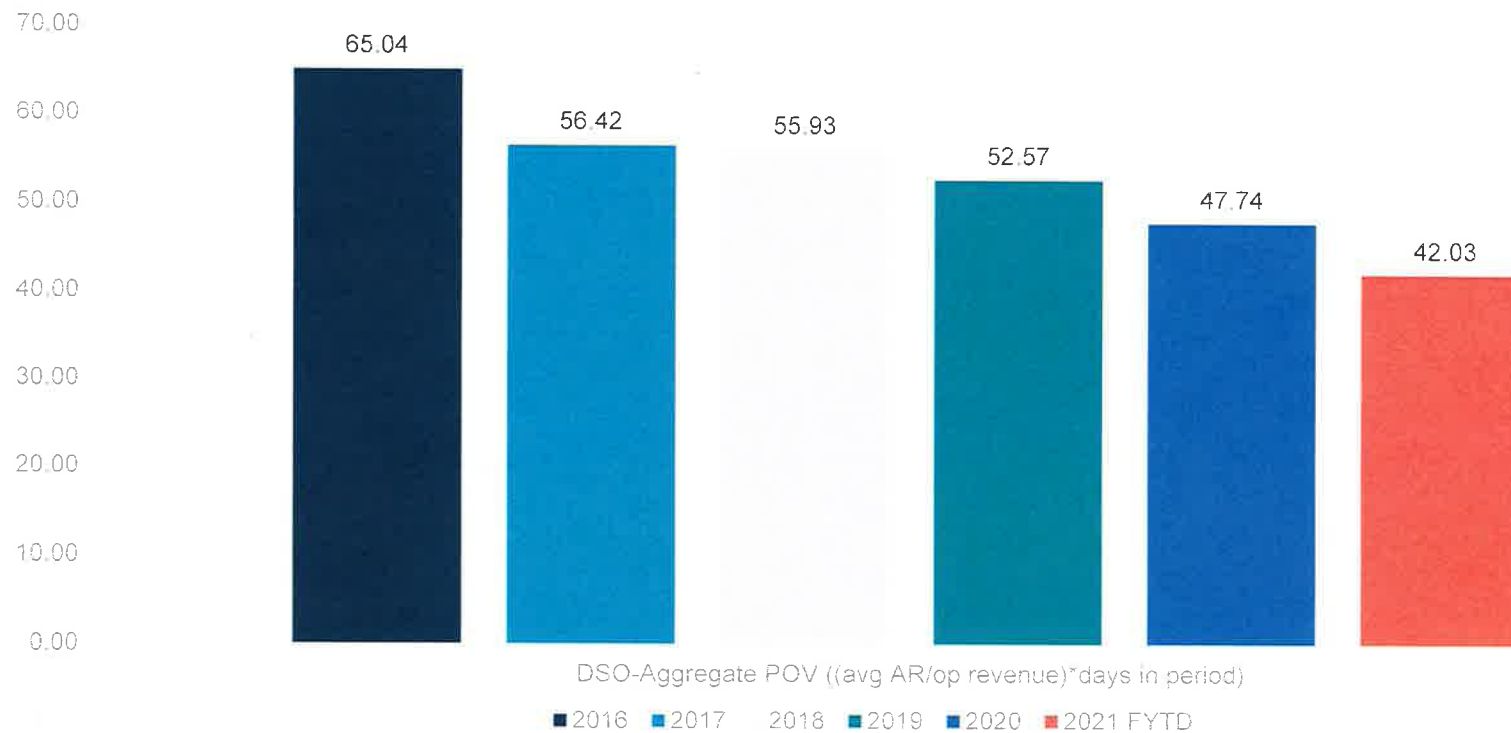


EBITDA | Operating Cashflow Ratio

(Dollars in '000s)

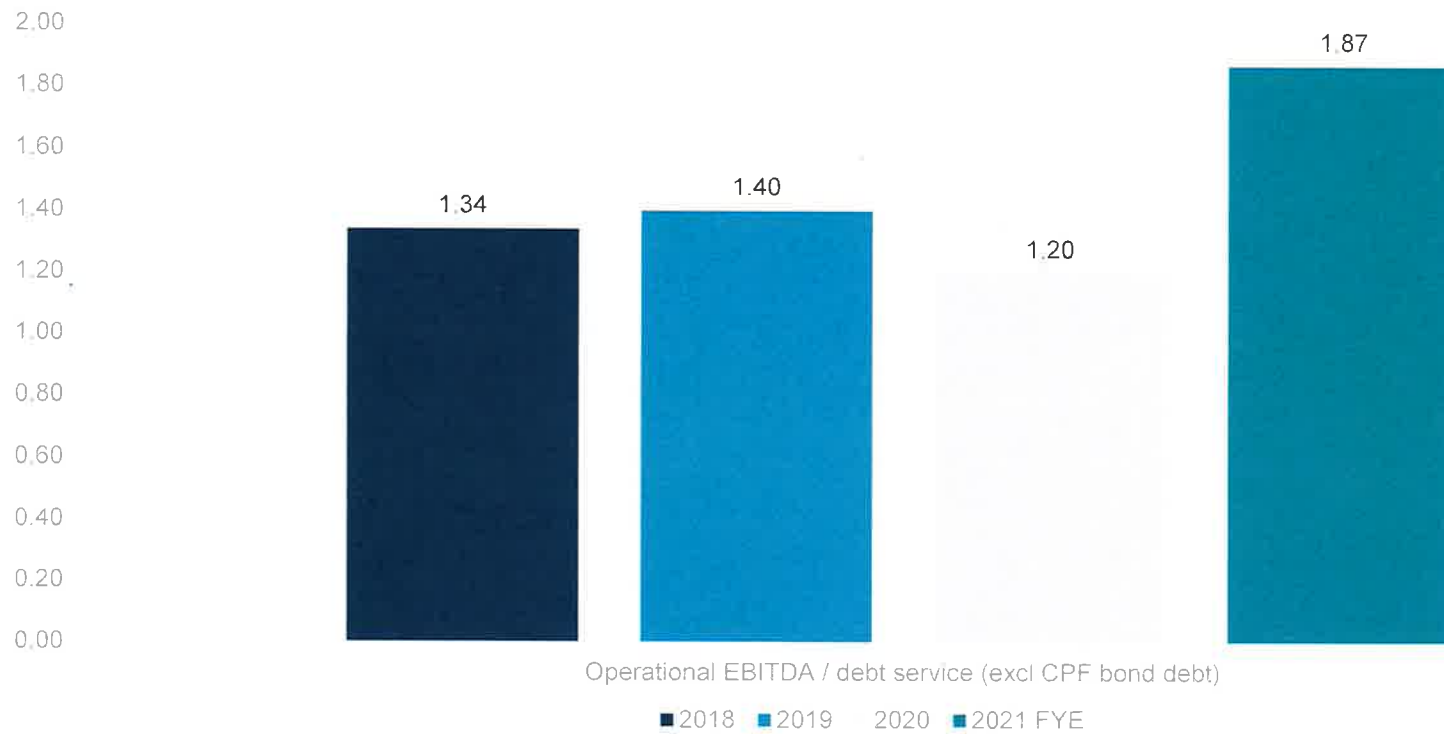


Days Sales Outstanding (DSO)

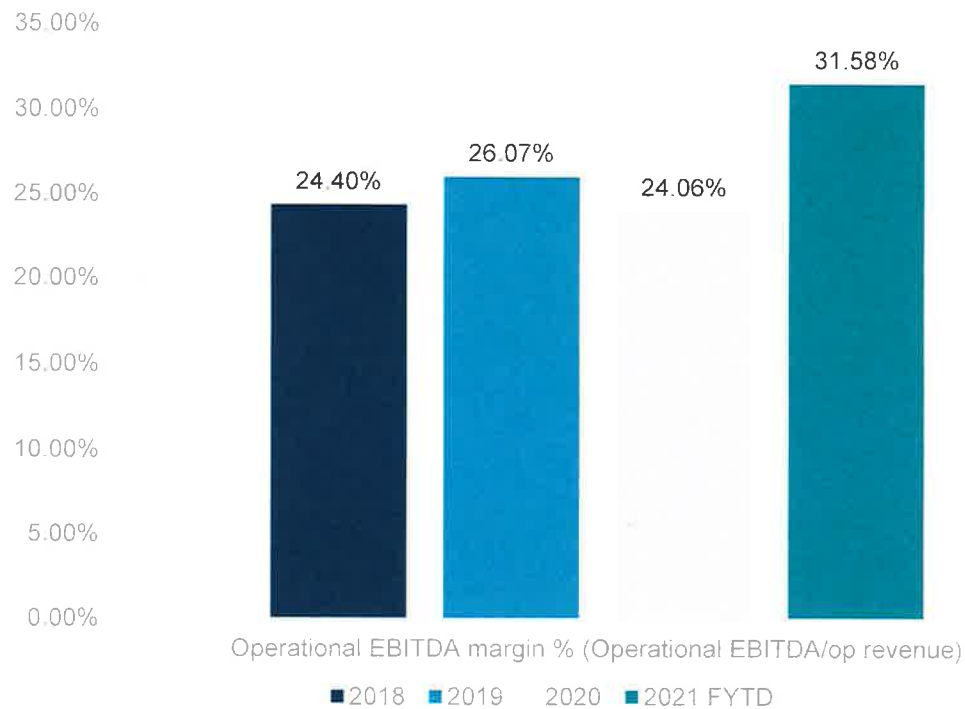
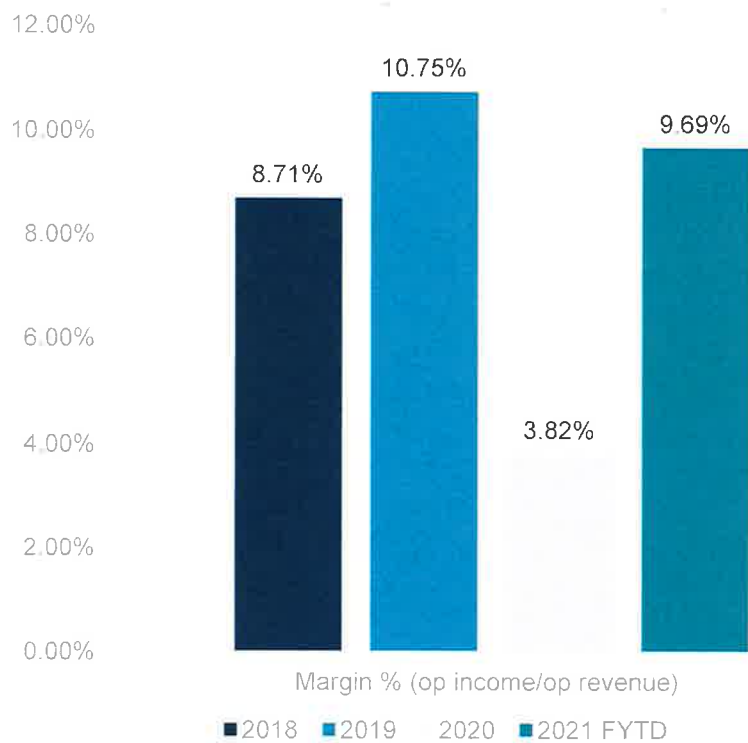


Debt Service Coverage

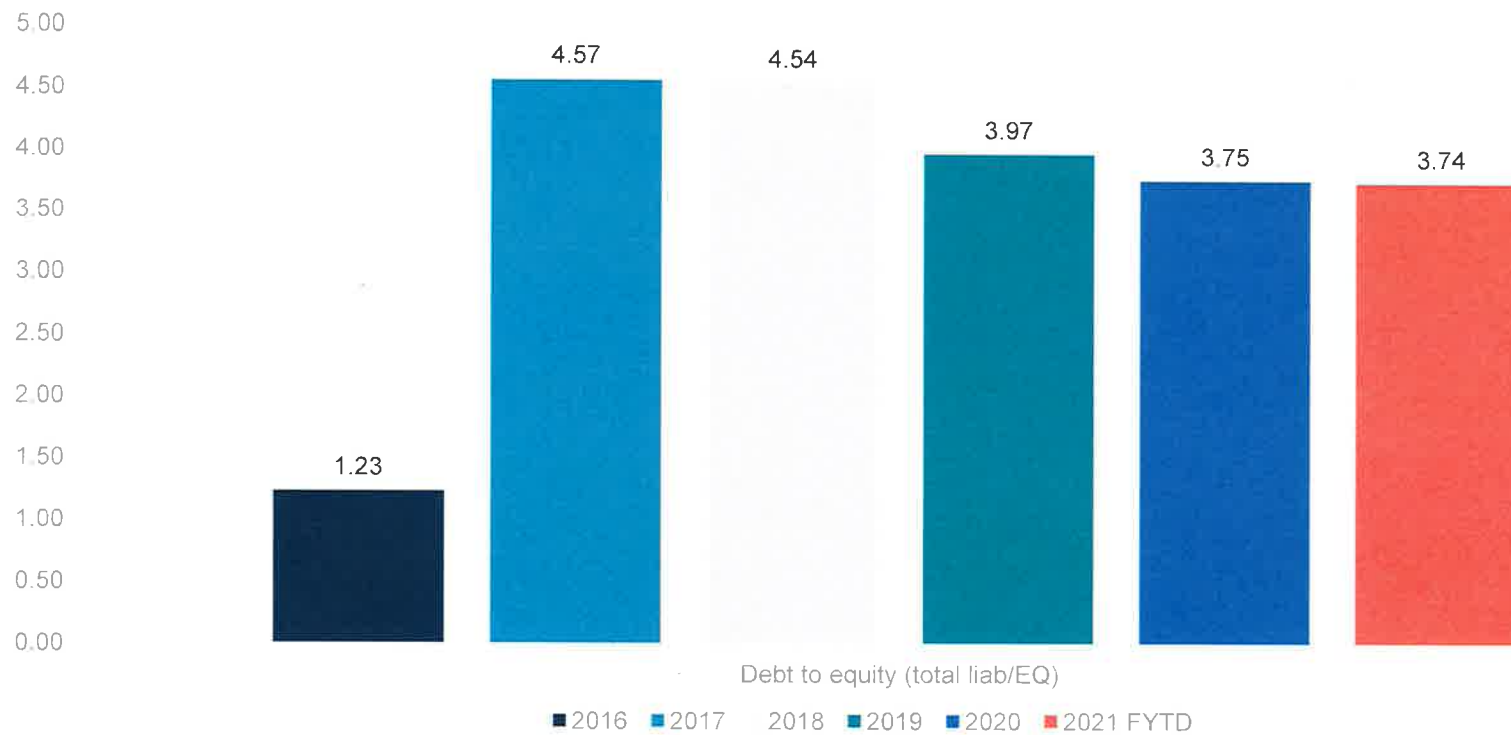
Net Revenue Coverage – 1x Test



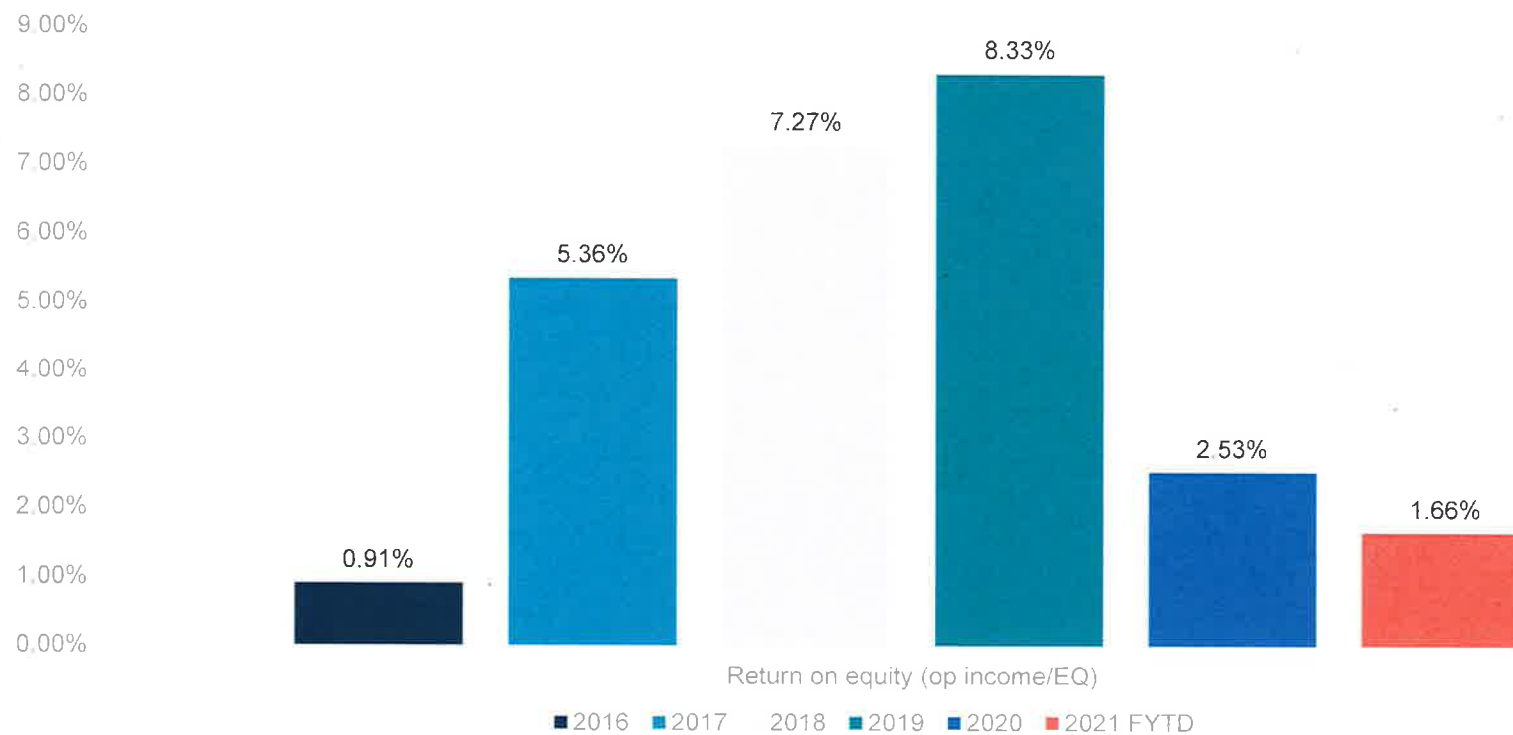
Margin % | EBITDA Margin %



Debt to Equity



Return on Equity



POV CY20 Volumes

	CY 2019	CY 2020	Change	% Change
Total TEUs	2,937,962	2,813,415	(124,548)	-4.2%
Import Loaded TEUs	1,366,381	1,316,976	(49,406)	-3.6%
Total Rail Containers	550,862	502,691	(48,171)	-8.7%
RMT Containers	37,705	42,254	4,549	12.1%

POV FYTD21 Volumes

	FY 2020	FY 2021	Change	% Change
Total TEUs	1,483,509	1,539,299	55,790	3.8%
Import Loaded TEUs	692,707	727,922	35,215	5.1%
Total Rail Containers	265,198	269,326	4,128	1.6%
RMT Containers	20,858	22,093	1,235	5.9%

Resolution of Appreciation for the Service of John F. Reinhart

Whereas, John F. Reinhart was appointed CEO and Executive Director of the Virginia Port Authority by the Board of Commissioners on October 31, 2015, and has transformed The Port of Virginia over these last seven years; and

Whereas, on the occasion of John's retirement and dedicated service to the Commonwealth of Virginia, the Governor, Secretary of Transportation, Commissioners, Elected Officials, Business and Maritime Community, and Colleagues of the Port would like to genuinely thank John for his vision and foresight in building The Port of Virginia into a modern, efficient, primary gateway to global trade on the East Coast; and

Whereas, under John's leadership and foresight, the Port

- ~ Became financially sound and strengthened its bond ratings,
- ~ Implemented a new corporate structure and new values and branding,
- ~ Signed a 40 year lease to operate the Richmond Marine Terminal,
- ~ Took over operation of VIB for 50 years, doubling capacity,
- ~ Completed the expansion of VIB and South RT simultaneously with the state's commitment of \$350 million, creating capacity for an additional one million container units through the port,
- ~ Garnered an additional \$350 million in state funding and began the first phase of the channel widening and deepening project slated for completion in 2024,
- ~ Secured over \$123 million in infrastructure and security grants,
- ~ Issued over \$91 million in financing for equipment, including eight of the world's largest ship-to-shore cranes and capital expansions,
- ~ Handled over 2.25 million TEUs through fiscal year 2020,
- ~ Drove business to and through the Commonwealth resulting in 285 business announcements, more than \$11 billion invested and nearly 29,000 jobs created during his tenure,

Whereas, when the novel coronavirus pandemic forced the world to shut down in March 2020, John immediately implemented safeguards for over 2000 Port colleagues and maritime partners throughout all Port facilities.

Now, therefore, Be It Resolved by the Board of Commissioners of the Virginia Port Authority, in regular meeting assembled through an electronic virtual session in Virginia this 26th day of January, 2021, that: We extend to John our deep appreciation for his sincere and tireless efforts to promote the Port of Virginia and we acknowledge his accomplishments in working to strengthen ties within the business and maritime communities and his foresight in planning for the needs of the Port's future, and

We also extend our appreciation to Mary for giving so generously to our Commonwealth of her time with John in order for him to devote so much time and energy to our Port and we extend to John and Mary our best wishes for the future which they so richly deserve; and

Be It Resolved Finally, that this Resolution be suitably presented to John and a copy thereof be duly noted in the minutes of this meeting.

John G. Stultiken
Chairman of the Board
[Signature]

Ratoh S. Northam
Governor of Virginia
[Signature]

Shannon Valentine
Secretary of Transportation
[Signature]

**Resolution on the Services
of
John F. Reinhart**

WHEREAS, John F. Reinhart was appointed CEO and Executive Director of the Virginia Port Authority by the Board of Commissioners on October 31, 2013, and has transformed The Port of Virginia over these last seven years; and

WHEREAS, on the occasion of John’s retirement and dedicated service to the Commonwealth of Virginia; the Governor, Secretary of Transportation, Commissioners, Elected Officials, Business and Maritime Community, and Colleagues of the Port would like to genuinely thank John for his vision and foresight in building The Port of Virginia into a modern, efficient, primary gateway for global trade on the East Coast; and

WHEREAS, under John’s leadership and foresight, the Port

- ~ Became fiscally sound and strengthened its bond ratings,
- ~ Implemented a new corporate structure and new values and branding,
- ~ Signed a 40-year lease to operate the Richmond Marine Terminal,
- ~ Took over operation of VIG for 50 years, doubling capacity,
- ~ Completed the expansions of VIG and South NIT simultaneously with the state’s commitment of \$350 million, creating capacity for an additional one million container units through the port,
- ~ Garnered an additional \$350 million in state funding and began the first phase of the channel widening and deepening project slated for completion in 2024,
- ~ Secured over \$128 million in infrastructure and security grants,
- ~ Issued over \$91 million in financing for equipment, including eight of the World’s largest ship-to-shore cranes, and capital expansions,
- ~ Handled over 2.75 million TEUs through fiscal year 2020,
- ~ Drove business to and through the Commonwealth resulting in 285 business announcements, more than \$11 billion invested, and nearly 29,000 jobs created during his tenure.

WHEREAS, when the novel coronavirus pandemic forced the world to shut down in March 2020, John immediately implemented safeguards for over 2,000 port colleagues and maritime partners throughout all port facilities.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority, in regular meeting assembled through an electronic virtual session in Virginia, this 26th day of January, 2021, that: We extend to John our deep appreciation for his sincere and tireless efforts to promote The Port of Virginia and we acknowledge his accomplishments in working to strengthen ties within the business and maritime communities and his foresight in planning for the needs of the Port’s future; and

We extend our appreciation to Mary for giving so graciously to our Commonwealth of her time with John in order for him to devote so much time and energy to our Port and we extend to John and Mary our best wishes for the future which they so richly deserve; and

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

John G. Milliken Chairman of the Board	Ralph S. Northam Governor of Virginia	Shannon Valentine Secretary of Transportation
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