

**MINUTES**  
**Virginia Port Authority Board of Commissioners**  
**Finance and Audit Committee Meeting**  
**May 9, 2022**

The Virginia Port Authority (“VPA”) Finance and Audit Committee (“Committee”) held a meeting on May 9, 2022 in the VPA Boardroom, 600 World Trade Center, 101 West Main Street, Norfolk, Virginia.

Committee Members Present:

Manju S. Ganeriwala  
Aubrey L. Layne

Committee Members Absent:

Louisa M. Strayhorn, Chair  
John C. Asbury, Vice Chair  
Jason El Koubi

Board Members Present:

Faith B. Power, VPA Board Vice Chair  
Eva Teig Hardy (departed at 4:03pm)  
Val S. McWhorter  
Edward F. O’Callaghan  
Deborah C. Waters

VPA Staff Present:

Stephen A. Edwards, CEO and Executive Director  
Rodney W. Oliver, Chief Financial Officer  
Cathie J. Vick, Chief Development and Public Affairs Officer  
Sarah J. McCoy, General Counsel  
Ryanne A. Shields, Secretary to the Board  
Rich Ceci, Senior Vice President, Technology and Project Management  
Kenon Thomas, Senior Manager, Financial Reporting and Budget  
Nina Malone, Principal Economist  
Sandi Jackson, Director, Treasurer  
Matt Dudley – Manager, Information Technology (IT Support)  
Jackie Campbell – Database Analyst II (IT Support)  
Michael Harris – Intern, Legal

Virginia International Terminals, LLC Staff Present:

Joseph P. Ruddy, Chief Operations Officer  
Thomas D. Capozzi, Chief Sales and Marketing Officer

Guests:

Hon. Shep Miller, Secretary of Transportation  
Brice Fiske, Office of the Attorney General

VPA Board Vice Chair Power called the meeting to order at 3:23pm.

Vice Chair Power advised that Committee did not have a quorum present to proceed into closed session, then briefed the Committee that it would now hear from Rodney Oliver, Mike Garber with PFM, Kenon Thomas, and Cathie Vick for their reports, while the presentation from Human Resources would be moved to Executive Committee for discussion.

At this time, Vice Chair Power introduced R. Oliver who then introduced M. Garber and requested a presentation on the audit process.

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1. Audit Process – Mike Garber, PFM

M. Garber reviewed an overview of expectations and timeline of the audit process for the VIT subsidiaries and VPA consolidated financial statements. M. Garber advised the committee that suggestions and findings will be included in the final audit report. The timeline for each audit was reported, with a goal to issue audit findings of the financial statements in September 2022 and submit to the Commonwealth in October 2022. At this time, M. Garber advised committee of the engagement partners from PB Mares that will support each audit as well as engage effective communication with the Committee and the Committee Chair.

M. Garber then reported on the audit planning process, highlighting a strong emphasis on reviewing internal controls, a review in areas that have changed, as well as a risk assessment to follow. Materiality of the audit, M. Garber briefed, would be both qualitative and quantitative with fraud inquiries that are completed each year. In close, M. Garber reviewed that a single audit will be conducted for additional funding from COVID-related expenses.

2. Financial Performance – Rodney Oliver

R. Oliver addressed the March year-to-date financial performance that included record cargo volume and increased revenue that resulted in successful financial results. R. Oliver reported cargo volume and revenues ahead of both budget and previous year volumes, noting the increase in operating expenses was minimized due to the operations leaderships' management and mitigation of expenses with increased cargo volumes. R. Oliver then reported on additional areas of Operations costs as well as General and Administration costs against expected budget, with the anticipation of a strong April financial performance.

Regarding acquisition of capital assets, R. Oliver stated the low spend could be attributed to the ship to shore crane commission and arrival of shuttle trucks that will be reflected prior to fiscal year end. Finally, R. Oliver reported healthy debt service coverage levels that were above where budgeted to be.

At this time, R. Oliver introduced Kenon Thomas to review the proposed budget.

3. Fiscal Year 2023 Budget – Kenon Thomas

K. Thomas reviewed budget assumptions across CPI, revenue, terminal operations, and personnel followed by a review of the impact of macroeconomic and industry developments on the budget. K. Thomas reported the growth in container volume trend expectations were aligned with the Port's plan for growth and reviewed the expectations for revenue and volume. K. Thomas then reviewed small changes expected to impact operating income and reported the net position forecast and budget for fiscal year 2023. A report then followed from K. Thomas on capital budget expenditures and funding sources for each capital project. Finally, K. Thomas reviewed the debt service requirements, sensitivities to volume and CPI, and a discussion then ensued around residual fund amounts and expected forecast for operating cash.

4. Aid to Local Ports – Cathie Vick

At this time, Vice Chair Power requested a report from Cathie Vick on Aid to Local Ports grant funding.

C. Vick reviewed the recommendations made for approval would be contingent on the final passage of the Commonwealth of Virginia's budget. C. Vick reviewed the summary of requests amounted in \$1.6

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million and approval in the amount of \$1 million was recommended, while reporting two projects that were not recommended for funding and the factors that did not meet criteria for each. In addition to the grant awards, C. Vick reviewed the funds that would be recommended to carryover from previous projects.

5. Waterway Maintenance Fund – Cathie Vick

C. Vick reported that three requests were received and recommendation was made for award on two requests from Gloucester and Wachapreague. C. Vick then reviewed the project purpose and requested amount for each approval recommendation.

6. Power Purchase Agreement – Cathie Vick

C. Vick broadly reviewed the port's sustainability goals that include sourcing clean energy and briefed Committee on an opportunity to achieve and exceed the clean energy goal by securing 100% renewable energy by 2024 through an agreement with the Department of Energy and Dominion. C. Vick reported through a state contract, the port would receive a portion of clean energy percentage and then reviewed the current and forecasted energy load by type. C. Vick reviewed the mechanism by which the port may keep the organization at 100% renewable energy and a copy of the Memorandum of Agreement was provided.

At this time, Commissioner Layne asked to review the cost comparison for entering into the agreement or not moving forward with the opportunity. C. Vick addressed the differences based on agreement rate and the risk. C. Vick reported that a renewable energy certificate will be issued for every kilowatt and that a separate fund will be held for any overage.

There were no further questions and R. Oliver reported that with the recommendation of the Committee, Resolutions will be presented for full board approval at the May 10, 2022 meeting.

There were no members of the public present for comment and the meeting adjourned at 4:19pm.

Respectfully submitted,

Ryanne A. Shields  
Secretary to the Board