

MINUTES
Virginia Port Authority Board of Commissioners
Public Session 406
May 10, 2022

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held its regular meeting on May 10, 2022 in the VPA Boardroom, 600 World Trade Center, 101 W Main St, Norfolk, Virginia.

Commissioners Present:

John G. Milliken, Chairman – electronic participation
Faith B. Power, Vice Chair
John C. Asbury – electronic participation
Jason El Koubi
Manju S. Ganeriwala
Eva Teig Hardy
Joni L. Ivey – electronic participation
Aubrey L. Layne
Val S. McWhorter
Edward F. O’Callaghan
Louisa M. Strayhorn – electronic participation
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
Monica Y. Sturgis, Chief Human Resources Officer
Sarah J. McCoy, General Counsel
Joe Harris, Senior Director, Communications
Ryenne A. Shields, Secretary to the Board
Jodie Asbell, Sr. Executive Administrative Assistant and Assistant Secretary to the Board
Michael Harris, Legal Intern
Melissa Fularon, Manager, Grants Administration
Ron Green, Vice President, Business Transformation
Matt Dudley, Manager, Information Technology (IT Support)
Jackie Campbell, Database Analyst II (IT Support)

Virginia International Terminals, LLC (VIT) Staff Present:

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

Guests:

Larry Bachtel, International Longshoremen’s Association
Jonathan Coley, International Longshoremen’s Association
Brandon Edwards, International Longshoremen’s Association
Will Fediw, Virginia Maritime Association
Sam Workman, City of Newport News
Kristy Choi, PFM
JoAnne Carter, PFM
Brice Fiske, Office of the Attorney General
Hon. Shep Miller, Secretary of Transportation (arrived 9:30am)

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In accordance with the VPA Board of Commissioners Electronic Participation Policy, Chairman John G. Milliken participated by electronic connection from his personal residence in Arlington, Virginia due to a medical condition that prevented physical attendance.

In accordance with the VPA Board of Commissioners Electronic Participation Policy, Commissioner John C. Asbury participated by electronic connection from Washington DC due to various meetings in performance of his job duties.

In accordance with the VPA Board of Commissioners Electronic Participation Policy, Commissioner Ivey participated by electronic connection from her personal residence in Newport News, Virginia due to a medical condition that prevented physical attendance.

In accordance with the VPA Board of Commissioners Electronic Participation Policy, Commissioner Louisa M. Strayhorn participated by electronic connection from Barbados due to personal business.

Vice Chair Power called the meeting to order at 9:01am,

At this time, a safety briefing was conducted by Joseph P. Ruddy, Chief Operations Officer, VIT.

I. Approval of Minutes

Minutes of the meeting held March 9, 2022 were approved unanimously.

II. Opportunity for Public Comment

At this time, Vice Chair Power requested Joe Harris to introduce public guests in attendance and welcomed the opportunity for public comment.

III. Resolution Commemorating the Service of John G. Milliken, Chairman

Vice Chair Power read aloud the Resolution and thanked Chairman Milliken for his leadership to the Board. Chairman Milliken expressed appreciation for the sentiments and shared that he would not be seeking reappointment to the Board at this time. Chairman remarked that the port is in a great place with fine leadership and promised to maintain a strong interest in the port and continue to track the ports' success. Chairman expressed his gratitude for the efforts of the Board and Senior Leadership of the port throughout a fascinating, interesting, and enjoyable time of service.

At this time, Vice Chair Power welcomed additional comments.

Commissioner Layne expressed his appreciation for Chairman's leadership, mentorship, and friendship during service as Secretary of Transportation and wished Chairman the best in retirement. Commissioner Layne shared his personal gratitude for all that Chairman has done over the years.

Commissioner Waters expressed her gratitude for Chairman's fortitude through difficult times at the port, which, through his leadership and foresight, led the port to recognition as a shining star. Commissioner Waters voiced appreciation for Chairman's leadership, sense of humor, efficiency, and wisdom that will be sorely missed as a friend and mentor. Commissioner Waters shared her personal gratitude for his service and wished Chairman the best of luck in the future.

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Commissioner McWhorter expressed his gratitude and appreciation for the mentorship from Chairman over the previous eight years and welcomed future opportunities to connect.

IV. Reports of Committees

a. Executive Committee – Faith B. Power, Vice Chair

Vice Chair Power reported that Executive Committee received a report from Cathie Vick on state and federal grant updates followed by an update on the Diversity, Equity, and Inclusion strategy for the port by Shaune Thomas and Mark Higgins. Finally, Committee received an update on succession planning at the port.

Vice Chair Power reported that a Nominating Committee would be convened to propose a slate of officers in July and appointments for Nominating Committee were as follows:

- Commissioner Hardy, Chair
- Commissioner Asbury
- Commissioner Jones
- Commissioner Waters

b. Growth and Operations Committee – Val S. McWhorter

i. Report of Growth and Operations Committee – Chair McWhorter

Chair McWhorter reported that the Growth and Operations Committee held its' regularly scheduled meeting on Monday, May 9 and received presentations from staff on terminal safety and operations, cargo volumes, breakbulk services, VIT's integrated marine terminal operations, as well as updates on development and infrastructure projects.

Chair McWhorter reviewed that Joe Ruddy, Chief Operations Officer for VIT, first presented a report on safety and operations then VIT staff provided the committee a status report on VIT's integrated marine terminal operations. Following that, the Committee then heard from Tom Capozzi, Chief Sales and Marketing Officer for VIT, regarding cargo volumes and shipline services as well as a report on breakbulk services. Cathie Vick, Chief Development and Public Affairs Officer and VPA staff updated the Committee on offshore wind and the channel deepening and widening projects. Finally, Rich Ceci, Senior Vice President, Technology and Projects presented updates on infrastructure projects.

At this time, Chair McWhorter requested presentations from staff.

ii. Report on Safety and Operations – Joe Ruddy, Chief Operations Officer, VIT

J. Ruddy opened with a brief on safety metrics, as of March 31, 2022, with a lost work day figure that illustrated a significant decrease from FY21. J. Ruddy thanked management and ILA partners for their engagement with safety protocols.

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At this time, J. Ruddy reported positive metrics on gate performance with gate turn times under the 60 minute industry standard. J. Ruddy noted that gate freight is cargo that stays in the Commonwealth, creates additional local jobs, and tax revenue. J. Ruddy acknowledged the outliers for those turn times over two hours, noted the improvement since January across all categories, and advised that the team continues to meet with the motor carrier partners to review the metrics and address challenges as well.

J. Ruddy reviewed rail performance, noting that where freight was metered by rail partners due to network congestion, the team's focus would be on limiting rail dwell figures as 31% of freight is moved to and from the port by rail.

iii. Sales and Volume Report – Tom Capozzi, Chief Sales and Marketing Officer

T. Capozzi reviewed the volume figures for February and March, demonstrating volume remains strong with 25% increase over previous calendar year volumes. T. Capozzi attributed the significant growth to an increase in import loaded containers and export empty containers.

T. Capozzi noted strong rail growth, and increased cargo volumes all handled with fewer vessel calls. In review of the April volumes and forecasted May volumes, T. Capozzi reported that internal data is projecting a record performance for May.

Market share comparison data continued to demonstrate growth for the port and T. Capozzi highlighted Charleston's increase in volume illustrating their earlier challenges with congestion and local initiatives to address those challenges.

With six new vessel services to begin routine arrivals in the summer, T. Capozzi announced Hapag Lloyd's previous landbridge container moves will now process through the port into the Midwest. T. Capozzi reported a new service and new carrier, Wan Hai, previously operating intra-Asia and now entering long-haul trade that will now call the port. Additionally, Sea Lead and TS Lines have announced a first-in service at the port, where T. Capozzi then reviewed the routes of those services. Finally, T. Capozzi reviewed the MSC Scan Baltic first-in service, highlighting the significant rail cargo expected.

iv. Development Update – Cathie Vick, Chief Development and Public Affairs Officer

C. Vick began with a report on the deepening and widening project, reviewing the timeline and reporting that the full federal share of the project has been funded. C. Vick thanked the General Assembly for their foresight to giving those funds, the Virginia Maritime Association, the Congressional delegation, and the Army Corp of Engineers. A ceremonial signing of the Project Partnership Agreement will take place with those partners.

The US Army Corp of Engineers Norfolk District issued a Request for Proposals for the Newport News section of the channel was issued, with materials to be placed at Craney Island, C. Vick reported.

C. Vick then announced that the VPA will seek approval for a contract on the widening of Thimble Shoals channel west portion, the last segment managed by the VPA. Regarding construction

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progress of the cover for Chesapeake Bay Bridge Tunnel, C. Vick reported it is underway by Weeks Marine. Deepening on the left side of the Thimble Shoals Channel is anticipated to be complete by August and the east side was recently commenced by Great Lakes who is working through the project to complete by August. C. Vick then thanked all partners in those projects.

At this time, Commissioner Layne inquired whether these contracts were fully funded in order to complete the work and C. Vick confirmed that both are fully funded to complete these segments.

Commissioner Waters commended C. Vick and team for the hard work seeing this project through, for the partnership with federal, state, and local partners, noting that the port has managed to secure funding for the work on an unprecedented timeline. This achievement was attributed to the strategy of the team. Commissioner Waters thanked C. Vick and the team for bringing this to completion and for the added competitiveness of the port.

c. Finance and Audit Committee

ii. Report of Finance and Audit Committee – Vice Chair Power

Vice Chair Power reported that the Finance and Audit Committee met Monday afternoon and received presentations from PB Mares on FY22 Audit Planning and from management on fiscal year 2022 financial performance to date, FY23 Consolidated Budget, Aid to Local Ports, Waterway Maintenance Fund, and a Power Purchase Agreement.

With regards to FY22 Audit Planning, Vice Chair Power reported that Mike Garber, Audit Partner with PB Mares, introduced the engagement service team and provided an overview of the audit planning process with reports to be issued along with logistics and timing of deliverables.

iii. VPA and VIT Consolidated Financial Reports – Rodney W. Oliver

R. Oliver reported on fiscal year 2022 to date highlights, including an increase in operating expenses, significant operating revenue increase, maintenance cost increase, General and Administrative expenses below budget, and both depreciation and amortization higher than budget due to the Virginia International Gateway terminal lease amounts impacted by CPI estimates.

Through the first nine months of the fiscal year, R. Oliver reported operating incomes were over five times above budget with a strong beginning to the year, with a positive financial position. R. Oliver briefed that cash flow was significantly ahead of the previous year and status of investment funds

R. Oliver noted that acquisition of capital assets was low last year and again in the current year as the port was in-between major projects, however, the infrastructure development activity is scheduled to increase in the coming years as previously briefed to the Board.

For the budget review of fiscal year 2023, R. Oliver reviewed major assumptions, the macroeconomic and industry developments, risks, and trends considered when preparing the budget. Following that, R. Oliver reported highlights for the forecast and budget, as well as financial debt management guideline targets.

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Regarding the capital budget, R. Oliver reported on projects and cost, projects with multiple year contract and spend activity, and additional funding acquired for specific capital projects.

R. Oliver reported that the budget summary gives a positive outlook for volumes and operating revenues, noting that the overall budget is subject to approval of the Commonwealth's budget as noted in Resolution 22-03.

Secretary Miller noted that he looks forward to approval of a budget for the Commonwealth of Virginia prior to July 1, 2022.

iv. Development Report – Cathie J. Vick

C. Vick reported that, subject to the appropriation of funds to the Aid to Local Ports project, this year the port received eight applications and recommended approval of six projects for award totaling \$1,000,000. C. Vick noted that the two projects not recommended were those that were not prepared for immediate implementation and that the port hoped to see those projects again in the future.

C. Vick highlighted the Gloucester County Aberdeen Creek project, requiring repair to a pier providing critical access for landing, docking, mooring, and unloading of daily catch and access for commercial watermen that is important for private and public oyster beds as well as crabbing grounds. The second highlighted project in Accomack County for dock replacement.

The Waterway Maintenance Fund, C. Vick reported, received three project applications of which two projects were recommended for award approval. The Gloucester County request was for dredging funds and the Wachapreague Town Marina request for dredging to support local fishery activity, slips utilized by recreational fisherman, residents, and waterman.

C. Vick reported on the Power Purchase Agreement and its furtherance to a significant goal for sustainability in sourcing clean energy. The opportunity for partnership with Department of Energy and Dominion, is agreement for various forms of clean energy to include, solar, wind, and nuclear power. The port will receive a designated portion of clean energy through the state contract. C. Vick reviewed what is provided in the agreement, what will come online from Dominion's new portfolio, the prorated share the port would receive under state contract. Resolution 22-06 approves the additional request to accelerate the ports goal to receive 100% clean energy by 2024.

ACTION: Upon motion by Commissioner Ganeriwala and seconded by Commissioner McWhorter, the Board unanimously approved Resolution 22-03, Resolution 22-04, Resolution 22-05, and Resolution 22-06:

Ayes: 11 (Asbury, El Koubi, Ganeriwala, Ivey, Layne, McWhorter, Milliken, O'Callaghan, Power, Waters)

Nays: 0

Abstention: 1 (Hardy) Absent During Vote: 1 (Strayhorn)

Absent During Meeting: 1 (Jones)

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At this time, Vice Chair Power extended the opportunity for public comment. Sam Workman with the City of Newport News, expressed gratitude for the continued support through Aid to Local Ports, stating the importance of the initiative and the appreciation for continued partnership.

V. Report by CEO and Executive Director – Stephen A. Edwards

S. Edwards reported that April and May will look strong, but the questions ahead are around COVID, China, and the continued disruption to the flow of trade. S. Edwards noted that the port has proven in 2021 that it is agile enough to manage through the disruption. With the headwinds of inflation, the financial market, and the geopolitical situation in Ukraine, the port still believes it can put forth a budget aligned with continued growth. S. Edwards remarks that the trust earned from the ocean carriers and the development of third party logistics that are building significantly in Suffolk, give the port reasonable confidence that it is winning more logistics freight to offset those headwinds. S. Edwards thanked the board for its confidence in the capital budget. Regarding what the port intends to put the capital budget to work for and the intention at NIT North, S. Edwards reported that the port is furthering technologies that have proven their worth, at VIG and NIT South, both in financial results and in ability to manage through disruption. The port is reinvesting in proven technologies, proven operating models, and in the most modern facilities that will be a plus for the port.

With the funding secured for the dredging project, the Army Corps is to be commended for their readiness to process through and execute. This partnership signing with Army Corp and federal partners in furtherance of the channel deepening and widening will allow the two way vessel transit and high berth occupancy which allows the port to win capacity.

Finally, S. Edwards reported that the Power Purchase Agreement allowed the port to take advantage of a positive situation within the Commonwealth where the state had already taken the steps towards clean energy. The agreement will help the port further its objectives and enhance its commercial position in the market.

Vice Chair Power thanked S. Edwards and colleagues at the port for the amazing achievements each day and expressed gratitude for their contributions.

Secretary Miller acknowledged John G. Milliken's service to the VPA Board and his profound and immeasurable contribution as Chairman over the past 17 years.

With Commissioner Ganeriwala's announcement of retirement, R. Oliver acknowledged the service of Commissioner Manju Ganeriwala as State Treasurer and Commissioner to the VPA Board. R. Oliver noted that the significant contribution to both the VPA and the Commonwealth, through tireless support, investment, and wisdom given were greatly appreciated.

Commissioner Ganeriwala thanked R. Oliver and the Board, noting the privilege of that service and acknowledging the significant growth and performance the port has achieved during her tenure. Commissioner Ganeriwala attributed that performance to the Board, to the port colleagues, to the CEO leadership, and the business partners. Commissioner Ganeriwala expressed gratitude for the experience and interest in hearing the future of the ports success.

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VI. Unfinished Business

There was no unfinished business to report.

VII. New Business

There was no new business to report.

VIII. Other Business and Adjournment

There was no other business to report.

There being no further business or comments, the meeting adjourned at 10:11am.

Respectfully submitted,

Ryanne A. Shields
Secretary to the Board

The next VPA Board of Commissioners public meeting is scheduled for 9:00am on Tuesday, July 12, 2022. Committee meetings are scheduled the Monday before the full board meeting.