

MINUTES
Virginia Port Authority Board of Commissioners
Regular Public Meeting, Session 412
March 14, 2023

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held its regular meeting on March 14, 2023 in the VPA Boardroom, 600 World Trade Center, 101 W Main St, Norfolk, Virginia.

Commissioners Present:

Aubrey L. Layne, Chair
Faith B. Power, Vice Chair
John C. Asbury
James C. Burnett
Jason El Koubi
Maurice A. Jones
John W. Kirk III
Edward F. O’Callaghan
Michael W. Coleman
Deborah C. Waters
Eva Teig Hardy
Shaza L. Andersen – electronic participation

Commissioners Absent:

David L. Richardson

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 and Chief Administrative Officer
Joe Harris, Senior Director, Communications
Ryenne A. Shields, Secretary to the Board
Jodie Asbell, Sr. Executive Administrative Assistant and Assistant Secretary to the Board
Jackie Campbell, IT Support
Andrew Sinclair, Director, Federal Government Affairs

Virginia International Terminals, LLC (VIT) Staff Present:

Thomas D. Capozzi, Chief Sales Officer
Joseph P. Ruddy, Chief Operations Officer
Amanda Nelson, Vice President, Growth
Christina Harris, Director, Project Management Office

Guests:

David White, Virginia Maritime Association
Wayne Fingleton, International Longshoremen’s Association
Katie Pifer, PFM
Kevin Rotty, PFM
Anne Bibeau, Woods Roger Vandeventer Black

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

I. Call to Order

Chair Layne called the meeting to order at 9:00am.

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II. Safety Briefing

A safety briefing was conducted by Joseph P. Ruddy, Chief Operations Officer, VIT.

III. Approval of Minutes

Following a motion by Commissioner Kirk, seconded by Commissioner Asbury, the minutes of the Board meeting held January 10, 2023 were approved unanimously with one minor correction to the spelling of Stephen Walton's name.

IV. Introductions and Opportunity for Public Comment

At this time, Chair Layne requested introductions of guests from Joe Harris and welcomed the opportunity for public comment.

V. Committee Reports

a. Executive Committee Report – Chair Aubrey L. Layne

Chair Layne reported that the Executive Committee met on Monday, March 13, 2023 where the Committee received an update on the General Assembly from Cathie Vick. Chair Layne acknowledged the work Ms. Vick and her team did during the session and noted that Ms. Vick briefed on upcoming elections. The Committee had a brief discussion about the general direction of the port and noted the port is doing very well on its day-to-day operations and ability to generate economic activity in the Commonwealth and discussed opportunities for terminal capacity and future economic development opportunities.

Chair Layne reported on the Memorandum of Board Action authorizing the Executive Director to execute an agreement with Southwood Building Systems for the acquisition of civil works improvements at Richmond Marine Terminals. The written consent of the Chairman of the Board and the Chair of the Finance and Audit Committee was granted on January 20, 2023.

Commissioner El Koubi commented that he wanted to add that the updates on the General Assembly from Thomas Cross, Director of State Government Affairs, were excellent and helpful.

Chair Layne further reported that the Investment Committee met on March 6 and received briefs from management and Compass Financial Partners on the performance of the VIT and VPA retirement plans through December 31, 2022. No changes to existing investment managers were recommended. Five investment managers are under "watch".

Discussions were initiated on the topic of Pension Risk Transfer and the Investment Committee engaged the services of BCG Pension Risk Consultants to analyze future considerations and plan management.

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b. Finance and Audit Committee Report – Committee Chair James C. Burnett

Commissioner Burnett reported that the Finance and Audit Committee met yesterday and discussed a number of topics. In light of recent events, the Committee discussed the safety and security of the Port's cash and cash equivalent investments. The Committee also discussed the financial performance to date, and an update on the budget development process, and a brief on the Port's efforts to increase SWaM business participation as compared to prior year. The Committee concluded with a report from Bond Counsel on the planned issuance of Commonwealth Port Fund Bonds. The Counsel walked the Committee through the provisions of Resolution 23-04 which authorizes the issuance of Commonwealth Port Fund Revenue Bonds in calendar year 2023 for the North NIT Project.

At this time, Commissioner Burnett reported that the Finance and Audit Committee unanimously recommended approval of:

- Resolution 23-04, Authorizing the Issuance of Commonwealth Port Fund Revenue Bonds in Calendar Year 2023

Chair Layne reported that there was some discussion yesterday, brought up by Commissioner Waters. The Resolution was amended to include a notification clause that Mr. Edwards, Executive Director, is to notify the Board, through Mr. Burnett, Chair of Finance & Audit, that he has executed the Bond Purchase Agreement in accordance with the parameters set forth in Section 3 of Resolution 23-04. We believe this is good governance.

Chair Layne requested consideration of the Resolution 23-04 by the Board.

Action: Upon motion by Commissioner Burnett and seconded by Commissioner Hardy, Resolution 23-04 was approved unanimously (9-0) approved by a vote of the Board.

Ayes: 9 (Asbury, Burnett, El Koubi, Jones, Kirk, Layne, O'Callaghan, Power, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Andersen, Richardson)

Absent During Meeting: 2 (Andersen, Richardson)

iii. VPA Consolidated Financial Reports for Fiscal Year 2023 to Date Ending January 30, 2023 – Rodney Oliver

R. Oliver provided a follow up on the conversation at yesterday's Finance and Audit Committee meeting regarding cash and cash equivalents and the Port's deposits at various financial institutions. VPA uses Bank of America and deposits are required to be 100 percent collateralized by state statute.

R. Oliver reported on the first seven months of the fiscal year cargo volume is down one percent as compared to budget, and 1.5 percent ahead of prior year. The Port is seeing a headwind with the economy and its impact on trade and have planned and forecasted this.

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R. Oliver noted operating revenues are 8.9 percent above budget through January. Operating Expenses are holding and are very much in line with budget. The Port expected some headwind with regards to maintenance and have a team working on maintenance spend and a comprehensive plan to address that area. Operating Income and EBITDA are very positive.

R. Oliver reviewed the statement of cash flow and noted that FY23 figures are substantially ahead as compared to FY22. This will start to change as a result of the volume headwinds that are expected. R. Oliver reviewed figures for non-capital financing that included the channel dredging project and investing activities.

R. Oliver reviewed the capital and related financing activities and noted the acquisition of capital assets for FY23 is substantially higher as compared to FY22. This will continue for FY24 and FY25 due to the expenditures related to the North NIT infrastructure optimization project.

R. Oliver reviewed the major components included in the financial transfers from the primary government line item were the contributions of the Commonwealth for North NIT optimization, channel dredging projects and Central Rail Yard. Net transfer from agencies were received from Dominion for the infrastructure improvements to Portsmouth Marine Terminal for the offshore wind staging, a Volkswagen grant, and port security grant.

R. Oliver reported that Marissa Blanco provided an update to the Finance & Audit Committee yesterday on the VPA's SWaM spend. For the first half of FY23 the actual spend is more than four times as compared to FY22. On March 30th the Port is hosting its annual SWaM Supplier Conference which is a good opportunity for businesses to learn about the Port's operational and capital needs and how they can add value.

At this time, Committee Chair. Burnett congratulated Mr. Oliver and his team on the excellent reports that were given at the Finance and Audit Committee meeting.

c. Operations and Infrastructure Committee – Committee Chair Deborah C. Waters

Commissioner Waters reported that the Operations and Infrastructure Committee met on March 13, 2023. Joe Ruddy gave the safety report and status of operations, including gate, rail, stevedore services and overall production in the current market. Rich Ceci, VIT Senior VP Technology and Projects, provided an in-depth look of the status of the Central Rail Yard (CRY) Project and North NIT optimization. Pat Kinsman, VP Offshore Wind Development, gave an update on the offshore wind project at PMT. Sigifredo Huerta, VIT Manager Offshore Wind, gave a report on the various components of the offshore wind turbines.

iii. Safety Report – Joseph P. Ruddy, VIT

J. Ruddy reported a positive trend in safety metrics and noted the current incident rate is 28 percent below Fiscal Year 2022, and noted the FY23 year-end goal benchmark is 1.8.

J. Ruddy reported that in February, OSHA requested that a couple of their compliance and safety officers be allowed to visit the port to observe how the Port conducts its annual crane inspections. Following the

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visit, Michael Rivera, Regional Administrator, sent a letter of appreciation which Mr. Ruddy read and is attached hereto.

At this time, Chair Layne emphasized the importance and focus on safety and that it is key to our overall success.

Commissioner Waters thanked the VIT Operations team and ILA partners for all they do to make sure everyone remains safe.

iv. Operations Report – Joseph P. Ruddy, VIT

J. Ruddy reported strong numbers in truck gate performance and with 90 percent under one hour and is trending well.

J. Ruddy reviewed rail performance with cargo dwell time remaining well below industry standard and is accretive to the Port's railroad partners and both are performing well.

J. Ruddy reviewed net crane productivity metrics and noted an effort to maximize crane productivity with stack capacity while working with ILA partners to maintain a high level of productivity and customer satisfaction.

Commissioner O'Callaghan reported that his sources in the trucking community are very satisfied with the gate turn-times and appreciate when there was a recent system issue, service was recovered promptly.

Commissioner O'Callaghan further noted that the Tidewater Motor Truck Association was very pleased to have Mr. Stephen Edwards speak at their monthly meeting in February.

v. Infrastructure Projects Update – Cathie J. Vick

C. Vick reported on the progress of the Central Rail Yard (CRY) expansion project. The design is 100 percent complete and construction is halfway done. There have been no contingency issues for the last six months. The cantilever rail mounted gantry cranes will arrive in July and will take three months to get them erected and tested and expect to be fully operational by January.

C. Vick reported that the construction start date for the North NIT Optimization project has shifted to July 1 (from April) and this will allow time to value engineer some of the electrical components needed for the project that have been in short supply. The design includes four or five new low-profile cranes on the first 1500 feet of the 2400 foot berth to accommodate the flight path for the Navy while still providing the capacity increases anticipated. In preparation for the new low-profile ship-to-shore cranes, the Port is removing three of the current ship-to-shore cranes on the north berth and that work will start this spring.

C. Vick reported on the Portsmouth Marine Terminal Offshore Wind hub. The project is slightly behind schedule due to some challenges removing the old piles. However, PMT will be ready to receive the first monopiles in October 2023 and have been sequencing the construction so the Port is able to turn over part of the berth in the first phase to accommodate receiving those components.

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C. Vick provided an update on the Channel Deepening and Widening Project. Design is 95 percent complete for the Atlantic Ocean Channel, second phase. The Army Corps of Engineers will award the contract for Phase 1 by the end of the month and construction will start this summer. Thimble Shoals West is 99 percent complete and will come on line this fall. Thimble Shoals East is 90 percent complete and will be finished in May. All elements are expected to be completed by December 2024.

At this time, Commissioner Waters commended Mr. Ruddy and his team for being data driven and constantly monitoring the gate, rail and operations in general to keep everything flowing and acknowledged that they do a fantastic job.

Commissioner Waters also expressed appreciation to Ms. Vick and her team and Mr. Ceci for the professionalism, knowledge and execution of these complicated construction projects and for keeping them on time and on budget.

d. Growth Committee – Committee Chair John C. Asbury

Commissioner Asbury reported that the Growth Committee met on March 13, 2023 and received presentations from staff on cargo volumes, port-centric development. Tom Capozzi, VIT Chief Marketing and Sales Officer, presented a report to the Committee on the port's year-over-year comparison of cargo volumes as well as a comparison of primary cargo volumes across the U.S. East Coast Ports market. T. Capozzi also reported to Committee on the ports sales and marketing strategies. Amanda Nelson, VIT Vice President of Growth, presented a report of announcements and opportunities within the areas of port-centric development.

iii. Sales and Volume Report – Thomas C. Capozzi, VIT

T. Capozzi reported on cargo volume for the months of December 2022 and January 2023 and while total TEUs were down, demonstrated the positive results in the areas of loaded exports and strong rail volumes. T. Capozzi noted that the Port has built a good reputation with its excellent service levels and has been able to attract discretionary cargo. T. Capozzi reported that as a result of some changes in the market place with the ocean carriers, the cargo volume through Richmond Marine Terminal and Virginia Inland Port has rebounded and are showing positive results.

T. Capozzi reviewed the US East Coast Market Comparison statistics for the fiscal year period July – December and we are slightly down by 0.7% as compared to NY/NJ, Savannah and Charleston. The most recent report through January demonstrates positive growth for Virginia of 1.5 percent.

T. Capozzi reported that market conditions are expected to remain low for the next six months and believes the Port is well positioned going forward to take advantage of the recovery.

At this time, a conversation ensued regarding the Chinese New Year which was longer this year than normal and the impacts on volumes on both the east and west coasts.

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VI. CEO/Executive Director Report – Stephen A. Edwards

S. Edwards reported there is a high focus on safety within the transportation industry given the recent events with Norfolk Southern and FAA. Safety will remain a high priority for the Port of Virginia.

S. Edwards reported that the ocean carriers had their best results for 2022; however, due to cargo volumes on the decline, are now expecting cash loss in Q1 and Q2. The Port expects to see changes in their mindset and there will be more competition around discretionary cargo.

S. Edwards noted that the Port's construction cost risks and lead times for infrastructure projects are much more significant than they were and there are shortages on certain supplies which could slow progress down. As reported at yesterday's Finance & Audit Committee, the Port anticipates that prior to the May Board meeting, the Port will make requests of the Board Chair and F&A Chair to authorize the CEO and Executive Director to enter into three contracts relative to the North NIT Optimization Project in order to keep the project moving.

S. Edwards reported the Port continues its reinvestment and expansion efforts, and the market is responding with strong interest for supply chain diversification. The Port's core focus is to keep service levels high, reinvest in the business, and expand appropriately in order to attract business to Virginia and for this, the Port is well positioned.

At this time, Chair Layne asked Mr. Edwards to address the topic of cranes manufactured in China that has recently been in the news.

Mr. Edwards reported that consistent with the majority of the port and marine terminal industry, the Port of Virginia purchases cranes which are manufactured and fabricated in China. New crane orders are subject to a detailed forensic cyber analysis which is undertaken by a federal agency. This analysis is performed prior to cranes being placed into production. Prior to clearance from the analysis, the cranes are isolated with dedicated firewalls to ensure no contact with Port networks or the internet. Within the Port of Virginia, we undertake regular cybersecurity exercises with federal agencies and the US Coast Guard.

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report.

IX. Other Business

There was no other business to report.

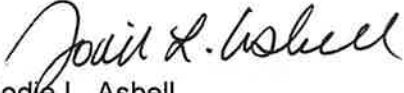
X. Adjourn

There being no further business or comments from the public, the meeting adjourned at 10:00 am.

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The next meeting of the VPA Board will be May 9, 2023.

Respectfully submitted,



Jodie L. Asbell
Assistant Secretary to the Board

U.S. Department of Labor

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February 27, 2023

Joseph P. Ruddy
Chief Operations Officer
Virginia International Terminals, LLC
601 World Trade Center
Norfolk, VA 23510

RE: OSHA Compliance Officer Observation of Quadrennial Crane Inspections

Dear Mr. Ruddy,

I would like to extend my sincere appreciation for your hospitality in allowing Compliance Safety and Health Officers (CSHOs) from the Norfolk Area Office to observe the structural inspections of the cranes at Virginia International Gateway February 22nd and 23rd, 2023. I was told that the doors you opened allowed for a significant learning opportunity not only for the CSHOs to gain a deeper understanding of the inspection process and its importance, but for OSHA to understand how a key employer and economic stabilizer in the Hampton Roads area assures safe working conditions for so many workers.

OSHA is committed to enlisting stakeholders, employers, and employees in the identification and correction of workplace hazards. I very much appreciate employers who provide values-driven leadership in safety and health and aim to create genuine conditions of well-being at work. This effort is rooted in holding safety as a core value, and I am pleased to hear that the Port of Virginia and the Norfolk Area Office can capitalize on this foundation to ensure those working in terminals and other facilities have a safe and healthy environment.

Yours in safety and health,



Michael J. Rivera
Regional Administrator

Cc: Brian Rizzo, Norfolk Area Office

