

MINUTES
Virginia Port Authority Board of Commissioners
Annual Meeting – Session 414
July 11, 2023

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held its annual meeting on July 11, 2023 in the VPA Boardroom, 600 World Trade Center, 101 W Main St, Norfolk, Virginia.

Commissioners Present:

Aubrey L. Layne
Faith B. Power, Vice Chair
Shaza L. Andersen
John C. Asbury
James C. Burnett
Michael W. Coleman
Maurice A. Jones
Edward F. O’Callaghan
Deborah C. Waters
David L. Richardson
Eva Teig Hardy

Commissioners Absent

Jason El Koubi
John W. Kirk III

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
Erika Snow, VP, Human Resources
Joe Harris, Senior Director, Communications
Jodie Asbell, Sr. Executive Administrative Assistant and Assistant Secretary to the Board
Jackie Campbell, IT Support
Johnathan Torres, IT Support
Barb Nelson, VP, Development and Transportation Policy
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, VP, Growth
Christina Harris, Director, PMO
Lisa Nelson, Executive Administrative Asst.

Guests:

Hon. Shep Miller, Secretary of Transportation
David White, Virginia Maritime Association
Charlie Westbrook, RES
Anne Bibeau, Woods Rogers Vandeventer Black
Brian Jefferies, CMA CGM
Kenny Gray, International Longshoremen’s Association
Jonathan Coley, International Longshoremen’s Association
Larry Bachtell, International Longshoremen’s Association
Steve Mobley, International Longshoremen’s Association
Kristy Choi, PFM
Joanne Carter, PFM

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I. Call to Order

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

II. Safety Briefing

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

III. Governance Committee Report – Commissioner Power

Commissioner Power reported that the Governance Committee met on Monday, July 10, 2023 to discuss slate of officers for upcoming year and recommended the following positions:

- Chair – Aubrey L. Layne
- Vice Chair – Faith B. Power
- Treasurer – Rodney W. Oliver
- Secretary – Lisa Nelson
- Assistant Secretary – Jodie L. Asbell

Action: Upon motion by Commissioner Power, seconded by Commissioner Asbury, the Board unanimously approved the slate of officers for July 1, 2023 – June 30, 2024.

Ayes: 9 (Andersen, Asbury, Burnett, Coleman, Jones, O'Callaghan, Richardson, Hardy, Waters)

Nays: 0

Abstentions: 2 (Layne, Power)

Absent During Vote: 0

Absent During Meeting: 2 (Kirk, El Koubi)

IV. Appointments to Standing Committees

Commissioner Power reported that she had confirmed with each of the current Chairs of the Standing Committees that they would continue to serve as follows:

- Finance and Audit – James Burnett
- Operations and Infrastructure – Deborah Waters
- Growth – John Asbury

At this time, Chair Layne suggested that if anyone wants to make a change to their committee appointment to contact him or Vice Chair Power.

V. Consideration of Resolution 23-10 Amending the Bylaws of the Virginia Port Authority

Commissioner Power reported that the Governance Committee met to discuss changing the current board meeting schedule from a bi-monthly to a quarterly meeting schedule, with two additional meetings dedicated to the budget and strategic planning respectively. The committee also discussed going to a consent agenda to allow for routine reports to be reviewed in advance to allow time for a deeper discussion on certain topics.

At this time, Commissioner Power asked Cathie Vick to review the proposed amendments to the Bylaws as outlined in Resolution 23-10.

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Action: Upon motion by Commissioner Power, seconded by Commissioner Water, the Board unanimously approved Resolution 23-10 Amending the Bylaws of the Virginia Port Authority.

Ayes: 11 (Layne, Power, Andersen, Asbury, Burnett, Coleman, Jones, O'Callaghan, Richardson, Hardy, Waters)

Nays: 0

Abstentions: 0

Absent During Vote: 0

Absent During Meeting: 2 (Kirk, El Koubi)

At this time, Chair Layne welcomed the opportunity for public comment.

There being no further business or comments, the meeting adjourned at 9:12 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jodie L. Asbell". The signature is fluid and cursive, with the first name "Jodie" being more prominent.

Jodie L. Asbell
Assistant Secretary to the Board

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Virginia Port Authority Board of Commissioners
Regular Public Meeting, Session 415
July 11, 2023

The Virginia Port Authority ("VPA") Board of Commissioners ("Board") held its regular meeting on July, 11 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
Eva Teig Hardy
Maurice A. Jones
Edward F. O'Callaghan
Michael W. Coleman
Deborah C. Waters
Shaza L. Andersen
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
Jodie Asbell, Sr. Executive Administrative Assistant and Assistant Secretary to the Board
Joe Harris, Senior Director, Communications
Barb Nelson, VP, Development and Transportation Policy
Erika Snow, VP Human Resources
Jackie Campbell, IT Support
Jonathan Torres, 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
Jessica Gaskins, Manager, Strategic Communications
Lisa Nelson, Executive Administrative Assistant

Guests:

Hon. Shep Miller, Secretary of Transportation
Joanne Carter, PFM
Kristy Choi, PFM
David White, Virginia Maritime Association
Brian Jeffries, CMA/CGM
Steve Mobley, International Longshoremen's Association
Jonathan Coley, International Longshoremen's Association
Larry Bachtell, International Longshoremen's Association
Charlie Westbrook, RES

Commissioners Absent:

Jason El Koubi
John W. Kirk III

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I. Call to Order

Chair Layne called the meeting to order at 9:15 am.

II. Safety Briefing

A safety briefing was conducted by Joseph P. Ruddy, Chief Operations Officer, VIT during the Annual Meeting, held just before the Regular Public Meeting. Chair Layne informed there would be no need to repeat this effort.

III. Approval of Minutes

Following a motion by Commissioner Power seconded by Commissioner Coleman, the minutes of the Board meeting held May 9, 2023 were approved unanimously.

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, July 10, 2023 where the Committee received an overview on the Virginia Port Authority's Draft Strategic Plan (DSP) from Stephen Edwards and Ashley Fisher, Vice President of Strategy, VIT. A more detailed discussion of the DSP will be continued at the upcoming September 19th meeting.

Chair Layne advised that Resolution 23-11, regarding the Executive Director's Incentive Compensation for FY2023 Results, was discussed in Executive Committee and over the next few weeks, Mr. Edwards will provide a self-evaluation for review. The Executive Committee will make a recommendation at the next Board meeting, and Resolution 23-11 will be considered at that time.

Chair Layne reported that the Investment Committee met on June 8, 2023 and received information from management and BCG Pension Risk Consultants. The Committee received initial proposals for a transfer of pension liabilities for certain VIT retirees and considered the benefits and risks of the potential Pension Risk Transfer. The Committee voted unanimously to approve moving forward with obtaining final quotes and authorized Stephen Edwards to select the winning bidder, based on best value presented, and further authorized Mr. Edwards to cause VIT officers to approve and execute the terms and deliver the contract.

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

Chair Burnett reported that the Finance and Audit Committee met yesterday afternoon and had a robust discussion on fiscal year to date financial performance. While cargo volumes are down, the port is expected to finish the year ahead of budget and cash on hand is very strong. The Committee also discussed Resolutions 23-12, 23-13, 23-14 and 23-15 and those will be presented following Mr. Oliver's report.

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Financial Results for FY23 Year to Date Ending May 31, 2023 – Rodney Oliver

R. Oliver reported on financial results ending May 31, 2023 and noted that through the first eleven months of the fiscal year, cargo volume is down 6.4 percent as compared to budget. Operating revenues are ahead of budget expectation and operating income/EBITDA is substantially ahead of budget. R. Oliver remarked that FY23 financial results are the second best year in the port's history.

R. Oliver reviewed the operating cash flow, non-capital financing, capital and related financing and investment figures.

R. Oliver noted there were fewer acquisitions of capital assets for FY21 & FY22, but those will ramp up in FY24 and FY25 due to the north NIT optimization projects.

R. Oliver reviewed the net transfers from agencies which included federal funds received for the NIT Central Rail Yard project, Harbor Maintenance Trust funds for wharf repairs, port security grants and Dominion Energy Virginia for the offshore wind project.

Consideration of Resolution 23-12 Approving VPA Small Purchase Card Policy

At this time, Commissioner Burnett reported that the Finance and Audit Committee discussed the proposed Small Purchase Card Policy and the decision was made to defer Resolution 23-12 until further information is known about the changes being implemented with the Commonwealth's credit card program.

Consideration of Resolution 23-13 Approving VPA Travel and Entertainment Reimbursement Policy

At this time, Commissioner Burnett reported that the Finance and Audit Committee unanimously recommended approval of Resolution 23-13.

ACTION: Upon motion by Mr. Burnett, seconded by Ms. Andersen, Resolution 23-13 was approved unanimously (11-0) by a vote of the Board.

Ayes: 11 (Burnett, Layne, Asbury, O'Callaghan, Power, Waters, Andersen, Richardson, Coleman, Jones, Hardy)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Kirk, El Koubi)

Absent During Meeting: 2 (Kirk, El Koubi)

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Consideration of Resolution 23-14 Authorizing SNIT Under Wharf Concrete Repairs

At this time, Commissioner Burnett reported that the Finance and Audit Committee unanimously recommended approval of Resolution 23-14.

ACTION: Upon motion by Mr. Layne, seconded by Mr. Coleman, Resolution 23-14 was approved unanimously (11-0) by a vote of the Board.

Ayes: 11 (Burnett, Layne, Asbury, O'Callaghan, Power, Waters, Andersen, Richardson, Coleman, Jones, Hardy)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Kirk, El Koubi)

Absent During Meeting: 2 (Kirk, El Koubi)

Consideration of Resolution 23-15 Authorizing PMT Berth Expansion (Dredging)

At this time, Commissioner Burnett reported that the Finance and Audit Committee unanimously recommended approval of Resolution 23-15.

ACTION: Upon motion by Mr. Layne, seconded by Mr. Coleman, Resolution 23-15 was approved unanimously (11-0) by a vote of the Board.

Ayes: 11 (Burnett, Layne, Asbury, O'Callaghan, Power, Waters, Andersen, Richardson, Coleman, Jones, Hardy)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Kirk, El Koubi)

Absent During Meeting: 2 (Kirk, El Koubi)

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

Commissioner Waters reported that the Operations and Infrastructure Committee met yesterday and discussed the status of the port's operations and expansion projects. Joe Ruddy explained the safety metrics, which are trending very well, and provided a status of operations, including gate and rail performance. Rich Ceci, VIT's Senior VP Technology and Projects, provided an update on the NIT Central Rail Yard (CRY) and North NIT Optimization projects. Cathie Vick, Chief Development and Public Affairs Officer, gave an update on the offshore wind project at PMT and the harbor deepening and widening projects. The committee also discussed port readiness in the event of a ship fire like the tragic event in New Jersey. It was determined that The Port of Virginia has a robust marine firefighting program and conducts annual training with the Coast Guard and local first responders.

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Safety and Operations Report – Joseph P. Ruddy, VIT

J. Ruddy reported that the safety metrics are trending quite well and through May the Lost Work Day (LWD) rate was at 1.33. He noted the decreased numbers year-over-year with a FY23 year-end goal of 1.8. As reported at yesterday's committee meeting, the port's year-end number is 1.5 and below the goal. The team has done a good job with their efforts to create a safety culture that allows us to report these metrics and we will continue to work to drive this number downward.

J. Ruddy reviewed the operations dashboard and reported strong numbers in truck gate performance with 94.4 percent under one hour with 73,018 truck visits. Rail performance is excellent with cargo dwell time below industry standard, and net productivity (crane moves per hour) at 32.6 and continues to trend in a positive manner.

Infrastructure Projects Update – Cathie J. Vick

C. Vick reported that the Central Rail Yard (CRY) expansion project reached a milestone with the completion of the south track in time for the cranes to arrive. The work on the south bundle is underway and will be completed by the beginning of next year. The CRY expansion is expected to be in service at the end of the first quarter.

C. Vick reported that notice to proceed has been given to Allan Myers for the North NIT Optimization project and they are mobilizing and getting ready to start construction. A groundbreaking ceremony is currently being planned to celebrate this major project that will continue to make the Port of Virginia the most modern gateway.

C. Vick reported on the Portsmouth Marine Terminal Offshore Wind project. Good progress is being made although there have been some challenges with the pile driving as previously reported. Working with port partners Dominion and Skanska, the port has quickly addressed the challenges. While the July milestone for the first area will be delayed to September, the port is confident that this will be complete and ready to receive monopiles in October. The second phase will also be slightly behind schedule and Skanska is bringing in additional resources to ensure the overall project is still on track for completion in January 2025.

C. Vick provided an update on the Channel Deepening and Widening Project. The Newport News element is complete and the dredged material is being used to build up the dikes at the Craney Island Dredged Material Management Area. The Thimble Shoals East segment is 93 percent complete and will be fully completed by August and the Thimble Shoals West segment is on target for completion by the end of the calendar year. This will provide two-way traffic in the harbor a year earlier than originally anticipated. The port appreciates the partnership and collaboration with the Army Corps of Engineers on these projects.

At this time, Commissioner Waters commended the various teams for the great job on the projects and how important these are to the future business of the port.

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d. Growth Committee – Committee Chair John C. Asbury

Commissioner Asbury reported that the Growth Committee met yesterday and received presentations from staff on cargo volumes, current freight market conditions and port centric growth.

Sales and Volume Report – Thomas C. Capozzi, VIT

T. Capozzi reported on the port's cargo volumes for the months of April and May and noted TEU's are down by 21.4 percent as a result of overall market conditions. He explained that as compared to prior year, April and May of 2022 were historically high volume months for the port and when comparing year-over-year volumes, the decline is higher than normal. The market is beginning to normalize and volumes to date for June are positive with July projections are looking good as well. He also noted vessel calls increased by 60 which is a very good indicator of the ocean carriers having a full service portfolio and not as many blank sailings as experienced during the downturn.

T. Capozzi reviewed the US East Coast Market Comparison statistics for the fiscal year period July 2022 – April 2023 and noted that the port is doing well compared to New York and Charleston. There are a lot of opportunities in the pipeline and the port's reputation with its customers is very high allowing the port to be well-positioned in the market place.

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

Mr. Edwards reported that the fiscal year end is a month away and the port's internal financial close will be complete by the end of this week. The board will receive a full report after the audit is complete and as discussed, the port is expected to finish the fiscal year ahead of budget.

Mr. Edwards referred to the pandemic surge over the prior fiscal year that has leveled out over the course of this year and is pleased to report that the port has held on to those gains. The port right sized some of the operations and delivered a very high level of service to customers. As a result, the port has also held on to significant discretionary cargo.

Mr. Edwards explained that there has been a recessionary period in the world of freight from February through June and possibly for July. There is still uncertainty about an economic recession in Q4 and Q1 and the port will need to proceed with caution.

Mr. Edwards noted that the port is operating exceptionally well.

Mr. Edwards reported that inflation continues to be a concern as it relates to the infrastructure projects. The team is working hard to keep the projects on time and on budget and is doing a good job managing this potential risk. The Central Rail Yard (CRY) is scheduled to open January and will be fully operational in April. The notice to proceed has been given for the North NIT Optimization project. The port may have some risks depending on what is underground, but the port has the right team to mitigate the risks and the knowledge to build these terminals, which is a big advantage.

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The dredging contract for the berth expansion at PMT for the Offshore Wind Staging Port project has been approved and will be complete in January 2025. The first monopiles will start moving in October and the port will begin to receive components while construction is ongoing. This will allow us to put more people to work at PMT.

Mr. Edwards explained the importance of the two-way transit of ships once the harbor deepening and widening project is complete next year. Ocean Carriers have ordered larger ships sooner than anticipated and this will give the port a big advantage.

In summary, Mr. Edwards reported that the port will have a good fiscal year and will continue to work with the Commonwealth and VEDP on additional business opportunities to expand our customer base. Port-centric commercial commitments are in the pipeline that will come on line in 2024 and 2025.

The port is operating safely and as discussed yesterday, it is important that we be prepared for emergency situations whether it be recovering from a hurricane or a shipside fire like the tragedy in New York.

At this time, Chair Layne echoed the comments of the Committee Chairs on the efforts of the team and the great operating performance. This gives the board the ability to look and plan for the future and not worry about the day-to-day operations. Chair Layne also recognized the good partnership and support that the port has with the State.

Secretary Miller added that he is very pleased with how well the port is running and the board is doing a great job.

Secretary Miller reported that the Governor announced the new Virginia Offshore Wind Supplier Development Grant program designed to incentivize smaller existing Virginia manufacturers to enter into the production of goods to support the offshore wind industry in Virginia.

Chair Layne concluded by thanking the committee chairs and others for their efforts during his first year as Chair and he is excited about where the port is headed. He noted that the port is a world class asset and we can continue to make it even better.

VII. Other Business

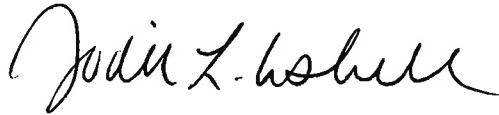
There was no other business to report.

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VIII. Adjourn

There being no further business or comments from the public, the meeting adjourned at 10:15am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jodie L. Asbell". The signature is fluid and cursive, with the first name "Jodie" being more prominent.

Jodie L. Asbell
Assistant Secretary to the Board