

MINUTES
Virginia Port Authority Board of Commissioners
Regular Public Meeting, Session 417
November 7, 2023

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held its regular meeting on November 7, 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
John W. Kirk III
Jason El Koubi (electronic participant)
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
Lisa S. Nelson, Executive Administrative Assistant and Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff Present:

Thomas D. Capozzi, Chief Sales Officer
Joseph P. Ruddy, Chief Operations Officer
Amanda Nelson, Vice President, Growth
Barb Nelson, VP, Government Affairs & Transportation Policy

Guests:

Jim Ford, CP&O
Joanne Carter, PFM
Kristi Choi - PFM
Eric Sisco, Virginia International Gateway, Inc.
Anne Bibeau, Woods Rogers Vandeventer Black
Ross Grogg, Kemper Consulting
Marianne Radcliffe, Kemper Consulting
Jeremy Bridges, Hampton Roads Shipping Association
David White, Virginia Maritime Association

In accordance with the VPA Board of Commissioners Electronic Participation Policy, Commissioner El Koubi participated by electronic connection from his office in Richmond, Virginia due to previously scheduled professional meetings in the Richmond area.

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I. Call to Order

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

II. Safety Briefing

A safety briefing was conducted by Joseph P. Ruddy, Chief Operations Officer, Virginia International Terminals (VIT).

III. Approval of Minutes

Following a motion by Commissioner Coleman seconded by Commissioner Asbury, the minutes of the Board meeting held September 19, 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. There were no public comments made.

V. Reports of Committees

A. Executive Committee – Aubrey L. Layne, Chair

The Executive Committee met at 4:14 pm on November 6, 2023. At the conclusion of committee meetings, Commissioners gathered for the Executive Committee Meeting to discuss closed matters that needed further dialog.

B. Investment Committee – Aubrey L. Layne, Chair

The Investment Committee met on Monday, November 6 2023 and received presentations from management, the Port's pension consulting advisors – BCG Pension Risk Consultants, the Port's actuary - Transamerica Retirement Solutions, and the Port's investment advisors - Compass Financial Partners.

At the meeting, the Committee considered the necessity of plan amendments to enable corrective contributions when deemed necessary. The Committee was presented with information on a possible lump sum offers to vested terminated VIT employees.

The Committee was advised by the actuary that, as of June 30, 2023, the VIT pension plan was 99% funded and the VPA pension plan was 77% funded on a GASB basis. The Committee also received a brief on the performance of the retirement plan investments through September 30, 2023. No investment management changes were recommended.

At conclusion of the meeting, the Committee unanimously voted to approve the plan amendments on corrective contributions and to proceed with offering VIT terminated vested employees lump sum offers.

C. Finance and Committee – James C. Burnett, Committee Chair

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Commissioner Burnett reported that the Finance and Audit Committee met November 6, 2023 and received presentations from PBMares on the results of the VPA and VIT audits, and from management on fiscal year 2024 financial performance to date, internal audit, and North Norfolk International Terminals (NIT) Optimization Wharf project.

With regards to the presentation from PBMares on the results of the VPA and VIT audits for fiscal year 2023, Commissioner Burnett shared that Mike Garber, Audit Partner with PBMares, reported that all audits received unmodified opinions on the Financial Statements. Additionally, no exceptions were noted in the Internal Control and Compliance reports or federal Single Audit report. Mr. Garber also expressed his appreciation for the work performed by the VPA Finance team for all their upfront prep work and diligence in preparing this year's audit.

With regards to Internal Audit, Management addressed a series of internal financial audits performed in fiscal year 2023 and outlined the plans for internal audits in fiscal year 2024.

With regards to the North NIT Wharf project, Management provided an overview of the project, outlining its key objectives and expected benefits. The construction portion of the project is presently open for bidding. Responses from prospective contractors are due at end of November. Given the timing, pursuant to 3.4.1 of the Bylaws, Management plans to ask the Chairman and the Chair of the Finance & Audit Committee to approve the contract with the winning bidder between board meetings so that the project can commence in a timely manner.

Commissioner Burnett directed Mr. Oliver to provide his presentation. R. Oliver stated that hard copies of the audit report are available for the Board Members. R. Oliver shared that volumes are down 4.5% below budget for fiscal year. Year to date highlights were discussed including cash flow charts comparing FY23 to FY24 YTD, as well as charts detailing capital and related financing comparing FY23 to FY24 YTD. An opportunity for questions was presented. No questions were asked.

D. Operations and Infrastructure Committee – Deborah C. Waters, Committee Chair

Commissioner Waters shared that the Operations and Infrastructure Committee met November 6, 2023. She directed Joe Ruddy to provide the port operations safety update. J. Ruddy advised that as of September 30, 2023, VIT had a 41.6% decrease in lost workday injuries from FY23 and 43.2% decrease from FY22. The FY23 year-end goal is 1.58.

J. Ruddy provided the Operations Report as it relates to Gate Performance, Rail Performance and Net Productivity. These results are a group effort with all involved; both port and ILA colleagues should be congratulated. Rail volume remains strong, and can be attributed to freight from the U.S. west coast that never returned due to great service provided in Virginia.

Cathie Vick reported on the Infrastructure Projects currently happening at the Port of Virginia. Progress was reported on each of the following projects; NIT Central Rail Yard (CRY), North NIT Optimization, PMT Offshore Wind Staging Port, and Channel Deepening and Widening. Each project was updated by design, construction status, and overall percentages of completion.

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Deb Waters commended the team for servicing the first off-shore wind vessel noting that the monopoles were offloaded in 6 hours when this initiative usually takes 8 hours. Great collaboration with the ILA and Sarens.

E. Growth Committee – John C. Asbury, Committee Chair

The Growth Committee on November 6, 2023 and received presentations from staff on cargo volumes, current freight market conditions and port centric growth. Amanda Nelson, Vice President of Growth for Virginia International Terminals, LLC presented a report on the Southwest Virginia Inland Port Study.

Greg Edwards, Director of Sales – Strategic Exports Accounts, and Aaron Katrancha, Director of Sales – Breakbulk/RoRo & Inland Terminals, reported on the Port’s agricultural exports and new agricultural trans-load opportunities.

Tom Capozzi, Chief Marketing and Sales Officer, presented a report on the port’s year-over-year comparison of cargo volumes as well as a market comparison of primary cargo volumes across the U.S. East Coast Ports.

Commissioner Asbury requested Tom Capozzi provide his report. T. Capozzi advised that although cargo volumes are down as compared to the prior year, the Port is performing better than most all its competitors. Volumes for the first quarter of FY24 were reported for exports, imports, rail containers, truck containers, breakbulk cargo and vessel calls. USEC Ports Market Comparison was shown. Other ports listed for comparison were NY/NJ, Savannah and Charleston. T. Capozzi also reported preliminary cargo volumes for the month of October.

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

Stephen Edwards shared that the Board will have a wharf resolution to vote on off cycle. Details of this off-cycle request was detailed.

He also commented that our internal audit had great results.

S. Edwards said that normalizing trade and ocean carriers having their numbers decreased are two current areas of concern. Also as we look ahead, Israel is not a huge piece of our business, but we are a big exporter for Israel and foreign allies. S. Edwards shared that in his opinion, clarity of the market will not be realized until March of 2024. Right now whatever is going to be bought for the holidays is already here.

S. Edwards advised that the Offshore Wind project could not have had a better start. Things went perfectly. The customer, Dominion Energy, was very pleased. All were thanked for their extreme efforts in this project.

Central Rail Yard, will be fully operational by April 2024. North NIT is also on track, but just beginning. Other current projects were also detailed.

S. Edwards stated that ships are going to get bigger, quicker and we need to make sure we are ready for these big ships.

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Chair Layne thanked that entire Port team with regard to normalizing volumes and carrying on through all of the construction and projects going on.

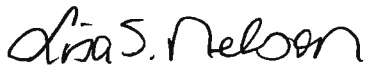
VII. Other Business

Secretary Miller was thanked for his continued support of the Port. Secretary Miller also echoed what a great job Stephen Edwards and his team were doing.

VIII. Adjournment

The meeting adjourned at 9:40 am.

Respectfully submitted,



Lisa S. Nelson
Secretary to the Board