

MINUTES
Virginia Port Authority Board of Commissioners
Budget Meeting, Session 420
June 6, 2024

The Virginia Port Authority (“VPA”) Board of Commissioners (“Board”) held Budget Meeting on June 6, 2024 in the Virginia Economic Development Partnership (VEDP) Conference Room, 901 E. Cary Street, Suite 700 Richmond, VA 23219.

Commissioners Present:

Aubrey L. Layne, Chair (electronic participant)
Faith B. Power, Vice Chair
Shaza Andersen
John Asbury
Jim Burnett
Michael W. Coleman
Jason El Koubi
Eva Teig Hardy
Maurice Jones
David Richardson
Deborah Waters

Commissioners Absent

Bill Kirk
Ed O’Callaghan

VPA Staff Present:

Stephen A. Edwards, CEO and Executive Director
Rodney W. Oliver, Chief Financial Officer
Sarah J. McCoy, General Counsel and Chief Administrative Officer
Jodie Asbell, Assistant Secretary to the Board
Kenon Thomas, Director, Financial Reporting & Budget
Nina Malone, Principal Economist
Lisa S. Nelson, Secretary to the Board

In accordance with the VPA Board of Commissioners Electronic Participation Policy, Board Chair Aubrey Layne participated by electronic connection from his office in Virginia Beach, Virginia due to previously scheduled professional meetings in the Hampton Roads region.

Open Session

Chair Layne called the meeting to order at 11:02 am and a safety briefing was given by Commissioner Jason El Koubi.

Closed Session

At 11:04 am, Chair Layne requested a motion to go into closed session. The motion was made by Commissioner Coleman as follows:

“I move that the VPA Board of Commissioners convene a closed meeting in accordance with The Virginia Freedom of Information Act, pursuant to the requirements of §2.2-3711(A)(37), and the provisions of §62.1-132.4, to discuss proprietary financial data and information relating to tonnages and cargoes furnished to the VPA in confidence by Virginia International Terminals, LLC (“VIT”) and the Hampton Roads Chassis Pool II, LLC (“HRCP II”); and pursuant to §2.2-3711(A)(6) to discuss the consideration of investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.”

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The motion was seconded by Commissioner Power and passed by a vote of the VPA Board Members as follows:

Ayes: 11 (Layne, Power, Andersen, Asbury, Burnett, Coleman, El Koubi, Hardy, Jones, Richardson, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Kirk, O'Callaghan)

Absent During Meeting: 2 (Kirk, O'Callaghan)

Certification of Closed Session

At 12:30 pm, the VPA Board of Commissioners came out of closed session and the following resolution was made by Commissioner Coleman:

"I move the following resolution,

Whereas, the VPA Board of Commissioners has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

Whereas, §2.2-3712 of the Code of Virginia requires a certification that such closed meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved, that the Committee member certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee."

The resolution was seconded by Commissioner Asbury and certified by a roll call of the VPA Board of Commissioners as follows:

Ayes: 11 (Layne, Power, Andersen, Asbury, Burnett, Coleman, El Koubi, Hardy, Jones, Richardson, Waters)

Nays: 0

Abstention: 0

Absent During Vote: 2 (Kirk, O'Callaghan)

Absent During Meeting: 2 (Kirk, O'Callaghan)

Open Session

I. **Call to Order**

Chair Layne called the open session of the Budget Meeting to order at 12:50 pm.

II. **Opportunity for Public Comment**

There were no public attendees and therefore, no comments made.

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III. Budget Presentation

Rodney Oliver provided a briefing on the Fiscal Year 2025 budget.

Budget assumptions for global items as well as terminal operations areas were discussed.

The port has experienced a significant increase in cargo activity with the offshore wind project. Rodney shared that this will have a great impact on budget assumptions.

Container volume information for the Port of Virginia was shown from FY19 through FY25.

Consolidated financial results were shared to include FY24 forecast numbers and FY25 budget figures.

Rodney stated that the Fiscal Year 2025 capital budget is the lowest capital budget that he can recall from his time at the Port. A summary of the capital budget was detailed by asset type and by funding source.

A chart was shown detailing the Port's continuing strong debt service coverage. Rodney said the Port is returning to pre-pandemic numbers, and all looks very favorable for the Port of Virginia.

Risks and considerations were discussed as they relate to: labor contract negotiations, geopolitical disruptions, climate impacts – Panama Canal capacity, steady but slower U.S. economic growth, protectionist and trade barrier risks, shift away from inventory destocking and the reshuffle of ocean carrier alliances.

The floor was opened up for questions regarding the budget presentation. Chair Layne thanked Rodney and his team for the excellent briefing.

Commissioner Burnett recommended the approval of Resolutions 24-5, approving the Virginia Port Authority's Consolidated Annual Budget for Fiscal Year ending June 30, 2025.

- **ACTION:** Upon motion by Commissioner Burnett, seconded by Commissioner Andersen, Resolution 24-5 was approved unanimously (11-0) by a vote of the Board.
- Ayes: 11 (Layne, Power, Andersen, Asbury, Burnett, Coleman, El Koubi, Hardy, Jones, Richardson, Waters)
- Nays: 0
- Abstention: 0
- Absent During Vote: 2 (Kirk, O'Callaghan)
- Absent During Meeting: 2 (Kirk, O'Callaghan)

IV. Other Business

Chair Layne shared that he had no information or confirmation on new board members being appointed or renewed.

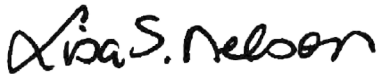
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Chair Layne stated that a meeting will be held with the Nominating Committee once board appointments from the Governor's Office are received.

V. **Adjournment**

The meeting adjourned at 1:09 pm

Respectfully submitted,



Lisa S. Nelson
Secretary to the Board

AGENDA

Virginia Port Authority (VPA) Board of Commissioners Special Budget Meeting - Session - 420

Thursday, June 6, 2024 – 11:00 a.m. – 2:00 p.m.

Meeting Location:

Virginia Economic Development Partnership (VEDP) Office, 901 E. Cary Street, Suite 700, Richmond, VA 23219

Budget Meeting Attendees

Aubrey L. Layne	Board Chair
Faith B. Power	Board Vice Chair
Shaza Andersen	Board Commissioner
John C. Asbury	Board Commissioner
James C. Burnett	Board Commissioner
Michael W. Coleman	Board Commissioner
Jason El Koubi	Board Commissioner
Eva Teig Hardy	Board Commissioner
Maurice A. Jones	Board Commissioner
John W. Kirk	Board Commissioner
Edward F. O'Callaghan	Board Commissioner
David L. Richardson	Board Commissioner
Deborah C. Waters	Board Commissioner

Presenters:

Rodney Oliver	Chief Financial Officer
Kenon Thomas	Director, Financial Reporting & Budget
Nina Malone	Principal Economist

- 1. Call to Order**
- 2. Safety Briefing** – Jason El Koubi, Board Commissioner
- 3. Closed Session**

Motion to convene a closed meeting in accordance with The Virginia Freedom of Information Act, pursuant to the requirements of §2.2-3711(A)(37), and the provisions of §62.1-132.4, to discuss proprietary financial data and information relating to tonnages and cargoes furnished to the VPA in confidence by Virginia International Terminals, LLC (“VIT”) and the Hampton Roads Chassis Pool II, LLC (“HRCP II”); and pursuant to §2.2-3711(A)(6) to discuss the consideration of investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

- 4. Open Session** – Certification of closed session
- 5. Presentation of the Fiscal Year 2025 Consolidated Budget** - Rodney Oliver, VPA Chief Financial Officer

6. Consideration of Resolution 24-5, VPA Fiscal Year 2025 Consolidated Budget – Rodney Oliver, VPA Chief Financial Officer
7. Opportunity for public comment
8. Adjourn

CLOSED SESSION LANGUAGE
VPA Board Special Budget Session
Closed Meeting – June 6, 2024

TO CONVENE CLOSED MEETING:

“I move that the VPA Board convene a closed meeting in accordance with The Virginia Freedom of Information Act, pursuant to the requirements of §2.2-3711(A)(37), and the provisions of §62.1-132.4, to discuss proprietary financial data and information relating to tonnages and cargoes furnished to the VPA in confidence by Virginia International Terminals, LLC (“VIT”) and the Hampton Roads Chassis Pool II, LLC (“HRCP II”); and pursuant to §2.2-3711(A)(6) to discuss the consideration of investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.”

[Motion] [Second needed] [Voice Vote]

CERTIFICATION AFTER CLOSED MEETING:

“I move the following resolution,

Whereas, the VPA Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

Whereas, §2.2-3712 of the Code of Virginia requires a certification that such closed meeting was conducted in conformity with Virginia law;

Now, therefore, be it resolved, that the board member certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee.”

[Motion] [Second needed] [Roll Call Vote]

Board Members:

- ___ Chair Layne
- ___ Vice Chair Power
- ___ Commissioner Andersen
- ___ Commissioner Asbury
- ___ Commissioner Burnett
- ___ Commissioner Coleman
- ___ Commissioner El Koubi
- ___ Commissioner Hardy
- ___ Commissioner Jones

- ___ Commissioner Kirk
- ___ Commissioner O'Callaghan
- ___ Commissioner Richardson
- ___ Commissioner Waters

RESOLUTION 24-5

**APPROVING VIRGINIA PORT AUTHORITY'S
CONSOLIDATED ANNUAL BUDGET FOR FISCAL YEAR
ENDING JUNE 30, 2025**

WHEREAS, the Chief Financial Officer of the Virginia Port Authority (the "Authority") has proposed the annual consolidated budget for the Authority for Fiscal Year ending June 30, 2025 and has submitted same to the Board of Commissioners (the "Board") of the Authority; and

WHEREAS, the Chief Financial Officer has also made available to the Board such other information as the Board has reasonably requested in connection with the preparation of such annual budget; and

NOW, THEREFORE, BE IT RESOLVED that, Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2025.

PASSED AND ADOPTED this 6th day of June, 2024.

Aubrey L. Layne
Chairman

Attest:

Lisa Nelson, Secretary

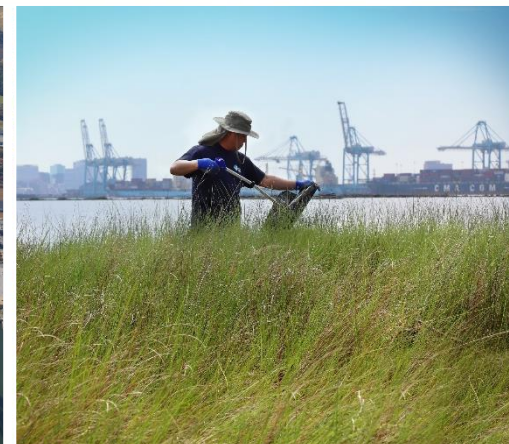
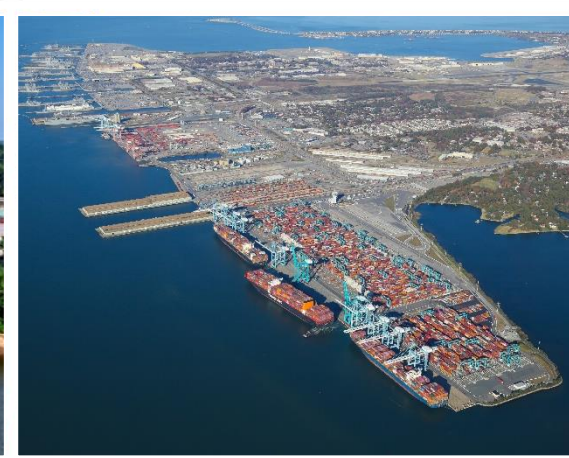


Virginia Port Authority Board of Commissioners Budget Meeting

Session 420

June 6, 2024

Open Session Presentation





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VIRGINIA®

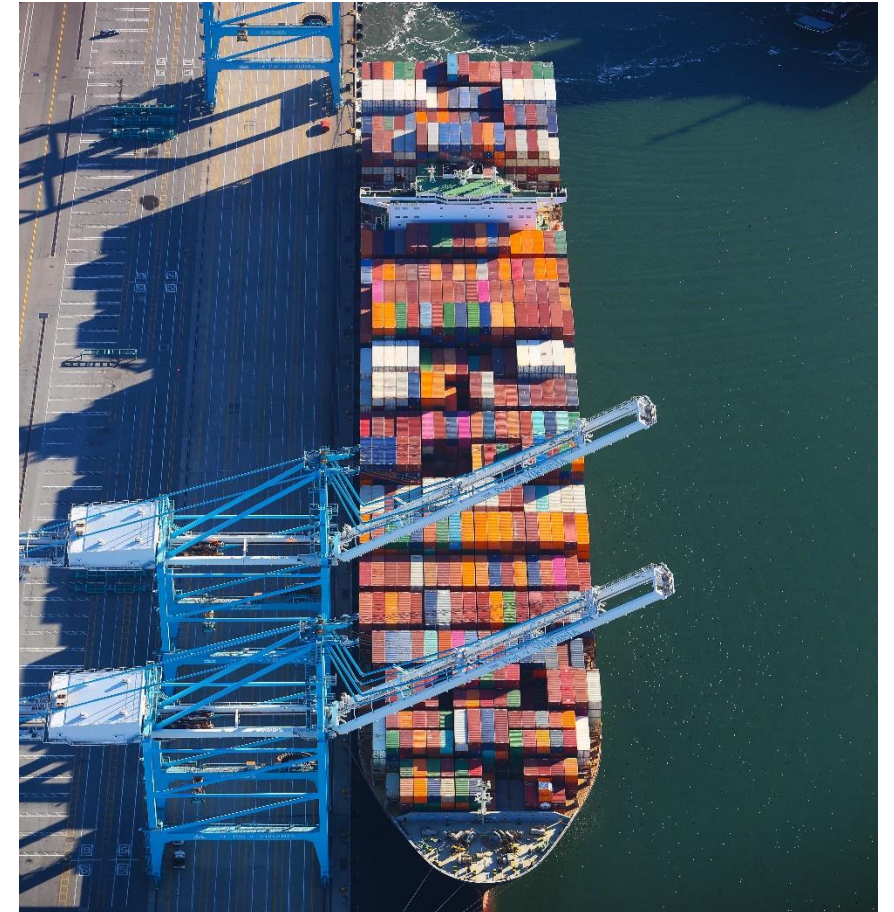
FY25 Consolidated Budget

June 6, 2024



Agenda

- Key Assumptions
- Consolidated Results
- Capital Budget
- Debt Service Coverage
- Risks and Considerations



Budget Assumptions

Global

- CPI:
 - VIG – 3.6%
 - Other – 3.0%
- Labor Rate* – TBD
- Revenue SOR – 1.5%
- Personnel Costs:
 - Merit and Promotion – 5.0%
 - Incentive Compensation – 100%
 - Vacancy – 6.0%

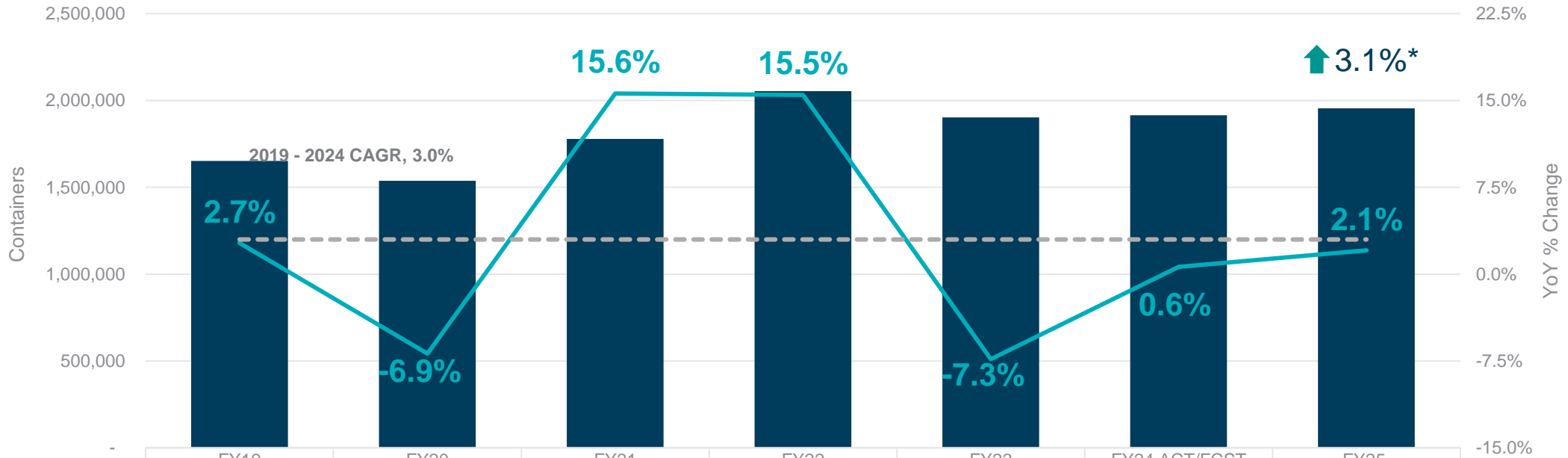
Terminal Operations

- Volume Growth = 2.1% increase from FY24 F'cast
- Shipline Contracts renewed at Avg. CUR + SOR
- LCS based on FY24 YTD average
- CVOW Operations based on delivery schedule from Dominion
- Avg. Chassis Fleet Size of 16,577 and 64% utilization

**Assumption to be revised upon conclusion of labor negotiations*

Container volume returns to growth

Port of Virginia Container Volumes
Forecast begins April 2024



	FY19	FY20	FY21	FY22	FY23	FY24 ACT/FCST	FY25
Containers	1,651,499	1,538,169	1,778,250	2,053,524	1,902,989	1,914,906	1,954,266
YoY % Change	2.7%	-6.9%	15.6%	15.5%	-7.3%	0.6%	2.1%
2019 - 2024 CAGR	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Containers YoY % Change 2019 - 2024 CAGR

*FY25 YoY increase excluding estimated Baltimore diverted cargo in FY24

Consolidated Results

	FY24		FY25 Budget		Favorable (Unfavorable)	Favorable (Unfavorable)
	Forecast				\$	%
NIT Volume	991,928	1,029,597			37,669	3.8%
VIG Volume	922,979	924,668			1,689	0.2%
Container Volume	1,914,907	1,954,265			39,358	2.1%
CVOW Component Pieces	68	524			456	670.6%
Terminal operating revenues	\$ 720,209	\$ 760,136	\$		39,927	5.5%
Other revenues	20,848	19,054			(1,794)	-8.6%
Operating revenues - Grants	1,539	2,103			564	36.6%
Total operating revenues	\$ 742,596	\$ 781,293	\$		38,697	5.2%
Terminal Operations	263,590	291,180			(27,590)	-10.5%
Terminal Maintenance	133,798	148,583			(14,785)	-11.1%
General and Administrative	58,406	62,453			(4,047)	-6.9%
Facility Rental	5,165	5,466			(301)	-5.8%
Depreciation and Amortization	198,177	204,520			(6,343)	-3.2%
Total operating expenses	\$ 659,136	\$ 712,202	\$		(53,066)	-8.1%
Operating income	\$ 83,460	\$ 69,091	\$		(14,369)	-17.2%
Change in Net Position	\$ 180,257	\$ 142,093	\$		(38,164)	-21.2%
EBITDA	\$ 281,637	\$ 273,611	\$		(8,026)	-2.8%
EBITDA Margin	37.9%	35.0%				-2.9%

Capital Budget

Summary by Asset Type	
Container Handling Equipment	\$33,446
Facility Improvements	28,636
Light Equipment & Vehicles	14,765
Information Technology	12,221
Federal Tariff on STS Cranes	40,380
TOTAL	\$129,448

Summary by Funding Source	
TR PAYGO	\$100,166
CPF PAYGO	11,262
VIT	16,020
Federal/ State Grants	2,000
TOTAL	\$129,448

Continuing Strong Debt Service Coverage

Measure (Minimum Requirement)	Average 2018-2020	Average 2021-2023	FY2024 Forecast	FY2025 Budget
Aggregate Net Revenue Coverage (1.10)	1.41	3.20	2.03	2.18
Aggregate Adjusted Net Revenue Coverage (1.25)	1.60	3.33	2.20	2.34
Net Revenue Coverage (1.00)	1.31	3.11	1.95	2.10
Fixed Obligation Coverage (1.00)	1.21	2.93	1.83	1.98

- USMX - ILA contract negotiations
- Geopolitical disruptions
- Climate impacts – Panama Canal capacity
- Steady but slower U.S. economic growth
- Protectionist and trade barrier risks
- Shift away from inventory destocking
- Ocean carrier alliances reshuffle



Virginia Port Authority Board of Commissioners

Thank You

