

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 325

Virginia Port Authority

World Trade Center

Norfolk, Virginia

July 28, 2009 – 11:00 a.m.

Pursuant to call by Chairman Milliken, the Board of Commissioners held its annual meeting this date at 11:00 a.m., in the Authority's Conference Room A, World Trade Center, Norfolk, Virginia. The following attended:

Commissioners:

John G. Milliken, Chairman

Deborah K. Stearns, Vice Chairwoman

Stephen M. Cumbie

Joe B. Fleming

Barbara J. Fried

Marvin S. Friedberg

Allen R. Jones

J. Granger Macfarlane, II

Manju Ganeriwala, State Treasurer

Absent:

Mark B. Goodwin

Michael J. Quillen

Thomas M. Wolf

Staff:

Jerry A. Bridges, Executive Director

J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs

Jeffrey A. Florin, Deputy Executive Director, Operations and COO

Russell J. Held, Deputy Executive Director, Development

Linda G. Ford, Director, Port Promotion

Elaine Smith, Director, Human Resources

Norris (Ed) Merkle, Director, Security and Emergency Operations

Gregory Edwards, Director of External Affairs

David James, Director, Contracts and Real Estate

Heather Mantz, Director, Environmental Affairs

Carla Welsh, Program Manager-Port Promotion

Joe Harris, Media/Public Relations Manager

Jake Denton, Public Relations Program Manager

Claudia Craft, Accounting Manager

Debra J. McNulty, Clerk to the Board

Jodie Asbell, Deputy Clerk to the Board

Jodie Love, Executive Secretary

VPA Board – Annual Minutes
July 28, 2009
Page 2

Senior Management Staff (absent):

Rodney W. Oliver, Deputy Executive Director and CFO

Guests:

Ralph M. Davis, Deputy Secretary of Transportation

Jeffrey R. Allen, Assistant Attorney General

Arthur W. Moye, Jr., Virginia Maritime Association

Daniel Dean, Merrill-Lynch

Kevin Larkin, Bank of America

Kevin Farley, Governor's Fellow Intern

Joseph A. Dorto, President and CEO, VIT

Richard N. Knapp, Chief Operating Officer, VIT

Regina Brayboy, Treasurer and Director of Financial Services, VIT

INTRODUCTIONS

Ms. Linda Ford introduced guests in attendance. Members of the press in attendance included Mr. Robert McCabe, with *The Virginian-Pilot*, and Mr. Peter Frost, with *The Daily Press*.

Chairman Milliken welcomed Mr. Kevin Farley, who is currently interning as a Governor's Fellow. He explained that the program allows talented people who are interested in public service to work side by side with senior government officials.

I.

ELECTION OF OFFICERS

Report of the Nominating Committee and election of officers for the year July 1, 2009 through June 30, 2010.

Nominating Committee
Stephen M. Cumbie, Chair
Joe B. Fleming
Thomas M. Wolf

Under the Bylaws (Article III, page 2) the Board elects a Chairman and a Vice Chairman and may elect from its membership or appoint from the staff a Secretary and Treasurer. The practice of the Board has been to elect its Chairman and Vice Chairman and to appoint from the staff its Treasurer, its Secretary/Clerk and its Assistant Secretary/Deputy Clerk.

Officers for the year ending **June 30, 2009** were:

Chairman	John G. Milliken
Vice Chairman	Deborah K. Stearns
Treasurer	Rodney W. Oliver
Secretary and Clerk	Debra J. McNulty
Assistant Secretary and Deputy Clerk	Jodie L. Asbell

VPA Board – Annual Minutes
July 28, 2009
Page 3

Mr. Cumbie reported that the Nominating Committee met in open session at 10:00 a.m. and unanimously approved the reappointments of Chairman Milliken, Vice Chairwoman Stearns, Mr. Oliver, Mrs. McNulty, and Mrs. Asbell.

Action: Upon motion made by Mr. Cumbie, seconded by Mr. Fleming, and adopted by affirmative vote (9-0) the Board closed the floor for nominations and elected the following officers for the year ending **June 30, 2010**:

Chairman	-	John G. Milliken
Vice Chairman	-	Deborah K. Stearns
Treasurer	-	Rodney W. Oliver
Secretary and Clerk	-	Debra J. McNulty
Assistant Secretary and Deputy Clerk	-	Jodie L. Asbell

II. APPOINTMENTS TO STANDING COMMITTEES

Chairman Milliken invited Board members to contact him to express their committee interests. The Chairman advised that he would appoint standing committee members prior to the September 22nd board meeting and that he would make every effort to satisfy the Commissioners' requests.

Committee assignments to date are as follows:

Executive Committee

John G. Milliken, Chairman
Deborah K. Stearns, Vice Chairwoman
Stephen M. Cumbie
Joe B. Fleming
Mark B. Goodwin
Ranjit K. Sen (vacant seat)

Facilities Committee

Ranjit K. Sen, Chairman (vacant)
Manju S. Ganeriwala, Vice Chair
Martin J. Barrington (vacant)
Allen R. Jones, Jr.
(Vacant seat)

Finance/Planning Committee

Mark B. Goodwin, Chairman
Stephen M. Cumbie, Vice Chairman
Martin J. Barrington (vacant)
Michael J. Quillen
Manju S. Ganeriwala, State Treasurer

VPA Board – Annual Minutes
July 28, 2009
Page 4

Marketing Committee

Stephen M. Cumbie, Chairman
(Vice Chair position unassigned and one vacant seat)
Joe B. Fleming
Allen R. Jones, Jr.
Thomas M. Wolf

Security Committee

Joe B. Fleming, Chairman
Michael J. Quillen, Vice Chairman
Mark B. Goodwin
Ranjit K. Sen (vacant)
Thomas M. Wolf

NOTE: Under the Bylaws (Article XII), the Chairman and Vice Chairman of the Board are ex-officio members of all committees of which they are not a regular member.

III.

OTHER BUSINESS

There was no other business to report.

IV.

ADJOURNMENT

There being no further business, the annual meeting adjourned at 11:10 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board

MINUTES

Board of Commissioners - Session 326

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 28, 2009

Pursuant to call by Chairman Milliken, the Board of Commissioners held its regular meeting this date at 11:10 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman
Deborah K. Stearns, Vice Chairwoman
Stephen M. Cumbie
Joe B. Fleming
Barbara J. Fried
Marvin S. Friedberg
Allen R. Jones
J. Granger Macfarlane, II
Manju Ganeriwala, State Treasurer

Absent:

Mark B. Goodwin
Michael J. Quillen
Thomas M. Wolf

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Jeffrey A. Florin, Deputy Executive Director, Operations and COO
Russell J. Held, Deputy Executive Director, Development
Linda G. Ford, Director, Port Promotion
Elaine Smith, Director, Human Resources
Norris (Ed) Merkle, Director, Security and Emergency Operations
Gregory Edwards, Director of External Affairs
David James, Director, Contracts and Real Estate
Heather Mantz, Director, Environmental Affairs
Carla Welsh, Program Manager-Port Promotion
Joe Harris, Media/Public Relations Manager
Jake Denton, Public Relations Program Manager
Claudia Craft, Accounting Manager
Andrew Engemann, VPA Police Chief
Monty Willaford, VPA Police Captain
Joseph Green, VPA Police Sergeant

VPA Board – Regular Meeting Minutes
July 28, 2009
Page 2

Staff (continued):

Debra J. McNulty, Clerk to the Board
Jodie Asbell, Deputy Clerk to the Board
Jodie Love, Executive Secretary

Senior Management Staff (absent):

Rodney W. Oliver, Deputy Executive Director and CFO

Guests:

Ralph M. Davis, Deputy Secretary of Transportation
Jeffrey R. Allen, Assistant Attorney General
Arthur W. Moye, Jr., Virginia Maritime Association
Daniel Dean, Merrill-Lynch
Kevin Larkin, Bank of America
Kevin Farley, Governor's Fellow Intern
Joseph A. Dorto, President and CEO, VIT
Richard N. Knapp, Chief Operating Officer, VIT
Regina Brayboy, Treasurer and Director of Financial Services, VIT

RESOLUTIONS OF SERVICE

Chairman Milliken presented resolutions and shadowboxes honoring the services of former VPA Commissioners Martin J. Barrington and Ranjit K. Sen.

Action: Upon motion made by Mr. Jones, seconded by Mr. Cumbie, and adopted by unanimous vote, the board approved the Resolutions of Service for former VPA Commissioners Barrington and Sen.

PRESENTATION

Mr. Art Moye provided an overview of the history and mission of the Virginia Maritime Association (VMA). The VMA has a membership of over 400 companies with over 70,000 employees in Virginia that provides information services, social and educational events, committee work, national forums, and is the industry watchdog and advocate. Mr. Moye reviewed some of the federal, state, and local activities that involve VMA and the organization's priorities.

Chairman Milliken remarked that VMA is an important strategic partner and friend of the Port and he noted that the VPA is also a member of the organization. He thanked Mr. Moye on behalf of the Board for VMA's efforts in the maritime community.

WELCOME TO NEW BOARD MEMBERS

Chairman Milliken welcomed Governor Kaine's new appointments to the VPA Board – Ms. Barbara J. Fried, Mr. Marvin S. Friedberg, and Mr. J. Granger Macfarlane. Each of the commissioners provided a brief biographical summary of their employment history.

VPA Board – Regular Meeting Minutes

July 28, 2009

Page 3

Ms. Fried is chairman emeritus of Fried Companies, Inc. and lives in Albemarle County. Ms. Fried previously practiced law and later went into the real estate development and management business.

Mr. Friedberg, who is a life-long resident of Tidewater, was a former member of the VIT Board (and past president) and he is affiliated with real estate investments and venture capital.

Mr. Macfarlane is from Roanoke and is president of Eastern Motor Inns, Inc., served on numerous boards, and was a member of the Virginia Senate (1984-1991), having served on the Transportation Committee, among others.

Biographical resumes of the new Commissioners were provided in the agenda notebooks.

I. APPROVAL OF MINUTES

Action: Upon motion made by Chairman Milliken, the minutes of the regular meeting held May 26, 2009 were unanimously approved.

II. EXECUTIVE CLOSED SESSION

At 11:35 a.m., Ms. Stearns presented a motion, seconded by Mr. Cumbie, to go into closed session in accordance with The Virginia Freedom of Information Act, §2.2-3711(A)(1), the personnel exemption, to review the following:

1. Executive Director's FY09 Accomplishments for the period July 1, 2008 through June 30, 2009.
2. Executive Director's FY2010 Compensation Plan (Goals and Objectives).

The vote was unanimous. Board members, Deputy Secretary of Transportation, Assistant Attorney General, and the Executive Director remained for the closed session.

The Board came out of closed session at 12:25 p.m. After reconvening the open session, the following resolution was read by Ms. Stearns and seconded by Mr. Jones:

Whereas, the Virginia Port Authority Board of Commissioners had 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, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Commissioners that such closed meeting was conducted in conformity with Virginia law;

Now, therefore be it resolved, that the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law 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 convening the closed meeting were heard, discussed or considered by the Board of Commissioners.

The resolution passed by a roll call vote of the VPA Board as follows:

Ayes: 9 (Milliken, Stearns, Cumbie, Fleming, Fried, Friedberg,
Ganeriwala, Jones, Macfarlane)

Nays: 0

Absent During Vote: 3 (Goodwin, Quillen, Wolf)

Absent During Meeting: 3 (Goodwin, Quillen, Wolf)

III. REPORTS OF COMMITTEES

A. Executive Committee – Chairman Milliken

1. Consideration of Resolution 09-5, approving the Executive Director's FY09 Accomplishments for the period July 1, 2008-June 30, 2009, and approving the Executive Director's Compensation Plan (Goals and Objectives) for FY10

Chairman Milliken explained that Resolution 09-5 accomplishes two things: (1) to award the performance compensation adopted under the formula established in FY09 that was approved a year ago by the Board and Governor, and (2) to adopt a set of performance goals for FY10.

The Chairman advised that Mr. Bridges' contract sets quantifiable goals for the fiscal year. The calculations for the incentive compensation are outlined in the accomplishments memorandum to the Compensation Committee. Chairman Milliken explained that Mr. Bridges' was approved for only 60 percent of his compensation from what he received in FY08 as he did not meet all of the benchmarks for FY09, due to the economy. He announced that Mr. Bridges did a remarkable job in a difficult year and that he also led the VPA successfully through reorganization.

Chairman Milliken commended Mr. Bridges and said he was very pleased with his performance. The Chairman advised that this is the last year of Mr. Bridges' Employment Agreement, which expires February 2010, and that the Board would be reviewing an extension of the Executive Director's contract and terms over the next several months.

Action: Upon motion made by Ms. Stearns, and seconded by Mr. Cumbie, the Board unanimously adopted Resolution 09-5, approving the Executive Director's FY09 incentive compensation in the amount of \$54,287, for FY09 accomplishments, and approving the Executive Director's FY10 Compensation Plan.

2. Presentation of W. Wright Harrison Award

Chairman Milliken announced that Sergeant Joseph Green was designated the recipient of the annual W. Wright Harrison Award. The Chairman spoke of Sergeant Green's accomplishments as Sergeant of Special Operations Division with the VPA Port Police. Sgt. Green came to the VPA in July 2004 as a patrol officer from his previous service as a captain with the Portsmouth Fire Department.

VPA Board – Regular Meeting Minutes
July 28, 2009
Page 5

Sergeant Green thanked the Board and remarked that he was “not a one-man band” and he attributed his accomplishments to Mr. Merkle and the VPA police captains.

3. Notification of VIT Board of Directorship expiring November 30, 2008.

Chairman Milliken announced that the term of VIT Director, G. Robert Aston, Jr., expires November 30, 2009 and that Mr. Aston is eligible for reappointment to the VIT Board. He advised that a Nominating Committee will be appointed at the September board meeting in order to recommend an appointment to the VIT Board in November. Mr. Aston represents the Portsmouth/Chesapeake seat on the VIT Board.

B. Finance/Planning Committee

Mr. Cumbie presented a revised Resolution 09-4 that had been adopted by the Board at the May meeting. He explained that the resolution corrects the description for the Port of Richmond Aid to Local Ports project that had been correctly described in the briefing paper.

Action: Upon motion made by Mr. Cumbie, and seconded by Mr. Jones, the Board unanimously re-adopted Resolution 09-4, correcting the Port of Richmond project description for Aid to Local Ports Grant Funds.

Mr. Cumbie referred to the VPA/VIT Combined Financial Reports that were contained in the agenda books. Mr. Bridges explained that Mr. Oliver was absent due to illness. There were no questions from the Board.

Chairman Milliken announced that VPA received two additional proposals yesterday under the Public-Private Transportation Act (PPTA) for partnering with VPA for a total of three proposals.

The Chairman explained the PPTA process as follows:

- The two new proposals are currently in a 30-day review process by the Secretary of Transportation to determine if they qualify under PPTA.
- An Independent Review Panel (IRP) would then be appointed by the Secretary to conduct the review of proposals with assistance by VPA support staff.
- The IRP would make recommendations to the VPA Board.
- The VPA Board would make the ultimate decision to advance one or more of the proposals from the conceptual proposal stage to a detailed proposal stage.

Chairman Milliken could not estimate a time-table for the review process but that the matter would come to the attention of the VPA Board for review in the very near future. He announced that the interest in this Port by the proposers reinforces the message that VPA is the premier port of the future on the East Coast.

C. Facilities Committee

Mr. Florin presented the Capital Outlay Program and Facilities Maintenance Overview featuring updated slides from each of the major construction projects.

VPA Board – Regular Meeting Minutes

July 28, 2009

Page 6

- NIT South Backlands Reconstruction – Recently completed Area 8 and getting ready to do Area 9 which is final piece of NIT South (Resolution 09-6 for consideration)

At this time, Mr. Florin presented Resolution 09-6 for consideration by the Board. Mr. Florin explained that the contract was awarded in September 2005 and allows negotiated amendments in order to complete NIT South. The estimated cost for Area 9 was \$7.3 million and the contractor’s proposed price was \$6.92 million.

Action: Upon motion made by Ms. Ganeriwala, duly seconded by Ms. Stearns, and adopted by unanimous vote, the Board approved Resolution 09-6, authorizing an amendment to Contract #2006-02 for the construction of an additional 9.5 acres of container yard at NIT South at a cost of \$6,920,520.00.

Mr. Florin continued with a description of the following projects:

- NIT Baker Street Building – Project completion is slated for August 15, 2009
- Commonwealth Railway Mainline Safety Relocation Project – Project approximately 90% complete and scheduled for completion before December 31, 2009.
- East Berm Construction/East side of Craney Island – Preparation of Navy fuel line relocation and will also be used as utility corridor for a Virginia Dominion Natural Gas line. Project is ahead of schedule.

D. Marketing Committee

Mr. Held reviewed fiscal year performance through June 30, as follows:

	<u>FY09</u>	<u>FY08</u>	<u>Change</u>
TEUs	1,879,355	2,144,361	-12.4%
Ship Calls	1,819	2,096	-13.2%
Break-bulk	294,881	350,405	-15.8%
Total Rail	458,727	578,019	-20.6%
VIP	48,418	67,347	-28.1%

Mr. Held presented a list of VIT/APM customers and a comparison of U.S. container volumes in first quarter 2009 vs. first quarter 2008 – total all carriers in U.S. volumes are -20.96% and total at the Port of Virginia are -20.4%. He also presented warehouse vacancy rates for East Coast port markets with Norfolk experiencing a lower vacancy rate than Baltimore, Charleston, North and Central New Jersey, and Savannah.

Mr. Held made several economic development announcements:

- Rite Aid – Starting in September, will move product through the NYK Logistics facility in Chesapeake
- TTSI: Total Transportation Services, Inc. – expanded from 32,000 SF to 77,000 SF
- U.S. Port Services – 146,000 SF acquisition of the former Montgomery Ward building

VPA Board – Regular Meeting Minutes

July 28, 2009

Page 7

- Port Logistics Group – Signed an initial lease in Cavalier Industrial Park to grow their nationwide 3PL business
- U.S. Auto Parts – Expanded from 72,000 SF to 117,000 SF in their Indian River distribution facility in Chesapeake

Mr. Held also announced that the grand opening of SAFCO, an earlier economic development announcement, is currently taking place.

Mr. Held also presented an interactive tool that is located on the VPA website under the Development/Economic Development/Interactive Warehouse Search tabs, located at: <http://www.portofvirginia.com/development/economic-development/interactive-warehouse-search.aspx>

The website can be used by potential customers who seek industrial facilities and/or land sites.

Mr. Held thanked the Virginia Economic Development Partnership (VEDP) for enabling VPA to have this tool on our website.

E. Security Committee

Mr. Merkle welcomed Captain Monty Willaford back from duty after an eight-month deployment to Guantanamo Bay in support of the military operations. Captain Willaford is also a Chief Warrant Officer in the Coast Guard Reserves. Mr. Merkle also congratulated Captain Bill Burket, Director of the Port's Maritime Incident Response Team, who was cited for a Public Service Commendation for his superior support to the Coast Guard and the maritime community.

Mr. Merkle provided a Grant Funding Status on Port Security Grants 6 and 7 that were awarded in March and August of 2007. The grants provided funding for four projects – Port Command Center, Communications Interoperability, Networked Security System, and TWIC implementation. Mr. Merkle reviewed the security enhancements to VPA's existing security sensor infrastructure. He noted that the ports of Houston, Los Angeles and Oakland are also upgrading to VPA's selected technology after having reviewed our progress during their visits.

Mr. Merkle reviewed port security costs from 1999 to 2009 that included security payroll and service costs, and VPA security costs (gross and net). He announced that most of the reductions occurred in overtime and security maintenance cost reductions. Mr. Merkle reported that, in April of this year, a comp time policy was put in place and the police have averaged over \$20,000 a month in savings.

Also, significant savings have resulted by contracting within VIT for security sensor maintenance and recapitalizing end of service life equipment within the security grants. The security surcharge, which was imposed in FY06 to recover post 911 expenditures directly contributed to federal port security mandates, resulted in over \$4.6 million collected in 2009.

IV. REPORT OF EXECUTIVE DIRECTOR

At the request of the Chairman, the Executive Director gave an update to the Board on the discussions occurring between the Port Authority and APMT which had begun in the fall of 2008 and had broadened to include discussion of a possible strategic alliance between APMT and the public ports. No action was taken and the Chairman asked that a follow-up report be included as an item on the September agenda.

Mr. Bridges welcomed the new VPA Commissioners and he also announced that Chairman Milliken and Commissioner Thomas Wolf were both reappointed by Governor Kaine to serve an additional five-year term until June 30, 2014.

Mr. Keever reported on the Governor's visit to NIT on July 22nd where he observed the Port's green initiatives and environmental programs, that included the diesel retrofit program for fuel-efficient trucks, open space initiatives and wetlands habitat plans for the Eastward expansion of Craney Island and the hybrid low-emissions locomotive – the "Green Goat".

Governor Kaine announced a \$1 million grant that was awarded to VPA from the President's stimulus funds for the "Green Operator" program (GO) for the voluntary retrofit truck program. Several representatives from the trucking industry were present for the Governor's announcement. Mr. Keever recognized the efforts of Ms. Heather Mantz, the Port Authority's Director of Environmental Affairs.

V. UNFINISHED BUSINESS

There was no unfinished business.

VI. NEW BUSINESS

There was no new business.

VII. ADJOURNMENT

There being no further business and no public comments, the open meeting adjourned at 1:10 p.m.

The next meeting of the Board of Commissioners is scheduled to be held in the Front Royal area (Warren County) near the Virginia Inland Port, on Tuesday, September 22, 2009. Further information is forthcoming.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board