

MINUTES

Virginia Port Authority Board of Commissioners - Session 327

Meeting Location:

Virginia Inland Port
7865 Winchester Road
Front Royal, Virginia
September 22, 2009

Pursuant to call by Chairman Milliken, the Board of Commissioners held its regular meeting this date at 10:00 a.m., at the Virginia Inland Port in Front Royal, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman
Deborah K. Stearns, Vice Chairwoman
Stephen M. Cumbie
Marvin S. Friedberg
Mark B. Goodwin
J. Granger Macfarlane, II
Michael J. Quillen
Thomas M. Wolf

Absent:

Joe B. Fleming
Barbara J. Fried
Allen R. Jones
Manju Ganeriwala, State Treasurer

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Rodney Oliver, Deputy Executive Director and CFO
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
Carla Welsh, Program Manager-Port Promotion
Joe Harris, Media/Public Relations Manager
Jake Denton, Public Relations Program Manager
Debra J. McNulty, Clerk to the Board
Jodie Asbell, Deputy Clerk to the Board

Guests:

Jeffrey R. Allen, Assistant Attorney General
John Ryan, Vandeventer Black LLP (VIT Counsel)
JoAnne Carter, Public Financial Management, Inc.
Dan Shroeder, Public Financial Management, Inc.

Guests (continued):

Bill Ralph, R. K. Johns & Associates

John Saylor, Halcrow, Inc.

Joseph A. Dorto, President and CEO, VIT

Richard N. Knapp, Chief Operating Officer, VIT

Regina Brayboy, Treasurer and Director of Financial Services, VIT

Joseph P. Ruddy, Director, Operations and Labor, 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*.

I. APPROVAL OF MINUTES

Action: Upon motion made by Chairman Milliken, the minutes of the regular meeting, held July 28, 2009, were unanimously approved.

II. REPORTS OF COMMITTEES

A. Executive Committee – Chairman Milliken

1. Report from Investment and Administrative Committee

Chairman Milliken reported that the Investment and Administrative Committee met in open session earlier and reviewed the performance of the VPA Employer Funded Defined Benefit/Pension Plan and the VPA 457 and 401(a) Defined Contribution Plans through June 30, 2009. The Chairman explained that there were two actions taken by the Investment and Administrative Committee. One action involved changing the assumption for actuarial purposes for the anticipated level of investment return from the standard 8% to 7.5%. He advised that the change would incur some costs to VPA in the short-term but that it was a prudent decision. Chairman Milliken announced that the Committee also approved an amendment to the VPA pension plan that would correct an aspect of the plan involving the death benefit that was overlooked during the reorganization involving VPA employees who became VIT employees.

2. Standing Committee Assignments

Chairman Milliken referred to the list of new Standing Committee Assignments that was contained in the Board agenda materials. The Chairman announced that, after speaking with members of the Board, committee assignments were made and emailed to Board members prior to the meeting.

3. Appointment of Nominating Committee for consideration of an appointment/reappointment to the VIT Board of Directors

The Chairman announced that the term of a VIT Director, Mr. G. Robert Aston, Jr., expires November 30, 2009, and he selected the following Board members to serve on a Nominating Committee:

Mr. Marvin Friedberg, Chair
Mr. Joe Fleming
Ms. Deborah Stearns

The Nominating Committee will present their selection for appointment to the VIT Board of Directors at the November 24th meeting of the VPA.

4. Status report on PPTA (Public-Private Transportation Act) process

Chairman Milliken announced that there are no new developments in the PPTA process involving the three proposals that were submitted to VPA. He advised that the next step in the process would be the selection of an Independent Review Panel (IRP) by the Secretary of Transportation. The Chairman explained that the IRP would serve as an advisory body to the VPA Board. He reported that the Secretary is currently considering candidates for the panel.

5. **Executive Closed Session**

At 10:20 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)(3), to discuss a potential lease between APMT and VPA. The vote was unanimous.

Chairman Milliken explained that the closed session would be a business information briefing and there would be no action taken by the Board. Staff and guests were excused with the exception of VPA/VIT senior management, the Assistant Attorney General, and Mr. Bill Ralph of R.K. Johns & Associates.

The Board came out of closed session at 11:50 a.m. After reconvening the open session, the following resolution was read by Ms. Stearns and seconded by Mr. Goodwin:

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: 8 (Milliken, Stearns, Cumbie, Friedberg, Goodwin, Macfarlane, Quillen, Wolf)

Nays: 0

Absent During Vote: 4 (Fleming, Fried, Jones, Ganeriwala)

Absent During Meeting: 4 (Fleming, Fried, Jones, Ganeriwala)

B. Finance/Planning Committee – Mr. Goodwin, Committee Chair

Mr. Oliver referred to the VPA/VIT Combined Financial Reports for the month ended July 31, 2009, that were contained in the agenda books. He reported the following highlights:

- Operating revenues were 4.1% under budget and 20.6% behind prior year
- Operating expenses were \$1.0 million under budget and \$2.7 million behind the prior year.
- Terminal maintenance expenses were \$1.3 million below budget and \$1.2 million below prior year due to cost containment measures implemented over the last several months plus the implementation of a shift-work schedule to reduce overtime expenses.
- General and administrative expenses were also held below budget and lower than prior year.
- Interest income was under budget and below prior year primarily due to lower rates and lower construction fund and debt service reserve balances on hand.
- Commonwealth Port Fund (CPF) allocation was 11.0% below budget and 16.8% over prior year. The budgeted number includes the downwardly revised CPF estimate provided by VDOT in August 2009.

Mr. Oliver presented a prioritized list of terminal projects and funding priorities. He advised that capital outlay funding had been decreased due to the economic crisis.

C. Facilities Committee – Mr. Quillen, Committee Chair

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

- NIT South Backlands – Completing the final phase - Area 9. Project is two years ahead of schedule and is scheduled for completion by end of June 2010.
- NIT Baker Street Building – Relocating remaining tenants at Warehouse 4 which is scheduled for demolition to make way for Central Rail Yard Phase 2 – In final phase of securing \$18 million in federal stimulus funds to begin Phase 2
- NIT North Gate Relocation – Part of a VDOT project that involves relocation of gate to Railroad Avenue to accommodate Greenbrier grade separation work to realign rail on Hampton Boulevard. Project scheduled for completion in December 2009
- Commonwealth Railway Mainline Safety Relocation Project – Involved retiring 14 at-grade rail crossings in Portsmouth and Chesapeake to relocate Commonwealth Railway Line to Route 164/I-664 median rail corridor. Project is currently 93% complete and is scheduled for completion by December 31, 2009. Working with Federal Highway and VDOT to get an additional \$9 million to begin Phase 2.
- East Berm Construction at Craney Island – Preparation for fuel line relocation. Completion is slated for mid-October 2009.
- Craney Island Eastward Expansion – 65% design submitted July 2009. An international Blue Ribbon Panel was assigned to oversee the design process due to the complexities of the project.

D. Marketing Committee – Mr. Cumbie, Committee Chair

Mr. Held reviewed compared calendar and fiscal year performance through August, as follows:

	<u>CY09</u>	<u>CY08</u>	<u>Change</u>	<u>FY09</u>	<u>FY08</u>	<u>Change</u>
TEUs	1,125,228	1,392,161	-19.2%	293,176	356,187	-17.7%
Ship Calls	1,156	1,292	-10.5%	304	326	-6.7%
Break-bulk	158,804	227,235	-30.1%	34,109	54,537	-37.5%
Total Rail	273,206	328,491	-16.8%	73,354	92,288	-20.5%
VIP	28,316	40,943	-30.8%	7,916	8,467	-6.5%

Mr. Held reviewed ocean carrier financial losses that resulted in a combined loss of \$4 billion in the first half of 2009 – an average of \$260 per TEU.

Mr. Held presented an overview of the Virginia Inland Port and explained that VIP is an on-site rail service by Norfolk Southern with five-day-a-week rail service between VIP and the marine terminals in Hampton Roads. Mr. Held announced that 27 companies have located near the VIP with an investment of over \$620 million and over 6 million square-feet of buildings that employ over 7,000.

Mr. Held announced two new recent developments for the Front Royal region – Solaris and Canusa Hershman Recycling Company. He also reviewed several sites and spaces that are available: Meritage Fund, LLC, Johnson Development, First Industrial, Opus East, BPG Properties, Ltd., Interchange Port Services, and a Memorandum of Understanding with ProLogis for high-volume cross-dock business.

Mr. Held announced that the 61st Virginia Conference on World Trade will be held October 14 and 15, 2009 in Chantilly, Virginia. For conference details, visit: www.vacwt.org

E. Security Committee – Mr. Fleming, Committee Chair

Mr. Florin presented the security report for Mr. Ed Merkle. He reviewed the grant funding status for Port Security Grants 6 and 7 and the associated costs and expenditures to-date. Mr. Florin reported that the 2006 grant projects focused on enhancements to VPA’s existing security control infrastructure. He continued with a description of the work that went into the Port Command Center and the State-Wide Area Radio System (STARS).

Mr. Florin reviewed the security grant projects that are currently in the application phase. He advised that the Department of Homeland Security has been very slow in releasing grant project funds. VPA hopes to hear something within the next four months.

IV. REPORT OF EXECUTIVE DIRECTOR

Mr. Bridges announced that he chaired the South Hampton Roads American Heart Association’s HeartWalk which was held on Sunday, September 13th. He reported that VPA staff and 12 industry leaders that made up an Executive Leadership Team, raised \$575,000. Mr. Bridges announced that this would not have been possible without assistance from his executive assistant, Ms. Jodie Asbell. He praised Ms. Asbell for all of the work that she put into the project. Ms. Stearns remarked that she had chaired a HeartWalk several years ago and she congratulated Mr. Bridges on his efforts.

Mr. Bridges announced that VPA received ISO-9001 (Version 8) Certification, which is an upgrade from the ISO certification received in 2007. He said this speaks to the dedication of VPA staff and their attention to customers’ needs.

Mr. Bridges commended Ms. Mary Reilly, who serves as the Authority's ISO Quality Assurance Manager in addition to her duties as Accounts Payable and Contract Analyst.

V. UNFINISHED BUSINESS

Mr. Allen reviewed the mandatory requirements relating to Conflicts of Interest orientation training and he referred the members of the Board to the instructions that were contained in the agenda materials. Mr. Allen explained that, previously, the training was available on the Attorney General's website for viewing and certification but that it must now be viewed through an interactive internet website through the OAG Knowledge Center.

COI training is explained at: http://www.vaag.com/LEGAL_LEGIS/COI/

Mr. Allen explained that new board members must go through the COI training within two months of their appointment and he suggested that the commissioners call him if they need help accessing the site. He also explained that there is a certificate that is produced at the end of the training session and that board members need to re-certify every two years.

VI. NEW BUSINESS

There was no new business.

VII. ADJOURNMENT

There being no further business and no public comments, the open meeting adjourned at 12:25 p.m.

The next meeting of the Board of Commissioners is scheduled to be held in the Authority's Conference Room, 600 World Trade Center, Norfolk, on Tuesday, November 24, 2009, at 11:00 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board