

***MINUTES***  
**Special Meeting of the**  
**Virginia Port Authority (VPA) Board of Commissioners**  
**Thursday, June 24, 2010**

Commissioners:

John G. Milliken, Chairman  
Deborah K. Stearns, Vice Chairwoman  
Stephen M. Cumbie  
Joe B. Fleming  
Marvin S. Friedberg  
Mark B. Goodwin  
Allen R. Jones  
J. Granger Macfarlane, II  
Thomas M. Wolf

Absent:

Barbara J. Fried  
Michael J. Quillen  
Manju Ganeriwala, State Treasurer

Staff:

Jerry A. Bridges, Executive Director  
J. J. Keever, Senior Deputy Executive Director, External Affairs  
Rodney Oliver, Deputy Executive Director and CFO  
Jeffrey Florin, Deputy Executive Director, Operations and COO  
Russell J. Held, Deputy Executive Director, Development  
Linda G. Ford, Director, Port Promotion  
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

Guests:

Jeffrey R. Allen, Assistant Attorney General  
Tracy L. Clemons, Sr., Public Finance Manager, State Treasurer's Office  
Vance Bennett, CSX Intermodal (Jacksonville)  
Joseph P. Ruddy, Chief Operating Officer, VIT  
Robert Nestor, Internal Auditor, VIT  
Mark Marling, Williams Mullen  
William Harrison, Jr., Williams Mullen  
Bill Ralph, R. K. Johns & Associates, Inc.

Pursuant to call by Chairman Milliken, the Virginia Port Authority Board of Commissioners convened a special open session on this date at 10:15 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk.

Chairman Milliken announced that today was a “momentous day” for The Port of Virginia. He explained that the closed session would provide Board members another opportunity to ask questions concerning the VPA/APMT lease transaction before voting in open session.

At the request of Chairman Milliken, Ms. Stearns moved that the Board of Commissioners convene a closed meeting to review negotiations between APMT and VPA, in accordance with the Virginia Freedom of Information Act, §2.2-3711(A)(3),...”Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body”. The motion was seconded by Mr. Cumbie.

After reconvening the open session at 11:15 a.m., the following resolution was read by Ms. Stearns:

*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 of Commissioners 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 Board as follows:

Mr. Milliken	Aye	Mr. Goodwin	Aye
Ms. Stearns	Aye	Mr. Jones	Aye
Mr. Cumbie	Aye	Mr. Macfarlane	Aye
Mr. Fleming	Aye	Mr. Wolf	Aye
Mr. Friedberg	Aye		

Absent during meeting/vote: Ms. Fried, Ms. Ganeriwala, Mr. Quillen

Mr. Bridges announced that, after almost 18 months, negotiations between VPA and APM Terminals have concluded. He noted that the lease agreement and transaction documents that are contained in the notebooks that were sent to Board members and certain state officials also appear on VPA’s website for public viewing.

Mr. Bridges presented the APM Terminals Virginia Transaction Briefing and reviewed the following:

**AERIAL PHOTO:**

- An aerial map of the harbor outlining locations of the Hampton Roads Marine Terminals - NNMT, NIT, APM Terminals, PMT, and the future Craney Island Marine Terminal (CIMT)
- Photo of APMTVA Portsmouth – Opened in September 2007 as the most efficient operating terminal in the U.S.
- Represents about 230 acres and capacity for 825,000 containers and at full build-out will represent 1.5 million containers

- Aerial photo of Portsmouth Marine Terminal – Maersk vacated the leased area in December 2007

#### TRANSACTION SUMMARY:

- 20-year operating lease
- APMTVA to assign its existing ship line contracts to VIT – Maersk Line and Evergreen
- VIT to be solely responsible for operations, maintenance, sales, and marketing of the terminal
- VIT assumes APMTVA ILA contracts and acquires right to APMTVA’s intellectual property
- VPA to close PMT as container facility and move volume to APM
- PMT will be reutilized as bulk or break-bulk facility

#### COMPENSATION TO APMTVA:

- Base rent of \$37 million escalating to \$44 million in FY2014 and thereafter
- Volume rent of \$35 per container from 500,001-650,000
- \$26 per container over 650,000
- Additional option rent of \$3 million per year for right to fully develop the terminal
- If APMTVA refuses development, any option rent will be credited against future volume rent
- All rent subject to Consumer Price Index (all-urban consumers) beginning in FY2012

#### CONCLUSION OF LEASE TERM:

- Certain terminal assets originally transferred to VPA are transferred back to APMTVA
- Fair market value analysis completed to determine which party to be compensated
- VPA to be reimbursed for the net book value of the completed APM terminal build-out (if any)
- Customers and cargo at APM facility subject to competition
- Cargo at VPA-owned facilities protected

#### BENEFITS FROM TRANSACTION:

- Assumption of APMTVA’s existing business during the lease term (valued at approximately \$25 million per year)
- Reduced container handling costs at APM
- Provides optimal use of and growth plans for all facilities in Hampton Roads
- Expansion of remaining APM facility can be accomplished quickly and cost effectively
- Greater terminal capacity and utilization throughout coordinated development
- Permits delay in development of Craney Island
- Immediate access to both Norfolk Southern and CSX railroads
- Cost and capacity advantages not available at other East Coast ports
- Enhances the value of any future PPTA transactions

Mr. Bridges announced that the transaction is a tremendous marketing opportunity for The Port of Virginia and for the Commonwealth. He remarked that this deal is a “grand slam home run” for all parties involved.

Mr. Bridges acknowledged key individuals who worked on the transaction – Rodney Oliver, Joe Ruddy, Robert Nestor, and Joe Dorto who was currently traveling in order to get business for PMT. He also thanked Assistant Attorney General, Jeff Allen, and the staff of Williams Mullen law firm – Bill Harrison, Marc Marling, and Tom Franz, who were also assisted by the staff of Vandeventer Black LLP, VIT’s corporate attorney.

Mr. Bridges said this is one of the biggest transactions in the history of the Port that will put the Port of Virginia in a very competitive position. He advised that the transaction was financially sound and that VPA's bonds would also be protected.

Chairman Milliken remarked that the VPA Board had spent considerable time analyzing the lease transaction and he asked if there were any remaining questions. There were no further questions from Board members.

The Chairman remarked that "today the Port Authority takes a major step toward our goal to becoming the preeminent port on the East Coast". He mentioned our deep-water access, efficient port operations, as well as being served by two Class 1 railroads that will be able to handle double-stack rail service to the Midwest in the near future. Chairman Milliken also noted that the Port anticipates increased growth with the expansion of the Panama Canal combined with an economic recovery.

Chairman Milliken thanked Mr. Bridges for his efforts on the negotiations.

**Action:** Upon motion by Ms. Stearns, seconded by Mr. Cumbie, the VPA Board approved Resolution 10-9, authorizing the Virginia Port Authority's long-term lease of the marine terminal owned by APM Terminals Virginia, Inc.

At this time, Pastor Fleming reminisced about the interview that the Board conducted with Mr. Bridges during the Executive Director search in 2006. He explained how one of the senior board members at the time felt that Mr. Bridges did not know enough about Craney Island during his interview. Pastor Fleming remarked that the APMT lease transaction was a "golden treasure" that is "bigger than Craney Island". He thanked Mr. Bridges and asked the Board to pray for his leadership.

There being no further discussion, the VPA Board of Commissioners adjourned at 11:40 a.m.

Respectfully Submitted,

Debra J. McNulty  
Clerk to the Board