

MINUTES
JOINT MEETING OF THE
Virginia Port Authority Board of Commissioners
and
Virginia International Terminals (VIT) Board of Directors
World Trade Center – VPA Conference Room
March 15, 2011 – 11:00 a.m.

The following were in attendance:

VPA Board of Commissioners

John G. Milliken, Chairman
Deborah K. Stearns, Vice Chairwoman
Stephen M. Cumbie
Joe B. Fleming
Barbara J. Fried
Mark B. Goodwin
Allen R. Jones, Jr.
J. Granger Macfarlane
Michael J. Quillen
Manju S. Ganeriwala (State Treasurer)

VIT Board of Directors

G. Robert Aston, Jr., Chairman
Charlotte P. Herndon, Vice Chairwoman
Wilson M. Goode, Board Secretary
Franklin P. (Lin) Earley
William M. Grace
John M. Ryan (Corporate Counsel)
Bryant McGann (Corporate Counsel)

VPA Board Members Absent:

Marvin S. Friedberg
Thomas M. Wolf

VIT Board Members Absent:

Thaddeus B. Holloman, Sr.

Staff:

Jerry A. Bridges, Executive Director
J. J. Keever, Senior Deputy Executive Director, External Affairs
Rodney W. Oliver, Deputy Executive Director and CFO
Jeffrey L. Florin, Deputy Executive Director, Operations and COO
Russell J. Held, Deputy Executive Director of Development
Linda G. Ford, Director of Port Promotion
Carla Welsh, Public Relations Program Manager
Debra J. McNulty, Clerk

Guests:

Jeffrey A. Allen, Assistant Attorney General
Joseph A. Dorto, President and CEO, VIT
Joseph Ruddy, Executive Vice President and Chief Operating Officer, VIT
Regina Brayboy, Vice President, Administration and Financial Services, VIT
Thomas Capozzi, Vice President, Global Sales and Customer Service, VIT
Ed McCarthy, Director, Operations and Labor, VIT
Kevin Cotter, Assistant Director, Engineering and Maintenance, VIT
Robert Nestor, Manager, Pricing and Strategic Planning, VIT

Pursuant to call by Chairman Milliken, the VPA Board of Commissioners and VIT Board of Directors convened an open session on this date at 11:30 a.m., in the Virginia Port Authority's Conference Room, 600 World Trade Center, Norfolk, Virginia.

After everyone made their introductions, Chairman Milliken explained that the purpose of the joint board meeting was to discuss the annual budget process and he turned the meeting over to Mr. Rodney Oliver who presented the following:

1. Review of consolidated financial results for the combined entity VPA and VIT, to-date and 2012 Budget Appropriations.

Mr. Oliver presented the combined financials for VPA and VIT for the eight-month period ended February 28, 2011. He reported that operating expenses are ahead of budget by \$2.2 million and that volumes are 5.9% over last year and 2.5% ahead of budget. Operating expenses are about \$8 million over budget due to several factors - weather in December/January, increase in volume over and above what was budgeted, and the APMT transition.

Mr. Oliver reported that maintenance expenses are well within budget and he noted that the APMT facility is proving to be very efficient and low maintenance. Administration expenses are about \$3.6 million below budget and depreciation levels are on track. Non-operating income/expenses are 5% over budget due to the bond issue in May 2010 which included the estimation for debt issuance costs and interest rate.

Mr. Oliver reported that Commonwealth Port Fund Revenues (4.2% allocation from the Transportation Trust Fund) are down about \$600,000, however, revenues over the last couple of months are showing signs of improvement. He reported that VPA/VIT is about a half-million ahead of budget on a net income basis.

At this time, Mr. Oliver provided an overview of each of the goals and objectives of the VPA that are updated on the Authority's dashboard which currently reflects 66% completion of all goals.

Mr. Oliver reviewed the VPA's 2012 Budget and the appropriations that are expected to be approved by the Governor and General Assembly. He advised that VPA is in the process of budgeting for VIT's FY2012 budget and he noted that the Special Fund consists of terminals revenues and security surcharges. He reported that the Commonwealth Port Fund revenues for 2012 are forecast to increase by 6.21%.

Mr. Oliver reviewed the Budgeted Operating Expenditures for 2012 that will be authorized by the Appropriations Act once it is signed into law. Mr. Oliver explained that an additional requested appropriation in the line items for National & International Trade, Port Traffic Rate Management, and Port Facilities Planning includes an appropriation to cover \$1 million of an almost \$3 million deficit in VPA's Defined Benefit Pension Plan. Mr. Oliver reported that the budget for General Management & Direction was increased by 39.1% which reflects an appropriation for the rent payments to APMT.

Mr. Oliver explained that VPA had to submit the 2012 budget to the Governor's office in October and had to estimate volumes, anticipating full utilization of APMT, however that was before the crane accident (that occurred on February 14th).

Mr. Oliver reported that the 2012 budget for Debt Service for Port Facilities was increased by \$27.1 million to include an appropriation for up to \$125 million in Commonwealth Port Fund Revenue Bonds next year. He advised that the bond issue will be brought before the Board at the next meeting scheduled for May 24, 2011.

Mr. Oliver explained that the 2012 budget for Security Services includes security at the APMT facility and funding for the increase in VPA's contributions to the Defined Benefit Pension Plan.

Mr. Oliver announced that he would present additional information regarding VIT's 2012 budget planning in closed session.

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At 11:40 a.m., upon motion read by Vice Chairwoman Stearns, seconded by Mr. Cumbie, the VPA Board of Commissioners and VIT Board of Directors convened a closed meeting under the Virginia Freedom of Information Act §2.2-3711(A)(38) pursuant to the provisions of Virginia Code §62.1-132.4, review of information and data furnished to the Authority in confidence, including but not limited to ship tally sheets, ship manifests, information relating to tonnages and cargoes, information, and annual budgets furnished to it by any entity, including but not limited to any entity operating a terminal on behalf of the Virginia Port Authority. The vote was unanimous.

The Board came out of closed session at 1:35 p.m. Guests and staff returned to the meeting.

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:	10	(Milliken, Stearns, Cumbie, Fleming, Fried, Ganeriwala, Goodwin, Jones, Macfarlane, Quillen)
Nays:	0	
Absent During Vote:	2	(Friedberg, Wolf)
Absent During Meeting:	2	(Friedberg, Wolf)

There being no further comments the meeting adjourned at 1:38 p.m.

Respectfully Submitted,

Debra J. McNulty
Clerk to the Board