

Virginia Port Authority Board of Commissioners
Finance/Planning Committee Meeting
September 27, 2011

Open Session Minutes

Committee Members Present:

Scott R. Bergeron, Chair
Juliann J. Clemente, Vice Chair
Manju S. Ganeriwala
John N. Pullen
Ting Xu

Commissioners Present:

Michael J. Quillen, VPA Chair
William H. Fralin, Jr.
Frank E. Laughon, Jr.
Robert M. Stanton

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Rodney Oliver, Deputy Executive Director and CFO
Jeffrey Florin, Deputy Executive Director, Operations and COO
Carla Welsh, Program Manager-Port Promotion
Debra J. McNulty, Clerk to the Board

Guests:

David Tyeryar, Deputy Secretary of Transportation and CFO
Jeffrey R. Allen, Assistant Attorney General
Joseph A. Dorto, President and CEO, VIT
Regina P. Brayboy, Vice President, Administration and Financial Services, VIT
Robert Nestor, Manager, Pricing and Strategic Planning

Pursuant to call by the Committee Chair, Mr. Scott Bergeron, the Finance/Planning Committee convened an open session on this date at 10:10 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia, and discussed the following item in open session:

1. Review of VPA FY2012 Appropriation Requests – Mr. Oliver, Commissioner Scott Bergeron, Commissioner William Fralin

Mr. Oliver reported that VPA is currently in the planning stages of the Commonwealth's biennium period. He explained how budget requests are submitted in the first year for the two-year period with adjustments typically submitted by the second year. Mr. Oliver explained the state budget process as well as VPA's detailed budgeting process. He noted that this is the first time the Board has reviewed VPA's initial budget submissions because the Board is presented with the budget for their approval at the May meeting.

Mr. Bergeron advised that the Finance/Planning Committee should be involved in the budget process and should work together with the Secretary's office and VPA staff.

Mr. Oliver presented a prioritized list of eleven (11) budget requests that were sent to the Secretary's office for review prior to submission to the Department of Planning and Budget (DPB) and he explained the rationale for each item and associated budget costs.

1. Update existing debt service requirements
2. APM Rent Increase
3. Port of Richmond
4. Chassis equipment leases
5. \$105.5M Port Facilities (Terminal) Revenue Bond Issue in 2014
6. \$37M in container handling equipment under Master Equipment Lease Program (MELP)
7. Transfer Environmental to Environmental & Planning Service Area (net impact)
8. VPA health insurance rate increases
9. Increase Advertising Appropriation
10. Language change – Entertainment Commonly Borne by Businesses
11. Green Operator Truck Replacement Tax Credit Incentive

With regard to item #5, Mr. Tyeryar emphasized that the Secretary's office does not want agencies to incur any new debt with the Commonwealth's name on it. Mr. Oliver advised that this item as well as the costs associated with the chassis pool operation and APMT would be discussed further in closed session. He reported that the VPA Master Plan includes a planned expansion for APMT II in 2014 to be completed in 2017. Mr. Oliver mentioned that APMT II would be needed in time to handle the 35% volume increase that is forecast in the Master Plan.

Mr. Oliver reported that the environmental budget item is to accommodate the initiatives that VPA has planned over the next couple of years.

Health insurance rates have increased every year with no additional appropriations in the last two years. He reported that VPA had bid out all of its health insurances in the spring of this year and that the current increase for 2012 is forecast at 8.3%, which VPA is absorbing. He advised that VPA is requesting additional appropriation be approved for further rate increases anticipated for 2013-2014.

Mr. Oliver mentioned that additional initiatives that are planned by VPA are what drives the increase in revenue and affects the bottom line. He noted that the advertising budget is just one mechanism to get to that goal. He reported that VPA's advertising budget had not increased since 2004.

Mr. Oliver advised that item #9 was one of the items not approved by the Secretary and did not move forward to DPB. Mr. Bergeron asked for additional bullet points on the increase in advertising. Mr. Bridges advised that the new Greensboro service will require an advertising campaign to attract specific customers to use the Heartland Corridor for mid-West cargo by way of The Port of Virginia.

Mr. Tyeryar advised that Item #9 would be reconsidered by the Secretary's office. He mentioned that Mr. Fralin had some concerns as to whether or not VPA's advertising budget was sufficient for the new marketing/strategic plan programs. Ms. Clemente asked Mr. Oliver to provide a better explanation as to how the advertising funds would be utilized.

Mr. Oliver reported that VPA has a unique budget item for entertainment expenses that other state agencies do not have which allows for alcohol, golf, cigars, for marketing events and meetings. He advised that item #10 is for a language change that removes the existing appropriation to allow VPA more flexibility. Mr. Oliver reported that item #10 also did not move forward.

(Mr. Fralin arrived at this time.)

Mr. Oliver explained that the final item is a trucker tax incentive for the Green Port Program that also includes Federal matching funds for truckers who are interested in upgrading their vehicles to newer, more environmentally-efficient engines.

Mr. Oliver advised that the budget requests sets the upper level of the VPA to submit a budget in May and a request to spend terminal revenues. Mr. Oliver said he would provide further documentation to justify two of the items for the Secretary's approval.

At 10:30 a.m., Ms. Clemente presented a motion, seconded by Ms. Ganeriwala, for the Finance/Planning Committee to convene a closed meeting to discuss financial matters related to a VDOT transportation project, in accordance with §2.2-3711(6).

The Board came out of closed session at 11:05 a.m. After reconvening the open session, the following resolution was read by Ms. Clemente and seconded by Ms. Ganeriwala:

Whereas, the VPA Board's Finance/Planning Committee 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 Finance/Planning Committee that such closed meeting was conducted in conformity with Virginia law;

Now, therefore be it resolved, that the Committee 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 Finance/Planning Committee.

The resolution passed by a roll call vote of the Finance/Planning Committee members as follows:

Ayes: 5 (Bergeron, Clemente, Ganeriwala, Pullen, Xu)

Nays: 0

Absent During Vote: 0

Absent During Meeting: 0

At 11:10 a.m., Ms. Clemente presented a motion, seconded by Ms. Ganeriwala, for the Finance/Planning Committee to convene a closed meeting to discuss possible business' or industry's interest in locating or expanding its facilities in the community pursuant to §2.2-3711(A)(5), and to discuss proprietary budget information gathered by or for the VPA pursuant to §2.2-3711(A)(38) and §62.1-132.4.

The Board came out of closed session at 11:45 a.m. After reconvening the open session, the resolution certifying the executive closed session was read by Ms. Clemente and seconded by Mr. Bergeron with full vote by the Finance/Planning Committee.

At 11:46 a.m., Mr. Bergeron presented a motion, seconded by Ms. Clemente, for the Finance/Planning Committee to convene a closed meeting to discuss terminal business developments in accordance with §2.2-3711(A)(5) and proprietary budget information gathered by or for the VPA pursuant to §2.2-3711(A)(38) and §62.1-132.4.

The Board came out of closed session at 11:50 a.m. After reconvening the open session, the resolution certifying the executive closed session was read by Ms. Clemente and seconded by Mr. Bergeron with full vote by the Finance/Planning Committee.

At 11:51 a.m., Ms. Clemente presented a motion, seconded by Ms. Ganeriwala, for the Finance/Planning Committee to convene a closed meeting to discuss VPA personnel matters in accordance with §2.2-3711(A)(1).

Ms. Evelyn Traub, Troutman Sanders LLP; and Mr. Michael Schooley, AON Consulting arrived for this portion of the closed session.

The Board came out of closed session at 12:26 p.m. After reconvening the open session, the resolution certifying the executive closed session was read by Ms. Clemente and seconded by Mr. Bergeron with full vote by the Finance/Planning Committee.

There were no public comments and the meeting adjourned at 12:27 p.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board