

MINUTES

Board of Commissioners - Session 351

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
May 28, 2013 – 10:00 A.M.

The Virginia Port Authority (VPA) Board of Commissioners convened its regularly-scheduled meeting on this date at 10:00 a.m., in the Authority's Boardroom, 600 World Trade Center, Norfolk, Virginia. Vice Chairman, Jeffrey D. Wassmer, called the meeting to order and announced that Chairman Fralin would be late as his taxi was in a traffic accident on I64 on its way from the airport. He mentioned that Mr. Bergeron had stopped to offer assistance and he would be late as well.

The following attended:

Commissioners:

The Hon. William H. Fralin, Jr., Chairman
Jeffrey D. Wassmer, Vice Chairman
Scott R. Bergeron
James M. Boyd
Juliann J. Clemente
Craig P. Coy
Frank E. Laughon, Jr.
Robert M. Stanton
Manju S. Ganeriwala, State Treasurer

Commissioners Absent:

Jennifer D. Aument
John N. Pullen
Ting Xu

Staff:

Rodney W. Oliver, Interim Executive Director
J. J. (Jeff) Kever, Senior Deputy Executive Director, External Affairs
Russell Held, Deputy Executive Director, Development
Jeffrey Florin, Deputy Executive Director and COO
Linda G. Ford, Director, Port Promotion
David James, Director, Contracts and Real Estate
Heather Wood, Director, Environmental Affairs
Elizabeth Saxby, Director, Human Resources
Gregory Edwards, Director of External Affairs
Wendy King, Director of Finance
Nina Malone, Director, Business Analysis & Strategy
Bill Burket, Director, Maritime Incident Response Team
Carla Welsh, Manager, Creative Services
Joe Harris, Media/Public Relations Manager
Debra J. McNulty, Clerk to the Board

VIT Staff:

Joseph P. Ruddy, President and CEO, VIT
Thomas Capozzi, Vice President, Global Sales and Customer Service, VIT
Regina P. Brayboy, Vice President, Administration and Financial Services, VIT
Shawn Tibbetts, Vice President of Operations and Maintenance
Robert Nestor, Manager, Pricing and Strategic Planning, VIT

Guests:

David Tyeryar, Deputy Secretary of Transportation
Jeffrey R. Allen, Office of the Attorney General
Norman A. Thomas, Office of the Attorney General
James R. Noel, III, Office of the Attorney General
Tracey Smith, Virginia Joint Legislative Audit and Review Commission (JLARC)
Sandra Wright, JLARC
JoAnne Carter, PFM Group (VPA Financial Advisor)
William Harrison, Williams Mullen (VPA Bond Counsel)
Ira Smelkinson, Morgan Stanley
Evelyn Traub, Troutman Sanders, LLP
James Eskridge, Mayor, Town of Tangier
William "Smitty" Dize, Town of Cape Charles, Harbor Master
Robert McCabe, *The Virginian-Pilot*
Michael Shapiro, *The Daily Press*

INTRODUCTIONS

Ms. Ford introduced guests in attendance and announced that Mr. Robert McCabe, with *The Virginian-Pilot* was the only member of the press present. (Michael Shapiro, with *The Daily Press* arrived later.)

PRESENTATION

Vice Chairman Wassmer introduced the guest speaker, Mr. Aubrey L. Layne, Jr., Chairman of the Chesapeake Bay Bridge and Tunnel Commission and member of the Commonwealth Transportation Board, Hampton Roads District. The Vice Chairman explained that he had met with Mr. Layne last month and asked him to brief the Board on transportation projects that affect the Port.

Mr. Layne mentioned that, with the help of Mr. Keever and Mr. Florin, numerous presentations have been made to the Commonwealth Transportation Board that made an impact on attracting resources to Hampton Roads. Mr. Layne explained how projects are prioritized within VDOT's Six-Year Plan and mentioned that 30% of the projects are within Hampton Roads. Mr. Layne said the Governor's landmark transportation bill should bring significant funding to Hampton Roads.

Mr. Layne described each of the following transportation projects that are outstanding for Hampton Roads:

- Peninsula Widening – From I664 (Peninsula) to I64 (Hampton Roads)
- Southside Widening – From I-64/I-464 to I-64/I-264/I-664 at Bowers Hill
- Corridor Improvements – From Bowers Hill to I-295 (Prince George County)
- Third Crossing – From Peninsula to Southside
- Patriots Crossing – From I-564 Intermodal Connector to I-664 and VA-164
- Hampton Roads Bridge-Tunnel (HRBT)
- Downtown Tunnel/Midtown Tunnel/MLK Extension

Mr. Layne advised that the Transportation Planning Organization (TPO) is currently studying priorities for the Patriots/Third Crossing versus HRBT expansion. Mr. Layne also mentioned the lawsuit that was in the news recently regarding tolls and said, depending on the outcome, it could impact other projects across the Commonwealth.

Chairman Fralin and Mr. Bergeron arrived at this time. There were no questions from the Board after Mr. Layne's presentation.

I. APPROVAL OF MINUTES

Action: Upon motion made by Chairman Fralin, the minutes of the meetings held March 26 and May 9, 2013, were unanimously approved, as circulated.

CLOSED SESSION

At 10:30 a.m., upon motion by Ms. Clemente, duly seconded by Mr. Coy, the Board voted to convene a closed session in accordance with the Virginia Freedom of Information Act (FOIA), Code §2.2-3711(A)(1), for the discussion of personnel matters, that included a discussion on the Executive Director search, and pursuant to The Virginia Freedom of Information Act, §2.2-3711(A)(1), §2.2-3711(A)(38), and the provisions of §62.1-132.4, relating to the Port's restructuring plans.

OPEN SESSION

At 12:00 p.m., upon motion by Ms. Clemente, seconded by Mr. Wassmer, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:
Ayes: 9 (Bergeron, Boyd, Clemente, Coy, Fralin, Ganeriwala, Laughon, Stanton, Wassmer)
Nays: 0
Absent During Vote: 3 (Aument, Pullen, Xu)
Absent During Meeting: 3 (Aument, Pullen, Xu)

Chairman Fralin presented Resolution 13-7, authorizing corporate restructuring of the Virginia Port Authority (VPA) and Virginia International Terminals, Inc. (VIT), for adoption at this time.

Action: Upon motion made by Ms. Ganeriwala, seconded by Mr. Bergeron, the Board unanimously adopted Resolution 13-7, authorizing corporate restructuring of VPA and VIT.

Action: Upon motion made by Chairman Fralin, seconded by Ms. Ganeriwala, the Board unanimously approved the formation of a Search Committee, consisting of Vice Chairman Jeff Wassmer and Commissioners Scott Bergeron, John Pullen, and Robert Stanton, and charged the Committee to proceed forward with the executive recruitment firm, Boyden Global Executive Search, to determine the proper contents for the announcement of the position of Executive Director of the Virginia Port Authority, to interview candidates for the position, and to periodically report their recommendation to the full Board and, at which time a final candidate is selected, to seek confirmation by the Board.

Chairman Fralin announced that the Search Committee's first meeting had been scheduled for Friday, May 31st at 10:00 a.m., at Luck Stone, 515 Stone Mill Drive, Manakin-Sabot, and that the proper FOIA meeting notice requirements had been met.

CLOSED SESSION

At 12:05 p.m., upon motion by Ms. Clemente, duly seconded by Mr. Stanton, the Board voted to convene a closed session in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(38), §2.2-3705.6(1) and pursuant to the provisions of Code §62.1-132.4, to review the 2040 VPA Master Plan Executive Summary. (Working lunch)

OPEN SESSION

At 12:40 p.m., upon motion by Ms. Clemente, seconded by Mr. Coy, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 9 (Bergeron, Boyd, Clemente, Coy, Fralin, Ganeriwala, Laughon, Stanton, Wassmer)

Nays: 0

Absent During Vote: 3 (Aument, Pullen, Xu)

Absent During Meeting: 3 (Aument, Pullen, Xu)

CLOSED SESSION

Upon motion by Ms. Clemente, duly seconded by Ms. Ganeriwala, the Board voted to convene a closed session in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(38), §2.2-3705.6(1), and pursuant to the provisions of Code §62.1-132.4, to discuss proprietary commercial information with VIT on rail and gate improvements.

OPEN SESSION

At 1:15 p.m., upon motion by Ms. Clemente, seconded by Ms. Ganeriwala, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 9 (Bergeron, Boyd, Clemente, Coy, Fralin, Ganeriwala, Laughon, Stanton, Wassmer)

Nays: 0

Absent During Vote: 3 (Aument, Pullen, Xu)

Absent During Meeting: 3 (Aument, Pullen, Xu)

CLOSED SESSION

Upon motion by Ms. Clemente, duly seconded by Ms. Ganeriwala, the Board voted to convene a closed session in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(6), to hear a status report on The Port of Virginia's Congressional Efforts and Legislative Strategy.

OPEN SESSION

At 1:37 p.m., upon motion by Ms. Clemente, seconded by Mr. Bergeron, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:
Ayes: 8 (Bergeron, Clemente, Coy, Fralin, Ganeriwala, Laughon, Stanton, Wassmer)
Nays: 0
Absent During Vote: 4 (Aument, Boyd, Pullen, Xu)
Absent During Meeting: 3 (Aument, Pullen, Xu)

CLOSED SESSION

Chairman Fralin announced at this time that the Board needed to go back into closed session to continue a discussion relating to the restructuring. Upon motion by Ms. Clemente, seconded by Mr. Bergeron, the Board voted to convene a closed session in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(1), for the discussion of personnel matters, that included a discussion on the Executive Director search, and pursuant to The Virginia Freedom of Information Act, §2.2-3711(A)(1), §2.2-3711(A)(38), and the provisions of §62.1-132.4, relating to the Port's restructuring plans.

OPEN SESSION

At 2:27 p.m., upon motion by Ms. Clemente, seconded by Mr. Wassmer, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:
Ayes: 9 (Bergeron, Boyd, Clemente, Coy, Fralin, Ganeriwala, Laughon, Stanton, Wassmer)
Nays: 0
Absent During Vote: 3 (Aument, Pullen, Xu)
Absent During Meeting: 3 (Aument, Pullen, Xu)

II. REPORTS OF COMMITTEES

A. Executive Committee – Mr. William H. Fralin, Jr., VPA Chairman

1. Consideration of Resolution 13-8, approving an Immediate Retirement Incentive Window Plan for Eligible VPA Employees

Action: Upon motion made by Ms. Clemente, seconded by Ms. Ganeriwala, the Board unanimously adopted Resolution 13-8, approving an Immediate Retirement Incentive Window Plan for Eligible VPA Employees.

Chairman Fralin announced the appointment of an ad hoc **Government Affairs Committee**, based on the closed session legislative discussion held earlier, with members consisting of **Ms. Aument, Ms. Clemente, Mr. Coy, and Mr. Laughon.**

The Chairman also appointed a **Nominating Committee** to recommend candidates for several **VIT Director appointments** that are open, with members consisting of **Mr. Laughon, Mr. Stanton, and Vice Chairman Wassmer.**

B. Finance/Planning Committee – Mr. Scott R. Bergeron, Committee Chair

1. VPA/VIT Combined Financial Reports

Ms. Wendy King provided an update of the financial results for the ten-month fiscal year period, ended April 30, 2013, as follows:

- Operating revenues were \$277 million, slightly more than \$10 million above budget, which was driven by increased volumes over budgeted volumes by 6.3% (or \$15 million). This increase was partially offset by higher than anticipated incentives and delayed increases to the container rates. Rate increases went into effect in April/May.
- Operating expenses came in at \$126 million which was \$16 million over budget. Approximately \$5 million of this was due to volume increases with the remainder due to growth in rail activity and labor rate increases as compared to budget. Rail containers were up 16.4% this April compared to last April.
- Maintenance expenses of \$46.6 million remain slightly below budget despite increased costs due to volume. This is an area that VPA/VIT will continue to monitor over the next several months.
- General and administrative expenses remain \$1.2 million under budget despite one-time budget expenses incurred this fiscal year.
- Facility rent continues to run under budget and this is due to lower than anticipated CPI increases.
- Depreciation expense is in line with budget.
- Non-operating income and expense is \$2.2 million over budget primarily due to timing and grant receipts/revenue.
- Capital transfers of \$32.7 million are primarily comprised of the Commonwealth Port Fund (CPF) transfers, year-to-date, which are \$1.6 million over budget.
- Net Assets = \$4.6 million, which is \$3.7 million lower than budget primarily driven by the increases in operating expenses.

2. Consideration of Resolution 13-9, approving the VIT FY14 Budget for the year beginning July 1, 2013 and ending June 30, 2014.

Mr. Bergeron presented Resolution 13-9, approval of the FY14 VIT Budget, for consideration by the Board. He reported that the FY14 budgets had been discussed in previous meetings of the Board (Finance/Planning Committee-March 25th and special full Board meeting-May 9th). Mr. Bergeron commended the VPA and VIT staff for their work over the last couple of months and for providing a budget that was “much closer to the Board’s expectations”. He remarked that the VIT budget is a “work-in-progress”, considering the restructuring plans, and that there is still a lot of work to be done. Mr. Bergeron explained that VPA and VIT would need to continue working together on capital expenditures, specifically the Capital Equipment Maintenance Account (CEMA).

Action: Upon motion made by Mr. Bergeron, seconded by Ms. Ganeriwala, the Board unanimously adopted Resolution 13-9, approving the VIT FY14 Budget for the year beginning July 1, 2013 and ending June 30, 2014.

3. Consideration of Resolution 13-10, approving the VPA FY14 Budget for the year beginning July 1, 2013 and ending June 30, 2014.

Mr. Oliver reported that the FY14 VPA Budget was also presented in previous meetings and he opened the floor for comments or questions by the Board.

Mr. Bergeron reported that the Finance/Planning Committee had provided some additional comments on the budget which he had passed on to Mr. Oliver. There were no further questions from the Board.

Action: Upon motion made by Mr. Bergeron, seconded by Ms. Clemente, the Board unanimously adopted Resolution 13-10, approving the VPA FY14 Budget for the year beginning July 1, 2013 and ending June 30, 2014.

4. Consideration of Resolution 13-11, supplementing Resolution 97-5, as previously amended and supplemented, authorizing the issuance of the Virginia Port Authority's Port Facilities Revenue Refunding Bonds, Series 2013, and related matters.

Ms. JoAnne Carter presented a market update from the information that was provided to the Finance/Planning Committee on March 25th and reviewed financing options for the Port Facilities Revenue Refunding Bonds, Series 2013 issue. Ms. Carter reviewed the 10-year history of tax-exempt interest rates for the revenue bond index; taxable interest rates for U.S. Treasury yields; and compared 10-year taxable and tax-exempt interest rate volatility.

Ms. Carter reported that interest rates are now lower in the current market place versus when VPA borrowed funds in 2003 and 2006 which has created an opportunity to refinance. She explained that VPA had completed several taxable refinancings over the last year because U.S. Treasury yields had been more attractive and, in some cases, lower than a tax-exempt rate. Ms. Carter advised that PFM Group continues to monitor the level of tax-exempt and taxable rates in order to be prepared to refinance VPA's debt either on a tax-exempt or taxable basis. She explained volatility of interest rates as indicated on slide #4. Ms. Carter explained that PFM also monitors the weekly municipal bond market very closely.

Ms. Carter announced that the bonds VPA is proposing to sell are the Port Facilities Revenue Bonds which are secured by the net revenues generated from terminal operations. As of the last review by the rating agencies, the ratings on the bonds were AA3 from Moody's and A+ from Standard & Poor's. Ms. Carter explained that Moody's has had a negative outlook on these bonds since May 2009, reflecting the general conditions in the economy with concerns about debt service coverage and also liquidity. She explained that Moody's is expected to revise their outlook at next month's review but that if the bonds were downgraded, she said there would be no extra costs anticipated since the Authority has a "split" rating, with a double-A from Moody's and single-A from S&P.

Ms. Carter reviewed current debt service payments and projected debt service that reflected significant savings for VPA. She reported that VPA is looking at a \$123 million tax-exempt transaction that would refinance all of the callable bonds that are outstanding and were issued in 2003 and 2006 for a net present value (NPV) savings of 6.9%. She said that percentage is well above the threshold of 3% for pursuing a refinancing.

Ms. Carter reported that the transaction would result in \$9.2 million NPV. FY2014 cash flow savings are forecasted around \$2.1 million and \$1.7 million thereafter with a weighted average cost of funds around 4.19%.

Ms. Carter announced that Mr. Ira Smelkinson with Morgan Stanley, the Senior Managing Underwriter. She presented a list of the underwriting team.

Ms. Carter reviewed the preliminary schedule as follows:

Preliminary Schedule	
Consideration by VPA Board:	May 2013
Rating Meetings:	June 10 th & June 17 th
Ratings Expected:	Late June/ Early July
Preliminary Official Statement (POS) distributed:	Early July
Negotiated Pricing:	Mid-July 2013
Settlement:	Late July 2013

Ms. Carter also reviewed opportunities to evaluate savings in the Authority’s Master Equipment Leasing Program (MELP) financings that would produce about \$30 million in equipment lease savings. She advised that the MELP refinancings involve direct negotiation with current lenders and that VPA is looking at a savings of 4% or \$1.2 million, with FY14 cash flow savings of \$164,000.

Ms. Ganeriwala asked Ms. Carter about the possibility of Moody’s lifting their negative outlook. Ms. Carter explained that she felt positive that Moody’s would revise their outlook after the rating agency visit in June, when they receive additional information that was not available in 2009.

Action: Upon motion made by Mr. Bergeron, seconded by Ms. Clemente, the Board unanimously adopted Resolution 13-11, supplementing Resolution 97-5, as previously amended and supplemented, authorizing the issuance of the Virginia Port Authority’s Port Facilities Revenue Refunding Bonds, Series 2013.

5. Consideration of Resolution 13-12, Authorizing the Amendment of the Master Equipment Leasing Program (MELP) Pursuant to Master Equipment Lease Agreements Dated November 14, 2003 (Refunding).

Mr. Oliver referred to the slide presented by Ms. Carter that showed projected savings from the proposed MELP refunding transactions. He presented Resolution 13-12 and Resolution 13-13, and explained that they would authorize the Authority to enter into the transactions that would take place on July 1, 2013. Chairman Fralin asked for a motion at this time.

Action: Upon motion made by Ms. Clemente, seconded by Mr. Bergeron, the Board unanimously adopted Resolution 13-12, authorizing the Amendment of the Master Equipment Leasing Program (MELP) Pursuant to Master Equipment Lease Agreements Dated November 14, 2003.

6. Consideration of Resolution 13-13, Authorizing the Amendment of the Master Equipment Leasing Program (MELP) Pursuant to Master Equipment Lease Agreements Dated May 25, 2007 (Refunding).

Action: Upon motion made by Mr. Coy, seconded by Ms. Ganeriwala, the Board unanimously adopted Resolution 13-13, authorizing the Amendment of the Master Equipment Leasing Program (MELP) Pursuant to Master Equipment Lease Agreements Dated May 25, 2007.

7. Consideration of Resolution 13-14, awarding Aid to Local Ports Grants.

Mr. Keever recognized guests in attendance from the Town of Cape Charles and Town of Tangier Island who were in attendance. He referred to the background paper in the agenda materials that described the process by which Aid to Local Ports Grant requests are approved. Mr. Keever explained that initial meetings are held with members of the General Assembly in early February of each year. A list of each of the localities and their FY14 grant requests, which totaled \$1,724,675, was presented and a total of \$1 million was recommended, as follows:

Accomac County-	\$ 52,325
Accomack Northampton Transportation District Commission (ANTDC)	\$144,750
Town of Cape Charles	\$ 75,000
City of Norfolk	\$450,000
Northampton County	\$ 40,000
Town of Saxis	\$100,000
Town of Tangier	\$ 57,925
Wachapreague	\$ 80,000

Mr. Keever briefly described each of the localities' projects.

Action: Upon motion made by Ms. Clemente, seconded by Ms. Ganeriwala, the Board unanimously adopted Resolution 13-14, authorizing Aid to Local Ports Funding (FY14) totaling \$1,000,000 to the County of Accomack, the Accomack Northampton Transportation District Commission (ANTDC), the Town of Cape Charles, the City of Norfolk, Northampton County, the Town of Saxis, the Town of Tangier, and the Town of Wachapreague.

C. Facilities Committee – Mr. Frank E. Laughon, Jr., Committee Chair

1. Consideration of Resolution 13-15, approval of the VPA 2040 Master Plan Executive Summary

Mr. Oliver referred to the VPA 2040 Master Plan Executive Summary that was provided in the agenda materials and he reported that the Master Plan had been discussed in several meetings of the Board. He advised that the Master Plan would be made public and in conjunction with the final Consulting Engineer's Report and bond documents. Chairman Fralin mentioned that the Board had reviewed the Master Plan in closed session held earlier. There were no questions from the Board.

Action: Upon motion made by Ms. Clemente, seconded by Mr. Laughon, the Board unanimously adopted Resolution 13-15, approving the VPA 2040 Master Plan Executive Summary.

2. Status report on current construction projects

Mr. Florin provided a brief update on the following projects:

- NIT Gate Improvements
- NIT Outbound Corridor
- NIT OCR Portals
- NIT Truck Canopy
- PMT Rail Upgrades
- APMT Trench Drain Repairs
- APMT Reefer Plugs
- Craney Island Eastward Expansion

D. Marketing/Business Development Committee – Mr. Bergeron, Committee Vice Chair

Mr. Held presented Fiscal Year-to-Date results for the ten-month period, as follows:

	<u>FY 2013</u>	<u>FY 2012</u>	<u>%Change</u>
Total TEUs	1,798,204	1,621,835	+10.9
Export TEUs	960,427	874,659	+9.8
Import TEUs	837,777	747,176	+12.1
B/B Tonnage	290,262	306,873	-5.4
Vehicles	30,594	32,730	-6.5
Total Rail Containers	338,495	285,886	+18.4
VIP Containers	27,698	28,765	-3.7
Total Barge Containers	45,788	36,977	+23.8
Ship Calls	1,613	1,580	+2.1

Mr. Held reported that break-bulk tonnage is down due to a decrease in vehicles and, while the Virginia Inland Port (VIP) container numbers are down, he mentioned that two projects are in the works. Mr. Held reported that rail and barge business continues to grow.

Mr. Held presented Container Units-Actual vs. Budgeted for the FY13 fiscal year ended April 30, and compared Virginia to other competitors along the East Coast for FY13 ending March 31, showing The Port of Virginia in the lead.

Mr. Held announced the following vessel services:

- **Virginia Sets deep draft record with MSC Chicago** - The Port of Virginia set a mark that no other port on the U.S. East Coast can equal: it loaded a containership so heavy that it required 49 feet of water to sail. Virginia is the last stop on the service and the 50-foot channel depth allows the Port to load heavy and maximize the economy of scale of a Suez Class vessel. The Port of Virginia holds the prior East Coast depth record of 48.5 feet with the MSC Roma. Both ships were fully loaded.

- **Zim Adds Virginia to Port Rotation** - Revised rotation of ZCP service. First call June 15 by Zim Mediterranean. The new rotation will be Savannah, Virginia, NY, Halifax, Kingston, LA, Oakland, Vostochny, Ningbo, Shanghai, Pusan, Balboa, Kingston, and Savannah. ZCP service is currently operated by 10 vessels with capacity ranging from 4,800 TEUs to 5,000 TEUs.

Mr. Held presented the following Economic Development announcements and described each project:

- Hollister Incorporated – Manufacturing expansion in Augusta County
- Sabra Dipping Company – Manufacturing expansion in Chesterfield County
- ArtFx – Expansion at Virginia Regional Commerce Park in Suffolk
- Lumber Liquidators – Expanding operations to Northgate Commerce Park in Suffolk
- High Liner Foods – Expansion and upgrade of Newport News facility
- Cosentino - One of the world’s largest quartz and granite countertop producers, will locate in Hampton

Mr. Held concluded with a video produced by the Journal of Commerce that was filmed at The Port of Virginia. The film featured Virginia as the fastest growing port on the East Coast and second fastest growing port in the country due to capital improvements, plans for Craney Island, deep-water channels, and dual rail access.

Mr. Oliver reported that the Zim announcement is significant business for the Port and VPA and Zim are hosting a reception on June 11th, 6:00 p.m., at the Town Point Club. The Governor, Secretary, and Board members will be receiving invites to the event.

F. Security/Safety Committee – Mr. Robert M. Stanton, Committee Chair

Mr. Burket announced that Chief Brewer would present the Security Report at the next board meeting. He presented an update on Lost Work Days (LWD) for the calendar year-to-date and reported that VPA/VIT had four LWDs in March and one in April. He commended VIT’s safety team for their efforts. Mr. Burket announced that two safety barbeques were held last week and were well attended by employees, port partners, and tenants. Mr. Burket credited VIT’s safety team and operations staff for the logistics involved.

Mr. Burket reviewed the MISHAP report. There were five Class Bs - injuries not resulting in LWDs - for both March and April. There were six “near misses” reported and addressed. Damages – One Class C over \$20,000 that involved two straddle carriers.

Mr. Burket reported that the OHSAS 18001 preparations are progressing well and VPA hopes to conduct its first internal audit in a couple of weeks and is on track to apply for registration in late June.

Mr. Burket reported on the 22nd Annual Hampton Roads Marine Firefighting Symposium was conducted two weeks ago and involved 96 participants from Singapore, Netherlands, Canada, and across the United States. He also reminded everyone of the Security/Safety Committee Port Tour scheduled for tomorrow, May 29th.

IV. REPORT OF EXECUTIVE DIRECTOR

1. Status Report and Consideration of Resolution 13-16, approving the requirement that employees participating in the Virginia Retirement System (VRS) pension plan contribute five percent of creditable compensation by salary reduction, pursuant to the requirements of VA Code Section 51.1-144.F

Mr. Oliver explained that the Virginia General Assembly passed legislation a few years ago that required Virginia Retirement System (VRS) employees to contribute five percent of their gross salary to the VRS pension plan. He advised that, at the time, they did not require the same for political subdivisions until the 2013 General Assembly amended the legislation to require VRS employees of political subdivisions, including VPA, to also make the five percent contribution.

Mr. Oliver explained that, in order for the VRS to be paid on a pre-tax basis, the IRS requires a resolution by the VPA Board to authorize and require the contribution, which affects eight VPA employees who are still with the VRS pension fund. Mr. Oliver also requested a five percent pay increase for those employees to off-set the contributions from employees' pay.

Ms. Ganeriwala explained the General Assembly's action in 2011 and some of the history behind the original 1983 legislation. Ms. Evelyn Traub, the attorney who represents VRS and provides counsel for the VPA pension plan, explained that the 2011 General Assembly action approved localities to increase employee pay by five percent and required state employees to contribute five percent to the pension plan. Ms. Traub explained that employees would benefit from having to pay the contribution as their final compensation would be higher for computing the retirement benefit. She also explained how it would affect only FICA. Mr. Bergeron asked about the cost to VPA. Mr. Oliver advised that it would be minimal for the eight VRS employees which he estimated at less than \$50,000.

Action: Upon motion made by Mr. Wassmer, seconded by Ms. Clemente, the Board unanimously adopted Resolution 13-16, approving the requirement that employees participating in the Virginia Retirement System (VRS) pension plan contribute five percent of creditable compensation by salary reduction, pursuant to the requirements of VA Code Section 51.1-144.F. The Board also approved a five percent salary increase for those employees enrolled with VRS to off-set the contribution cost.

V. UNFINISHED BUSINESS

There was no unfinished business to discuss.

VI. NEW BUSINESS

There was no new business to discuss.

VII. ADJOURNMENT

Chairman Fralin announced that the Annual Meeting of the VPA Board is scheduled for Tuesday, July 23, 2013, at 11:00 a.m. in the Authority's Boardroom, 600 World Trade Center, Norfolk, for the election of officers to the Board. The regular business meeting will follow the annual meeting.

(NOTE: Subsequent to this meeting, the July 23rd annual/regular meeting has been rescheduled to Wednesday, July 31, 2013.)

Chairman Fralin announced that he would not seek reappointment as Chair and that he had intended to serve out Mr. Quillen's chairmanship.

The Chairman announced the following appointments to a Nominating Committee for the selection of officers to the Board. He explained that the Committee would recommend their nominations for a new Chair and Vice Chair to the Board at the annual meeting (and appointments for Treasurer, Clerk, and Deputy Clerk):

Mr. Craig Coy
Mr. Frank (Pepper) Laughon
Mr. Robert Stanton

There being no further business and no public comments, the open meeting adjourned at 3:20 p.m.

(All presentations can be viewed at: <http://www.portofvirginia.com/about/board-room.aspx>)

The remainder of VPA Board meetings scheduled for 2013 will be held September 24 and November 26.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board