

MINUTES

Board of Commissioners - Session 348

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
November 27, 2012 – 9:30 a.m.

Pursuant to call by Chairman Quillen, the Virginia Port Authority (VPA) Board of Commissioners convened its regularly-scheduled meeting on this date at 9:45 a.m., in the Authority's Boardroom, 600 World Trade Center, Norfolk, Virginia. The following attended:

Commissioners:

Michael J. Quillen, Chairman
Jennifer D. Aument
Scott R. Bergeron
James M. Boyd
Juliann J. Clemente
The Hon. William H. Fralin, Jr.
Frank E. Laughon, Jr.
John N. Pullen
Robert M. Stanton
Jeffrey D. Wassmer
Ting Xu
Manju S. Ganeriwala, State Treasurer

Staff:

Rodney Oliver, Interim Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Jeffrey Florin, Deputy Executive Director, Operations and COO
Russell Held, Deputy Executive Director, Development
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
Carla Welsh, Manager, Creative Services
Joe Harris, Media/Public Relations Manager
Debra J. McNulty, Clerk to the Board
Jodie Asbell, Deputy Clerk to the Board

Guests:

Martin L. Kent, Chief of Staff, Office of the Governor
Jeffrey R. Allen, Sr. Assistant Attorney General, Chief-Transportation Sector
Norman A. Thomas, Assistant Attorney General-Transportation Sector
Tony Kinn, Director, Office of Transportation Public-Private Partnerships (OTPPP)
Ryan J. Pedraza, Program Manager, OTPPP

Guests (Continued):

J. William (Bill) Cofer, Virginia Pilots Association
William W. Harrison, Jr., Williams Mullen
Eric Sutton, Powell Tate/Weber Shandwick
John D. O'Neill, Jr., Hunton & Williams
Douglas L. Smith, Kaufman & Canoles Consulting
JoAnne Carter, The PFM Group
Rick Martin, Quinn Consulting Services, Inc.
G. Timothy Oksman, City Attorney, City of Portsmouth
Steven Bain, On Course Solutions LLC
Eric A. Sisco, President, Americas Region, APM Terminals
John Crowley, APM Terminals
Adam Beauchamp, APM Terminals
Bradley K. Gordon, Deutsche Bank AG, San Francisco
Jay R. Ruble, General Counsel, Maher Terminals, Elizabeth, New Jersey
Andrew Walters, Managing Director, J.P. Morgan Infrastructure
Neil Davidson, Senior Advisor-Ports, Drewry, London, UK
Tim Power, Director, Head of Maritime Advisors, Drewry, London, UK
Gregory J. Bussink, III, Partner, CliftonLarsonAllen LLP
Joel Rubin, President, Rubin Communications Group
Neal H. Attermann, Citigroup, Director Public Finance Department, New York
Larry A. Bachtell, VP Atlantic Coast District, ILA
Arthur W. Moye, Jr., Virginia Maritime Association
David White, Virginia Maritime Association
Kay Kemper, Kemper Consulting
Joseph A. Dorto, President and CEO, VIT
Joseph P. Ruddy, Executive Vice President and Chief Operating Officer, VIT
Thomas Capozzi, Vice President, Global Sales and Customer Service, VIT
Regina P. Brayboy, Vice President, Administration and Financial Services, VIT
Robert Nestor, Manager, Pricing and Strategic Planning, VIT
Robert McCabe, *The Virginian-Pilot*
Michael Shapiro, *The Daily Press*
Brak Versula - *Associated Press*

INTRODUCTIONS

Ms. Linda Ford introduced guests and members of the press in attendance.

PRESENTATION

Chairman Quillen introduced Mr. J. William (Bill) Cofer, President of the Virginia Pilots Association, who was invited by the Board to be the featured guest speaker.

Presentation by Mr. J. William (Bill) Cofer, President, Virginia Pilot Association

Mr. Cofer presented "Virginia's Offshore Fairways" that included a demonstration of Virginia's water highways, hydrodynamics, vessel challenges/draft requirements, future global shipping fleets, and Atlantic sea-lane and off-shore approaches. Mr. Cofer announced that The Port of Virginia is the only East Coast port that is authorized to dredge to 55-feet, including 60-foot sea-

lane approaches. He explained that Virginia's offshore, deepwater ocean fairways will become known as the "United States Gateway"...the only waterway on the U.S. East Coast that can accept every size ship in all weather conditions and will be the only East Coast port deep enough to service the global shipping fleet of the future.

Mr. Cofer also highlighted Norfolk Southern's services from the Port of Virginia and presented several highlights from a U.S. Army Corps presentation on the impacts of the Panama Canal expansion (October 2012). Mr. Cofer concluded by saying that the East Coast entry into the United States will run through Virginia – The World is Coming to Virginia!

Chairman Quillen emphasized the need for port officials to keep the dialogue open with Congressional leaders in order to secure funding to dredge Virginia's channel to 55-feet.

PRESENTATIONS BY PPTA PROPOSERS

Board members were also provided with 15-minute presentations by each of the private entities that have submitted conceptual proposals to operate the Port to the Office of Transportation Public-Private Partnerships (OTP3). Virginia International Terminals, Inc. (VIT), the Port's existing operator was also asked to make a presentation.

The Board heard from Mr. Eric Sisco, President, APM Terminals, Americas Region, Mr. Andrew Walters, Managing Director, J.P. Morgan Infrastructure, a partner in the consortium for the proposal by RREEF America L.L.C. (a member of Deutsche Bank AG), and Mr. Joseph A. Dorto, President and CEO of VIT.

(Presentations are attached and hereby made a part of these minutes.)

Mr. Bergeron asked Mr. Sisco if it were his position that the terminal operator does not directly impact volume growth and, if it is, how would APMT envision this port attracting the necessary growth. Mr. Sisco replied that it was not his position and he advised that the question that was asked of him was if APMT would divert cargo from Virginia to one of their other terminals. He affirmed that would not happen and he stated that APMT does not show favoritism to any one customer. Mr. Sisco talked about APMT's plans to secure volumes at The Port of Virginia and to grow the business by providing efficiencies and being the best port operator in the world. Mr. Bergeron asked how he envisioned VPA and APMT working together on economic development. Mr. Sisco explained how APMT would work with VPA to bring business to Virginia with a "robust marketing campaign" that would include infrastructure outside the Port gates.

Mr. Pullen referred to Mr. Sisco's remarks that APMT plans to take business from other ports (Wilmington, Charlotte, Atlanta) and he wanted to know how APMT would generate additional growth. Mr. Sisco said APMT would set their sights on Baltimore. He also remarked, "APMT sees no reason on earth why any vessel should call Wilmington".

At this time, Mr. Jay Ruble, General Counsel, Maher Terminals (Elizabeth, NJ), distributed a copy of Mr. Walters' presentation. Mr. Ruble reported that Maher was identified as the terminal operator by RREEF in August. He announced that Maher Terminals is North America's largest independent terminal operator. He explained that RREEF's role has been to "marry the terminal

operator with an equity partner” – identified as J.P. Morgan Infrastructure. Mr. Ruble introduced Mr. Andrew Walters who presented the equity component of their proposal. Mr. Walters referred to page two in the presentation which lists the Consortium’s top priorities for The Port of Virginia. Mr. Walters explained the make-up of J.P. Morgan Infrastructure Investments Group (page four), which is comprised of nine investments representing over \$3 billion of equity capital under management.

Mr. Walters reported that Noatum Ports is the core operator and he explained their operational holdings. On page nine, Mr. Walters reviewed the Consortium’s top five business plan goals and their commercial strategy. He reviewed proposal options for APMT – Option 1 and 2 (page 11). Mr. Walters was unable to complete his presentation but in closing remarked that they are new to the table and will need some time but will have “a very clear focus in trying to get to the answers very quickly”.

Mr. Fralin referred to Mr. Walters’ mention about defeasance of debt and he inquired if that information would be shared in the detailed proposal submission on December 3rd. Mr. Walters advised that they have some clear ideas and they will need to work it out with the Commonwealth before that information is released.

Ms. Xu asked Mr. Walters which option would be preferred for APMT and he said Option 1. Ms. Xu also asked about investment targets. He explained how their investments are done on a risk allocation basis.

Mr. Dorto was introduced at this time. Before his presentation, Mr. Dorto reviewed the history of APM Terminals’ facility in Portsmouth. He explained that when Maersk and APMT decided to build the terminal, they built it for their own vessels and services as a load center. Half-way through the construction, he advised that APMT had announced they would not only service Maersk vessels but that they would also come after VIT’s business. Mr. Dorto remarked that VPA would have defaulted on the terminal revenue bonds if that had happened because about 30% of VIT’s revenue was tied to volume that would have gone to APMT. Mr. Dorto explained how VIT was able to quickly secure long-term contracts with customers even though they knew the facility was being built. He also explained that, in the lease with APMT, VPA has the ability to exercise an option to build-out APMT II. Mr. Dorto explained that APMT would “leave substantial money on the table” if they were denied that option. He also reminded the Board that APMT tried to sell their terminal a year ago. Mr. Dorto asked the Board to take all of these things into consideration before they decide who should operate the port. He continued with his presentation. There were no further questions by the Board.

I. APPROVAL OF MINUTES

Action: Upon motion made by Ms. Clemente, seconded by Mr. Bergeron, the minutes of the meetings held July 24, 2012, August 22, 2012, and September 25, 2012, were unanimously approved, as circulated.

II. REPORTS OF COMMITTEES

A. Executive Committee – Mr. Michael J. Quillen, VPA Chairman

Chairman Quillen thanked the staff of VPA and VIT, port police, and the entire maritime community on their preparations and response during Hurricane Sandy and the handling of re-routed cargo (containers and vehicles) from the New Jersey/New York area. On behalf of the entire Board, the Chairman expressed appreciation and said that they were very proud of everyone. He also expressed concern for the people who are still struggling through the aftermath of the storm.

Chairman Quillen announced that Resolutions 12-11 and 12-13 were carried over from the October 4, 2012, Executive Committee meeting and he asked for a motion to adopt both resolutions at this time.

Action: Upon motion made by Ms. Clemente, seconded by Mr. Bergeron, the Board unanimously approved Resolution 12-11, regarding the cessation of employment of the VPA Executive Director (Jerry A. Bridges) and the entry of a negotiated Severance Agreement and General Release; and Resolution 12-13, naming Rodney W. Oliver the Interim Executive Director of the VPA and accepting the Executive Committee's Recommendation.

(Note: Mr. Oliver was appointed Interim Executive Director by the Board at the September 25, 2012 meeting.)

B. Nominating Committee – Mr. William H. Fralin, Jr., Committee Chair

Mr. Fralin reported that there was no action taken after the closed session of the Nominating Committee meeting held earlier. He advised that the Board would continue discussions in closed session and take action later with regard to the positions of Chair and Vice Chair, including a report on the VIT Director whose term expires November 30, 2012 (Mr. Wilson Goode).

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

1. VPA/VIT Combined Financial Reports

Mr. Bergeron introduced Ms. Wendy King, the Authority's Director of Finance, and explained that she would be taking over Mr. Oliver's duties on presenting the financial reports to the Board. Ms. King presented the following financial highlights:

- Operating revenues year-to-date were 3.4% over budget due to strong container volumes that are up 11.2% fiscal year-to-date. This was achieved despite cargo being diverted to the West Coast in preparation for a threatened ILA strike and some cargo diverted in anticipation of the hurricane. A budgeted rate increase of 5% that was to go into effect October 1st was delayed due to ILA negotiations.
- Operating expenses are up about \$6 million over budget due to the surge in rail volumes, increased container traffic, and the move of a customer from APMT to NIT.
- Terminal Maintenance Expenses were \$2.6 million under budget. Management is continuing to take a conservative approach to maintenance projects until financial performance is consistently positive.
- Administrative expenses were about \$.9 million below budget which should level out and be more in-line with budget towards year-end.

- Facilities rental is under budget due to anticipating a higher CPI adjustment when the budget was approved.
- Depreciation expenses are within budget.
- Non-Operating Income Expense (Interest expense net of interest income) – Above budget due to lower interest rates.
- Commonwealth Port Fund revenues (capital transfers) are within budget and VPA received some federal funds that were not anticipated for capital projects.
- Financial results for the first four months of the fiscal year = \$2.6 million ahead of budget.

Ms. King announced that the VPA has historically used the Auditor of Public Accounts (APA) to prepare the annual financial audit and related reports and that this was the first year VPA was authorized to choose an outside firm. Ms. King introduced Mr. Gregory J. Bussink, III, Partner, CliftonLarsonAllen LLP, who reported on the Authority’s Comprehensive Annual Financial Report for year-end June 30, 2012.

Mr. Bussink said as this was the first year engagement for their firm with VPA/VIT, they took some extra time to learn about the port industry. Mr. Bussink reported that it was an unqualified audit opinion for both VPA and VIT (which was audited by other auditors). He advised that they also audited grant funds spent by VPA this year and their single-audit results identified no material findings and verified that VPA complies with all federal laws and regulations. Mr. Bussink advised that several minor findings, mostly documentation issues, were communicated to management and actions were being taken to correct them.

The Independent Auditor’s Report can be found on page 13 of the Comprehensive Annual Financial Report:

<http://www.portofvirginia.com/media/89347/2012cafrweb-final.pdf>

Chairman Quillen commended Mr. Oliver and his staff for their work during the audit. Mr. Oliver also thanked the Finance Department staff and he reported that the annual audit completed one to two weeks earlier even though Ms. King was a new hire in the spring, working with a new auditor, combined with the loss of a key employee from his department who retired.

At this time, Mr. Bergeron referred to the financial reports on each terminal that are provided to the Board and he asked Mr. Oliver and Mr. Dorto to work together to determine ways for each of the terminals to get to a financial break-even status. He stated that “we are not out of the woods yet” in spite of a successful three-month period.

D. Facilities Committee – Mr. William H. Fralin, Jr., Committee Chair

Mr. Florin presented the Capital Outlay Program and Facilities Maintenance Overview and he described each of the following projects:

- NIT Gate Improvements
- NIT Customs Border Patrol (CBP) Interchange
- NIT Customer Service Area Improvements
- NIT Shuttle Road Repair
- Commonwealth Railway Road Crossing Restoration

- Craney Island Cross Dikes Stage 2A
- Paradise Creek Mitigation

E. Marketing/Business Development Committee – Ms. Jennifer D. Aument, Committee Chair

Mr. Held reported strong growth for both Calendar Year-to-Date and Fiscal Year-to-Date, as follows:

2012 Calendar Year-to-Date, January-October				2013 Fiscal Year-to-Date, July-October			
	CY 2012	CY 2011	%Change		FY 2013	FY 2012	%Change
Total TEUs	1,721,417	1,599,784	+7.6	Total TEUs	726,690	655,877	+10.8
Export TEUs	925,777	854,889	+8.3	Export TEUs	387,996	347,235	+11.7
Import TEUs	795,640	744,895	+6.8	Import TEUs	338,694	308,642	+9.7
Total Rail Containers	314,050	274,777	+14.3	Total Rail Containers	134,302	114,759	+17.0
VIP Containers	29,637	28,550	+3.8	VIP Containers	12,197	10,922	+11.7
Vehicles	28,782	23,303	+23.5	Vehicles	10,305	11,165	-7.7
Ship Calls	1,634	1,520	+7.5	Ship Calls	669	625	+7.0
JRB Containers	6,674	3,262	+104.6	JRB Containers	1,877	914	+105.4
B/B Tonnage	293,049	289,413	+1.3	B/B Tonnage	105,287	120,474	-12.6

Mr. Held reported that vehicle shipments for FY13 year-to-date were down -7.7% as vessels did not arrive due to the storm in October. He reported that, due to over-capacity at NNMT, PMT was opened for diverted vehicles arriving from the Port of New York/New Jersey.

Mr. Held reviewed budgeted vs. actual container units, reflecting an increase of 5.2% for fiscal year-to-date. He also compared fiscal year-to-date vs. other ports on the East Coast through September. There were no numbers available from other ports for October.

Mr. Held reported on expansions announced by three long-term port customers – Celanese Corporation, Bauer Compressors, and Hanes Brand. He advised that all three companies are eligible for the port incentive tax grants and that Bauer and Hanes will utilize foreign trade zones.

Mr. Held reported that our customers – the ocean carriers and shippers – have all expressed their appreciation to VIT for the handling of diverted cargo. Mr. Fralin asked if any new business came out of the storm cargo. Mr. Held said we impressed our customers with the flexibility and efficiency that VIT had put forth before and after Hurricane Sandy. Mr. Dorto added that there are some shippers who are talking with our customers and considering sending some business through Virginia. He noted that our empty depots were critical to handling the diverted cargo.

F. Security/Safety Committee – Mr. Jeffrey Wassmer, Committee Chair

Mr. Wassmer announced that VPA re-competed the agency’s outsourced security staff contract and he turned the meeting over to Mr. Florin who reported the following:

- Security contract was re-bid Sept 2012
- Four proposals received and all four firms interviewed

- Contract is in final stages of award to Securitas
- New contract in effect January 2013
- Transition will be seamless

Mr. Florin reported that VPA is continuing the process of combining the Facilities Security Plan (FSP) between VPA's "legacy terminals" and APMT, which is 50% complete. Target Date - January 2013.

Mr. Florin reviewed Safety Normalized Data through October and he reported that the benchmark had been changed to 4.4 and that VIT is well below that figure for July-October.

Mr. Florin also reviewed the Injury Mishap Report and Property Damage Mishap Report.

He reported that preparations are on-track for OHSAS 18001, which is a standard management system for monitoring safety at all of the terminals. VPA is scheduled to apply for registration in June 2013.

With regard to Hurricane Sandy, Mr. Florin commended Mr. Shawn Tibbets of VIT, who lead the storm plan, the men and women of the ILA, Mr. Joe Harris for media efforts, the Coast Guard, Virginia Pilots and Customs. He also thanked Mr. Bill Burket of the Maritime Incident Response Team (MIRT) who coordinates with local emergency agencies. Mr. Florin reported that the total reimbursable cost of storm preparations was \$131,000 which qualifies for reimbursement by FEMA.

Mr. Florin showed several slides depicting NNMT, which handled an additional 4,000 cars from the storm, and PMT, which was used for overflow. He reported that VIT received two vessels at PMT with a third one scheduled for the end November. Mr. Florin also gave Ms. Carla Welsh credit for the photos.

Mr. Florin showed a picture of the Maersk Axel – 9200 TEUs - moored alongside APMT. He reported that VIT took on an additional 7,000 containers from storm. The Maersk vessel was the highest unload that VIT handled -4,500 containers - with 38 moves per hour. All containers have been returned to their destination in New York by barge, rail, and truck. Mr. Florin reported that VIT crane maintenance and CP&O stevedores were able to assist a K-Line vessel to correct about 20 containers fell over on the vessel while at sea. Mr. Florin advised that many containers were filled with retail goods that made it in time for Black Friday shoppers.

Chairman Quillen announced that there would be a report following all three of the upcoming closed sessions later in the day.

IV. REPORT OF EXECUTIVE DIRECTOR

No Report.

V. UNFINISHED BUSINESS

EXECUTIVE CLOSED SESSIONS

Chairman Quillen excused all guests and staff with the exception of the Chief of Staff, Secretary of Transportation, Attorney General's office, and VPA senior management.

At 11:48 a.m., upon motion by Ms. Clemente and duly seconded by Mr. Bergeron, the Board voted to convene a closed meeting to hear a status report by the Secretary of Transportation regarding proposals under the Virginia Public-Private Transportation Act (PPTA) and discussion of same, in accordance with Code §2.2-3705.1 (5) and §2.2-3711(A)(28), (38) and (40), pertaining to the ongoing PPTA process, and specifically excluded from disclosure pursuant to §2.2-3705.6 (1), (3) and (11).

At 12:50 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:12 (Aument, Bergeron, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer, Xu)

Nays: 0

At 12:51 p.m., upon motion by Ms. Clemente and duly seconded by Mr. Wassmer, the Board voted to convene a closed meeting to discuss financing for Route 460, including a briefing by representatives from the Office of Transportation Public-Private Partnerships, in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(6), "...discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected..".

At 1:24 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:12 (Aument, Bergeron, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer, Xu)

Nays: 0

At 1:26 p.m., upon motion by Ms. Clemente and duly seconded by Mr. Bergeron, the Board voted to convene a closed meeting in accordance with the Virginia Freedom of Information Act, Code §2.2-3711(A)(38), and pursuant to §62.1-132.4, and §2.2-3711(A)(1), the personnel exemption, to discuss proprietary information relating to VPA and VIT operations.

At 3:15 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 (Aument, Bergeron, Boyd, Clemente, Ganeriwala, Pullen, Quillen, Wassmer, Xu)

Nays: 0

Absent During Vote: 3 (Fralin, Laughon, Stanton)

Absent During Meeting: 0

VI. NEW BUSINESS

No new business.

VII. ADJOURNMENT

CHAIRMAN'S CLOSING REMARKS

Chairman Quillen reported that the Board conducted a workshop with Drewry maritime advisors on November 26, in order for Drewry to help the Board formulate how they would evaluate PPTA proposals and how the Board could proceed with a modified structure of VIT, if that is the outcome. The Chairman advised that the session was very informative and that there was no action taken. He announced that the detailed PPTA proposals are due December 3, 2012.

Chairman Quillen gave a brief update on the discussions that took place in closed session today.

He reported that the Board discussed the PPTA process to date and had considered Resolution 12-15, whereby the Board recognizes that, after legal review, there are certain actions that the Board must take to ensure compliance and recognizes the role that the VPA Board plays in this process.

Chairman Quillen asked for a motion to adopt Resolution 12-15 at this time.

Action: Upon motion by Mr. Fralin, seconded by Mr. Laughon, the Board unanimously approved Resolution 12-15, adopting actions taken by the Secretary of Transportation and the Office of Transportation Public-Private Partnerships with respect to private entity proposals to concession Port of Virginia facilities, and authorizing the Interim Executive Director to undertake additional actions regarding those proposals.

Chairman Quillen reported that the Board received an update in closed session on the Route 460 planning schedule, public information sessions forthcoming, and an update on current prospective financing for the project going forward. There was no action taken.

The Chairman reported that the Board spent considerable discussion on the third closed session item relating to proprietary information regarding VPA/VIT operations. He explained that, when Board members were appointed 18 months ago, they looked at the structures of VPA and VIT operations and sought efficiencies that were put in place. Chairman Quillen advised that the Board then received the unsolicited PPTA proposal which lead the Board to also consider some structural changes that may require legislative action, if approved, with regard to how appropriation flows through the Governor's Budget.

Chairman Quillen announced that the Board would need to meet in early January prior to the regular scheduled meeting of January 22, and he asked Mrs. McNulty to poll Board members in order to determine a meeting date.

Mr. Bergeron commended Mr. Oliver on the “extraordinary efforts” by the team that he has put together in drafting a reorganization plan that VPA and VIT have worked together in preparation for the Board’s review.

Chairman Quillen reported that the Board also considered the current Interim Executive Director position during the closed session and he announced that the Board is unanimously in support of Mr. Rodney Oliver and expressed gratitude for the job that he has done over the last couple of months.

The Chairman announced that Mr. Wilson Goode’s term on the VIT Board of Directors is scheduled to end on November 30, 2012 and that Mr. Goode, at the request of the VPA Board, had agreed to an extended term for at least 90 days in order to provide some continuity through the PPTA process.

Chairman Quillen announced that the Board agreed to appoint a new Chair and Vice Chair of the VPA Board, effective January 1, 2013, to serve through June 30, 2013. The Chairman opened the floor for nominations at this time.

Action: Upon motion by Ms. Clemente, seconded by Ms. Ganeriwala, the Board unanimously appointed Mr. William Fralin, Chairman, and Mr. Jeffrey Wassmer, Vice Chairman, effective January 1, 2013, to serve through June 30, 2013.

At this time, Chairman Quillen announced his retirement from the Board, effective December 31, 2012. **A copy of Chairman Quillen’s remarks is attached.**

Mr. Fralin remarked, “It was never good to follow the guy who got a standing ovation”. He expressed his appreciation to Chairman Quillen and said that he brought fairness to the job and a balance that is incredibly valuable. Mr. Fralin commended the Chairman’s concerns with safety as well as his business experience and “the ability to deal with different ideas and put up with people who have innumerable and sufferable questions, is most appreciated”.

Mr. Fralin remarked that he was very humbled to be appointed Chairman of “this fine organization”, both VPA and VIT. Mr. Fralin announced that there should only be one goal in mind among employees, political appointees, and board members - “What is in the best interest of the citizens of the Commonwealth?” He said that should be our goal and that the Board has been entrusted with a tremendous fiduciary responsibility.

Mr. Fralin concluded by saying, “...at the end of this, hopefully this Board will be able to set the direction, set the course for VPA and VIT and then get out of the way and let these professional people do their job.”

Mr. Martin Kent, the Governor’s Chief of Staff, spoke at this time. Mr. Kent announced that Governor McDonnell had asked him personally to thank Chairman Quillen for his outstanding service to the VPA.

Mr. Kent affirmed what Mr. Fralin said in that Mr. Quillen was a calming influence throughout the last 18 months. Mr. Kent said the Governor “feels really good about where this Board is going and where this organization is headed” and, on behalf of the Governor, he thanked Chairman Quillen for his service to the citizens of the Commonwealth.

There being no further business and no public comments, the open meeting adjourned at 3:35 p.m.

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

The VPA Board will convene a special meeting at the Capitol on Friday, January 4, 2013, starting with the Marketing/Business Development Committee meeting at 10:00 a.m., followed by the full Board at 11:00. Further information and agenda is forthcoming.

The next regularly-scheduled meeting of the Board of Commissioners will be held on Tuesday, January 22, 2013, in the Authority’s Conference Room, 600 World Trade Center, Norfolk.

Happy Holidays to All!



Respectfully submitted,


Debra J. McNulty
Clerk to the Board

**Virginia Port Authority
Resolution 12-11**

**A RESOLUTION REGARDING THE CESSATION OF EMPLOYMENT OF THE
VIRGINIA PORT AUTHORITY EXECUTIVE DIRECTOR AND THE ENTRY
OF A NEGOTIATED SEVERANCE AGREEMENT AND GENERAL RELEASE**

WHEREAS, on January 25, 2011, the Virginia Port Authority (hereinafter the "VPA") Board of Commissioners (hereinafter the "the Board") renewed and entered into a new contractual employment agreement with its Executive Director, Jerry A. Bridges ("Mr. Bridges"), entitled, Employment Agreement for the Executive Director of the Virginia Port Authority (hereinafter referred to as the "Employment Agreement"); and

WHEREAS, Mr. Bridges recently notified the Board that he desires that his employment as the Executive Director of the VPA cease on or about October 31, 2012; and

WHEREAS, the Board having reviewed, discussed and considered his request to terminate his employment and the Board has, as a result, determined to terminate Mr. Bridges employment without cause, at his request and in accordance with the applicable provisions of the Employment Agreement; and

WHEREAS, the Board and Mr. Bridges mutually desire to enter into an agreement to effect his employment termination and to settle fully and finally any and all differences and disputes that might potentially arise, or have arisen out of Mr. Bridges' employment with the VPA, and the cessation thereof; and

WHEREAS, in order to accomplish the aforesaid purposes, the Board, by and through its Executive Committee and Mr. Bridges, have negotiated, discussed, reviewed, and, as of October 4, 2012, mutually desire to accept and enter into the certain confidential terms and conditions of an agreed Severance Agreement and General Release, and having done so, and subject to the Board's formal approval of said agreement by resolution, the Board's Chairman and Mr. Bridges have executed said written Severance Agreement and General Release;

THEREFORE BE IT RESOLVED, the VPA Board of Commissioners, after reviewing and discussing the Severance Agreement and General Release, and upon the recommendation of its Executive Committee that it do so, accepts the terms and conditions of said Severance Agreement and General Release negotiated with Mr. Bridges for the termination of his employment with the VPA on or about October 31, 2012, and authorizes its Chairman, Michael J. Quillen, to sign on the Board's behalf said agreement in order to effectuate the same, and further, hereby affirms and ratifies his actions in having signed said agreement on October 4, 2102, in anticipation of this resolution.

PASSED AND ADOPTED this 27th day of November 2012.



Michael J. Quillen
Chairman of the Board

Attest:



Debra J. McNulty
Clerk to the Board

**Virginia Port Authority
Resolution 12-13**

**A RESOLUTION NAMING RODNEY W. OLIVER THE INTERIM EXECUTIVE
DIRECTOR OF THE VIRGINIA PORT AUTHORITY AND ACCEPTING THE
EXECUTIVE COMMITTEE'S RECOMMENDATION**

WHEREAS, on January 25, 2011, the Virginia Port Authority (hereinafter the "VPA") Board of Commissioners (hereinafter the "the Board") entered into a contractual employment agreement with its Executive Director, Jerry A. Bridges ("Mr. Bridges"), entitled, Employment Agreement for the Executive Director of the Virginia Port Authority (hereinafter referred to as the "Employment Agreement"); and

WHEREAS, Mr. Bridges recently notified the Board that he desires that his employment as the Executive Director of the VPA cease on or about October 31, 2012; and

WHEREAS, the Board having determined and previously resolved to terminate Mr. Bridges employment at his request and in accordance with the applicable provisions of the Employment Agreement; and

WHEREAS, the Board, on September 25, 2102, at its regular meeting, decided to name Rodney W. Oliver, the VPA's current Deputy Executive Director and Chief Financial Officer ("Mr. Oliver"), to the position of Interim Executive Director; and

WHEREAS, the Board, until such time as it conducts an appropriate search for and names a new Executive Director, or otherwise takes contrary action, upon naming Mr. Oliver as the VPA's Interim Executive Director, intends to authorize him to undertake all of the duties and responsibilities of the position of Executive Director as provided for by applicable Virginia law, the By-Laws of the Virginia Port Authority, and as may be assigned to him from time to time by the Board; and

WHEREAS, the Board and Mr. Oliver have agreed upon the appropriate compensation and benefits for him to receive commencing as of the date of his assumption of the duties and responsibilities of that position; and

WHEREAS, at its October 4, 2012 meeting, and in consideration of VPA's immediate and ongoing operational needs and requirements, the Board's Executive Committee unanimously voted to recommend that the Board name Mr. Oliver as the Interim Executive Director effective as of that date, October 4, 2012, and, subject to the Board's formal acceptance by resolution of said recommendation, requested that Mr. Oliver commence the duties and responsibilities of said position as of that date, with which request Mr. Oliver agreed and has complied;

THEREFORE BE IT RESOLVED, the VPA Board of Commissioners, after thoughtfully considering and discussing the matter, hereby accepts its Executive Committee's recommendation and, effective as of October 4, 2012, appoints Rodney W. Oliver to serve as the Virginia Port Authority's Interim Executive Director, and charges him to perform all of the duties and responsibilities of the position of Executive Director as provided for by applicable Virginia law, the By-Laws of the Virginia Port Authority, and as may be assigned to him from time to time by the Board of Commissioners.

PASSED AND ADOPTED this 27th day of November 2012.



Michael J. Quillen
Chairman of the Board

Attest:



Debra J. McNulty
Clerk to the Board

**Virginia Port Authority
Resolution 12-15**

**A RESOLUTION ADOPTING ACTIONS TAKEN BY THE SECRETARY OF
TRANSPORTATION AND THE OFFICE OF TRANSPORTATION PUBLIC-PRIVATE
PARTNERSHIPS WITH RESPECT TO PRIVATE ENTITY PROPOSALS TO
CONCESSION PORT OF VIRGINIA FACILITIES, AND AUTHORIZING THE
INTERIM EXECUTIVE DIRECTOR TO UNDERTAKE ADDITIONAL ACTIONS
REGARDING THOSE PROPOSALS**

WHEREAS, the General Assembly enacted the Public-Private Transportation Act of 1995, Va. Code § 56-556 et seq. (the “PPTA”), to encourage investment in the Commonwealth by private entities that facilitates the development and/or operation of transportation facilities; and

WHEREAS, on December 8, 2010, pursuant to Section 56-560(D) of the Code of Virginia, the Secretary of Transportation adopted the PPTA Implementation Manual and Guidelines (the “Guidelines”), which were issued for use by transportation public entities, including, if it elected by resolution to do so, the Virginia Port Authority; and

WHEREAS, on April 4, 2012, APM Terminals, Inc. (“APMT”) submitted to the Secretary of Transportation an unsolicited conceptual proposal for a concession to operate certain facilities of the Port of Virginia; and

WHEREAS, on April 30, 2012, following discussions with the Secretary of Transportation and the Office of Transportation Public-Private Partnerships (“OTP3”), APMT submitted to the Secretary the first addendum to its unsolicited conceptual proposal; and

WHEREAS, on May 18, 2012, pursuant to Section 56-560(C) of the Code of Virginia and Section 4.1.2 of the Guidelines, OTP3 issued a policy review to the Secretary of Transportation that summarized the APMT proposal as amended, found that the APMT proposal was consistent with the transportation goals and policy objectives of the Commonwealth, and recommended that the APMT proposal be accepted for further review; and

WHEREAS, on May 22, 2012, the Secretary of Transportation and OTP3 modified the Guidelines and, in a written memorandum to the Secretary of Transportation and the Chairman of the Board of Commissioners, the Director of OTP3 set forth additional modifications to the Guidelines specific to the APMT proposal, including a proposed schedule for review and evaluation of the APMT proposal and additional proposals going forward; and

WHEREAS, on May 22, 2012, pursuant to Section 2.2-3705.6 of the Code of Virginia, OTP3 granted a request by APMT that certain appendices submitted with its proposal be exempted from disclosure under the Virginia Freedom of Information Act, § 2.2-3700 et seq., of the Code of Virginia, because they included financial records that are not generally available to the public and information that would adversely affect the bargaining positions of both APMT and the Commonwealth if such information were to be made public; and

WHEREAS, on May 23, 2012, the Secretary of Transportation accepted the APMT proposal for further review; and

WHEREAS, on May 23, 2012, the Secretary of Transportation issued a request for alternative conceptual proposals from any interested private entities, which were to be consistent with the PPTA, the Guidelines, and the Secretary's request, and which were to be submitted by July 12, 2012; and

WHEREAS, on May 23, 2012, and pursuant to Section 56-573.1:1 of the Code of Virginia, the Secretary of Transportation and OTP3 posted the Secretary's request for alternative proposals and the APMT proposal on the OTP3 website, the Virginia Port Authority website, and the Department of General Services' central electronic procurement website; and

WHEREAS, on May 31, 2012, the Secretary of Transportation sent letters to the mayors of the City of Portsmouth, the City of Newport News, and the City of Norfolk, as well as the Chairman of the Board of Supervisors of Warren County, in which he informed them about the APMT proposal and the request for alternative proposals, and also requested comments on the APMT proposal; and

WHEREAS, on July 11, 2012, the Secretary of Transportation issued an addendum to his request for alternative proposals, extending the deadline for submission of such proposals to August 13, 2012; and

WHEREAS, on July 24, 2012, OTP3 provided an update to the Board of Commissioners on the PPTA process during the Board's regular meeting; and

WHEREAS, on July 24, 2012, APMT submitted to the Secretary of Transportation the second addendum to its proposal; and

WHEREAS, on August 13, 2012, the Secretary of Transportation received alternative conceptual proposals for a concession to operate facilities of the Port of Virginia from Carlyle Infrastructure Partners, L.P. ("Carlyle") and RREEF America, L.L.C. ("RREEF"); and

WHEREAS, on August 20, 2012, pursuant to Section 56-560(C) of the Code of Virginia and Section 4.1.2 of the Guidelines, OTP3 issued policy reviews to the Secretary of Transportation that summarized the Carlyle and RREEF proposals, found that the Carlyle and RREEF proposals were consistent with the transportation goals and policy objectives of the Commonwealth, and recommended that the Carlyle and RREEF proposals be accepted for further review; and

WHEREAS, on August 22, 2012, OTP3 provided an update to the Board of Commissioners on the PPTA process, including the Carlyle and RREEF proposals, during the Board's regular meeting; and

WHEREAS, on August 22, 2012, the Board of Commissioners acknowledged the fact that the Secretary of Transportation was utilizing OTP3 to coordinate the PPTA process and that it had formed a working group with the Office of the Secretary of Transportation and OTP3 to meet and confer on issues arising from the consideration of the proposals; and

WHEREAS, on August 22, 2012, the Secretary of Transportation accepted the Carlyle and RREEF proposals for further review; and

WHEREAS, on August 22, 2012, pursuant to Section 56-573.1:1 of the Code of Virginia, the Secretary of Transportation and OTP3 posted the Carlyle and RREEF proposals to the OTP3 website, and the Virginia Port Authority posted a link to the proposals' contents on its website; and

WHEREAS, on August 23, 2012, pursuant to Section 56-573.1(2) of the Code of Virginia, the Secretary of Transportation concluded in writing that the PPTA process should proceed in accordance with principles of competitive negotiation, and expressed the justifications for that conclusion; and

WHEREAS, on August 31, 2012, the Secretary of Transportation sent letters to the mayors of the City of Portsmouth, the City of Newport News, and the City of Norfolk, in which he informed them about the alternative proposals submitted by Carlyle and RREEF and requested comments on those proposals; and

WHEREAS, by September 11, 2012, the Secretary of Transportation had received confidentiality agreements from APMT, Carlyle, and RREEF, and opened an electronic data room containing information necessary for APMT, Carlyle, and RREEF to submit more detailed proposals; and

WHEREAS, on September 25, 2012, OTP3 provided the Board of Commissioners with an update on the PPTA process during its regular meeting, and the Board of Commissioners resolved to retain Drewry Maritime Advisors to advise the Board; and

WHEREAS, on October 5, 2012, Carlyle withdrew its proposal from consideration; and

WHEREAS, the Virginia Port Authority may utilize the PPTA to concession to a private entity the operation of Port of Virginia facilities; and

WHEREAS, the Virginia Port Authority also may utilize Sections 62.1-132.18 and 62.1-132.19 of the Code of Virginia to rent, lease, buy, own, acquire, construct, reconstruct, and dispose of port facilities, and such property, whether real or personal, as it may find necessary or convenient; therefore

BE IT RESOLVED that the Virginia Port Authority adopts as its own, as if they had been taken by the Board of Commissioners, the actions heretofore taken by the Secretary of Transportation and OTP3 with respect to the receipt, acceptance, review, and evaluation of the aforementioned conceptual proposals; and

BE IT RESOLVED that the Interim Executive Director of the Virginia Port Authority, is authorized and directed, pursuant to and in accordance with applicable provisions of Virginia law, to continue the review and evaluation of private entity proposals to concession Port of Virginia facilities, to utilize the staff and resources of the Secretary of Transportation, OTP3, the Office of the Attorney General, and retained consultants to do so, to enter into negotiations with

one or both of the private entity proposers, to periodically consult with and update the Board of Commissioners, and to present to the Board such recommendations regarding an agreement for a lease concession of the facilities of the Port of Virginia as he deems appropriate for the Board's consideration and potential action.

PASSED AND ADOPTED this 27th day of November, 2012.



Michael J. Quillen
Chairman of the Board

Attest:



Debra J. McNulty
Clerk to the Board

Remarks by Chairman Michael J. Quillen

Virginia Port Authority Board of Commissioners

November 27, 2012

I am not out the door yet but before I give up the gavel, I want to make a few remarks today. I did announce that I was going to tender my resignation to the Governor in the next few weeks and I made that known back in the spring. Of course a lot of things have happened since then, but that plan has not changed. After 9 ½ years and serving under three governors, it is time to hand my seat over to another qualified appointee.

It has been an honor and a privilege to serve the Commonwealth in this capacity. I want to publicly thank several people for the support they have given me while serving as a Commissioner. First are the employees of both VPA and VIT. I have gotten to know many of you personally and have the utmost respect for your work and dedication to the Port. I thank the maritime community for its support for the Port and its work to move the Port forward as well as the cities and counties that have worked closely with us in the region. I also want to thank the press for being fair, I know we've probably had a record number of closed sessions and I have always apologized for that but I had to get these other 10 people to understand what was going on around here (joke).

I want to thank all the past Commissioners who are still my friends and the new Commissioners who I met for the first time 18 months ago. I have great regard and appreciation for your efforts. You have committed more time and dedication than any group I have served with. None of us expected the events or workload placed on you as volunteers and the time and personal sacrifices you have made. It has been great to work with you and I look forward and expect to continue our friendship and association.

Finally, to the staff, you have been tremendous in your support and assistance. It has been a difficult and emotional year for you at times but you have always been professional and helpful. Debbie, especially, I want to thank you.

This is not a farewell as we still have a lot to do. We have a General Assembly Session coming up and I'll be bugging you by email and phone for the next few weeks. Thank you and I hope everyone has a happy holiday.