

MINUTES
Virginia Port Authority Board of Commissioners Special Meeting
600 World Trade Center
Norfolk, Virginia
Thursday, May 9, 2013

The following were in attendance:

Commissioners:

The Hon. William H. Fralin, Jr., Chairman
Jeffrey D. Wassmer, Vice Chairman
Jennifer D. Aument
James M. Boyd
Scott R. Bergeron
Juliann J. Clemente
Craig P. Coy
Frank E. Laughon, Jr.
John N. Pullen
Robert M. Stanton
Ting Xu

Commissioners Absent:

Manju S. Ganeriwala, State Treasurer

Staff:

Rodney W. 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
Wendy King, Director of Finance

Carla Welsh, Manager, Creative Services
Debra J. McNulty, Clerk to the Board

Guests:

David Tyeryar, Deputy Secretary of Transportation and CFO
Jeffrey R. Allen, Sr. Assistant Attorney General, Chief-Transportation Sector
Norman A. Thomas, Office of the Attorney General-Opinions Counsel, Senior Appellate Counsel, and
Acting Director of Administration
James W. Noel, III, Assistant Attorney General-Transportation Section
Mark Schweitzer, Archer Daniels Midland Company (ADM)
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
Chris D'Surney, Director, Human Resources, VIT
Robert Nestor, Manager, Pricing and Strategic Planning, VIT
Mark Thorsen, Director, Information Technology

Guests (continued):

Beth Neville, Financial Information Systems Manager, VIT
Matt Barnes, Moffatt & Nichol

Members of the Press:

Robert McCabe, *The Virginian-Pilot*
Michael Shapiro, *The Daily Press*

Pursuant to call by Chairman Fralin, the VPA Board of Commissioners convened an open session on this date at 2:00 p.m., in the Authority's Conference Room, 600 World Trade Center, Norfolk. Chairman Fralin introduced Mr. Mark D. Schweitzer, Managing Director of Intermodal and International Freight, with Archer Daniels Midland Company (ADM).

At the request of the Chairman, Ms. Clemente read a motion to go into closed session, seconded by Ms. Xu, pursuant to the requirements of the Virginia Freedom of Information Act and in accordance with Virginia Code §2.2-3711(A)(38) and pursuant to the provisions of Virginia Code §62.1-132.4, to discuss proprietary commercial information with Mr. Schweitzer.

At 2:45 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: 9 (Aument, Bergeron, Boyd, Clemente, Coy, Fralin, Laughon, Pullen,
Stanton, Wassmer, Xu)

Nays: 0

Absent During Vote: 1 (Ganeriwala)

Absent During Meeting: 1

At the request of the Chairman, Ms. Clemente read a motion to go into closed session, seconded by Mr. Laughon, pursuant to the requirements of the Virginia Freedom of Information Act and in accordance with Virginia Code §2.2-3711(A)(1), for the discussion of personnel matters, that includes 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.

At 3:43 p.m., upon motion by Mr. Coy, 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: 9 (Aument, Bergeron, Boyd, Clemente, Coy, Fralin, Laughon, Pullen, Stanton, Wassmer, Xu)

Nays: 0

Absent During Vote: 2 (Clemente, Ganeriwala)

Absent During Meeting: 1 (Ganeriwala)

Mr. Wassmer reported the results from the Request for Proposals (RFP) that was sent out for executive recruitment firms for the selection of a candidate for Executive Director. Mr. Wassmer reported that the RFP went out to over 400 firms and that VPA received 21 proposals, 10 of which were eliminated due to non-compliance. Mr. Wassmer advised that 11 proposals were evaluated and narrowed down to four. He reported that interviews (2-3) would be conducted [by Mr. Wassmer, Mr. Stanton, and Mr. David James, VPA's Director of Contracts and Real Estate], within the next two weeks in order to report on the selection of the firm and for a motion of approval at the May 28th board meeting. Mr. Wassmer emphasized that candidates for Executive Director should be processed through the executive search firm and not through Board members or through the VPA Human Resources Department.

Chairman Fralin asked Ms. King at this time to present the preliminary VPA FY14 Budget in open session. Ms. King presented the VPA/VIT consolidated statement of revenues, expenses, and changes in net assets for the projected year ending June 30, 2013 and prospective budget year ending June 30, 2014. Ms. King referred to page 1, and reported that an operating loss of (\$13,722,509) is projected for FY13 and that an operating income of \$230,621 is projected for FY14.

Ms. King explained "other revenues" (page 3) and reported that VPA is budgeting \$8.9 million for the fiscal year end. She advised that the amount reflects security charges from VIT and that a portion of that is from the EcoFUELS lease at PMT (\$250,000). Ms. King mentioned that, as more business is secured at PMT, that number will increase.

Ms. King reported that the operating revenues of \$98.1 million from "Component Unit" come from VIT's budget which will be discussed in closed session. She reported that there were one-time expenses in 2013 that will not be incurred in FY14, such as \$900,000 for PPTA and reorganization expenses.

Ms. King advised that there is a two percent payroll increase projected for FY14 and, as a "placeholder" for reorganization efforts, a decrease of \$782,000 is projected year-over-year. Ms. King explained that there is also an additional budget item for advertising and promotional-type items of \$150,000 and a Chesapeake Bay Foundation sponsorship for \$135,000.

Mr. King reported that the biggest increase in the FY14 budget is the Facility Rental at APMT due to increased volumes and a budgeted 2.5% CPI increase. She mentioned that CPI is currently running closer to 1.3%.

Mr. Oliver added that the FY14 budget does not include an estimated savings of \$2 million from the terminal revenue debt refunding that will be presented to the Board on May 28th. Mr. Bergeron asked if the budget were readjusted considering the anticipated increases to the Transportation Trust Fund (Commonwealth Port Fund). Mr. Oliver advised that the budget includes the legislation that was passed but does not include the anticipated funds for internet sales taxes which are not in the official estimates from VDOT. Chairman Fralin asked if there would be some revenue generated from the transportation bill that was recently passed. Mr. Oliver advised that there is no anticipated increase to the TTF for 2014, unless the internet sales tax gets passed by Congress which will be reflected in the Commonwealth Port Fund.

Mr. Bergeron mentioned that VPA would be contributing to the expansion of Route 460, and he asked Mr. Oliver if VPA's portion would be paid by issuing bonds or paying a percentage of the project. Mr. Oliver noted that the project is included within Capital Outlay Projects (page 6) which is an approved single-year contribution based on the percentage that has been agreed upon by VPA and VDOT. Mr. Bergeron asked how that could change to issuing debt to pay. Mr. Oliver advised that it would depend on what VPA's planned debt issuance would look like – it could change substantially or not change at all.

There were no further questions by the Board and Mr. Oliver reported that staff would bring the FY14 budgets before the Board for approval on May 28th. Mr. Bergeron commended the staff of VPA and VIT and remarked on the progress that was made on the budgets from two years ago. He said that things are definitely improving and that he appreciated the efforts by staff in striving to develop a "break-even" budget. Chairman Fralin concurred and he also thanked Mr. Bergeron for his work.

At this time, Chairman Fralin called a five-minute recess so that he could answer questions from the press before the Board went into closed session to review VIT's FY14 Budget.

At 3:55 p.m., at the request of Chairman Fralin, Ms. Clemente read a motion to go into closed session, seconded by Mr. Bergeron, pursuant to the requirements of the Virginia Freedom of Information Act and in accordance with Virginia Code §2.2-3711(A)(38), to discuss proprietary budget information gathered by or for the Virginia Port Authority, pursuant to §62.1-132.4, to review the preliminary FY2014 VIT Budget for the year beginning July 1, 2013 and ending June 30, 2014.

At 4:53 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 (Aument, Bergeron, Boyd, Clemente, Coy, Fralin, Laughon, Pullen,
Stanton, Wassmer, Xu)

Nays: 0

Absent During Vote: 1 (Ganeriwala)

Absent During Meeting: 1

There being no further comments the meeting adjourned at 4:55 p.m.

Respectfully Submitted,

Debra J. McNulty
Clerk to the Board