

Virginia Port Authority Board of Commissioners
Finance/Planning Committee Meeting – March 22, 2005
Open Session Minutes

Committee Members Present:

Ronald W. Massie, Committee Chair
Mark B. Goodwin, Committee Vice Chair
Robert C. Barclay, IV
Michael J. Quillen
Jody M. Wagner, State Treasurer

Commissioners Present:

John G. Milliken, Chairman
E. Massie Valentine, Jr.
William M. Grace
Ranjit K. Sen
Deborah K. Stearns

Staff:

J. Robert Bray, Executive Director
Thomas Capozzi, Senior Managing Director of Marketing Services
Linda G. Ford, Director of Port Promotion
Rodney Oliver, Director of Finance
A. Diane Reed, Controller
Gregory Edwards, Director of Marketing and Intermodal
Russell J. Held, Managing Director of Marketing, Southeast, U.S. and Europe
Carla Welsh, Public Relations Coordinator
Debra J. McNulty, Clerk

Guests:

Richard L. Walton, Jr., Senior Assistant Attorney General
James M. Hewitt, Department of Planning and Budget
Lloyd M. Richardson, McGuireWoods, LLP
Napoleon Nelson, Public Financial Management
Michael Crist, P.E., Moffatt & Nichol Engineers
John M. Ryan, Vandeventer Black, LLP (VIT Corporate Counsel)
J. J. (Jeff) Keever, Hampton Roads Maritime Association
Joseph A. Dorto, General Manager, VIT
Richard N. Knapp, Asst. General Manager, VIT

Members of the Media:

Peter Dujardin, *The Daily Press*

Pursuant to call by Mr. Massie, the Finance/Planning Committee convened an open session on this date at 10:20 a.m., in the Authority's Conference Room, 600 World Trade Center, Norfolk, Virginia.

**VPA Finance/Planning Committee
Open Session Minutes – March 22, 2005
Page 2**

The following items were presented:

1. Additional briefing on swaps and derivatives and consideration of Resolution 05-3, adopting VPA's "Interest Rate and Currency Derivatives Policy"

It was reminded by Mr. Oliver that, at the January 25th meeting of the Finance/Planning Committee, the Committee had requested additional time to study the information on Interest Rate and Currency Swaps, before adopting a policy.

Mr. Oliver announced that the Treasury Board had adopted a "swaps and derivatives policy", after the General Assembly approved such transactions in 2002. He explained that the VPA does not have a transaction planned at this time. However, Treasury Board guidelines recommend that a policy be in place before entering into any such transactions.

At this time, Mr. Napoleon Nelson, Public Financial Management, presented "Introduction to Interest Rate Swaps", describing general information on interest rate swaps, types of applications, risks, and examples of swaps in relation to the 1997 Commonwealth Port Fund Bonds, and the Authority's Master Equipment Lease Program.

A copy of Mr. Nelson's presentation was distributed to the Board along with a copy of the proposed "Interest Rate and Currency Derivatives Policy".

(Note: This was Mr. Nelson's second presentation on interest rate swaps. Ms. JoAnn Carter had initially introduced this type of financing in the open session meeting of the Finance/Planning Committee, held September 28, 2004.)

(Ms. Wagner arrived at this time.)

Ms. Wagner asked Mr. Oliver how he would budget for interest rates. He advised that Public Financial Management would provide a history of interest rates in order to develop a funding cushion in anticipation of higher rates.

Action: Upon motion by Mr. Barclay, seconded by Ms. Wagner, the Finance/Planning Committee agreed to recommend to the full Board adoption of Resolution 05-3, approving VPA's Interest Rate and Currency Derivatives Policy.

*(A copy of Mr. Nelson's presentation can be viewed on the Authority's website, at:
<http://www.vaports.com/boardmeeting.htm>.)*

2. Consideration of Resolution 05-7, a Series Resolution supplementing Resolution 02-4 of the Virginia Port Authority and authorizing the issuance of up to \$25,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds (2002 Resolution), Series 2006, to refund the Series 1996 Bonds, subject to certain conditions.

VPA Finance/Planning Committee
Open Session Minutes – March 22, 2005
Page 3

Mr. Oliver announced that VPA had received approval for the bond transaction from the Treasury Board in February. He reported that the current net present value savings is currently at 5% and VPA plans to complete the transaction next week provided the market is right.

Mr. Lloyd Richardson reviewed key provisions contained in Resolution 05-7. He reminded the Committee that Resolution 05-6, adopted by the Board in January, authorized staff to continue evaluation of a forward purchase transaction.

Action: Upon motion by Mr. Barclay, seconded by Ms. Wagner, the Finance/Planning Committee agreed to recommend to the full Board adoption of Resolution 05-7.

There were no comments from the public. The meeting adjourned at 10:40 p.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board