

**MINUTES**  
**Virginia Port Authority Board of Commissioners - Session 303**  
600 World Trade Center, Norfolk, Virginia  
May 23, 2006

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Pursuant to call by Chairman Milliken, the Board of Commissioners held its regular meeting this date at 11:00 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman  
E. Massie Valentine, Jr., Vice Chairman  
Robert C. Barclay, IV  
Joe B. Fleming  
Mark B. Goodwin  
William M. Grace  
Virginia M. Murphy  
Ranjit K. Sen  
Deborah K. Stearns  
J. Braxton Powell, State Treasurer

Absent:

Michael J. Quillen  
Jonathan Johnny Johnson

Staff:

J. Robert Bray, Executive Director  
J. J. Keever, Deputy Executive Director  
Thomas Capozzi, Senior Managing Director of Marketing Services  
Linda G. Ford, Director of Port Promotion  
Rodney W. Oliver, Director of Finance  
Elaine Smith, Director, Department of Human Resources  
Norris (Ed) Merkle, Director of Security  
Russell J. Held, Managing Director of Marketing, Southeast, U.S. and Europe  
David M. James, Director of Contracts and Real Estate

Staff (continued):

Carla Welsh, Program Manager-Port Promotion  
Joe Harris, Program Manager-Media Relations  
Jake Denton, Public Relations Program Manager  
Diane Reed, Controller  
Lynward Wingfield, Police Captain  
Michael L. Brewer, Police Captain  
Jodie Love, Administrative Asst. Senior  
Rebecca Killen, Administrative Asst. Senior  
Jodie L. Asbell, Deputy Clerk to the Board  
Debra J. McNulty, Clerk to the Board

Guests:

The Hon. Jody M. Wagner, Secretary of Finance  
James W. Hopper, Senior Asst. Attorney General  
John D. Padgett, McGuireWoods LLC and VPA Special Counsel  
John M. Ryan, Vandeventer Black, LLP and VIT Corporate Counsel  
Dave Rohal, Vice President, Rail Link, Inc.  
Douglas Smith, Director of Public/Private Development Counseling-Kaufman & Canoles  
Dewey Hurley, Director of Business Development-Branscome, Inc.  
Stuart Patterson, President – Branscome, Inc.  
Michael T. Crist, Moffatt & Nichol Engineers  
Kenneth Sherwood, Zel Technologies LLC  
Bob Barber, Barber Martin Advertising  
Rob Arnold, Barber Martin Advertising  
Martin J. Moynihan, Port of Richmond  
Joseph A. Dorto, VIT  
Richard N. Knapp, VIT  
W. Millard Meiggs, VIT

**INTRODUCTIONS**

Chairman Milliken welcomed the Honorable Jody W. Wagner, Secretary of Finance. Ms. Ford introduced guests in attendance. Mr. Peter Dujardin, with *The Daily Press*, and Mr. Gregory Richards, with *The Virginian-Pilot*, were also in attendance.

## **RESOLUTION OF SERVICE**

Chairman Milliken presented a resolution and shadowbox to Vice Chairman E. Massie Valentine, Jr. on the occasion of his retirement from the VPA Board, effective June 30. The Chairman commended Mr. Valentine for his 10-years of service on the Board and he remarked that “Massie” had provided wise counsel and good advice at every meeting. Mr. Valentine thanked the Board, Mr. Bray, and Mr. Dorto, and said “it has been a true honor to have served the Board and the Commonwealth and to have worked with so many fine people”.

**Action:** Upon motion made by Chairman Milliken, duly seconded by Mr. Sen, and adopted by unanimous vote (10-0), the Board approved the Resolution on the Services of E. Massie Valentine, Jr.

### **I. APPROVAL OF MINUTES**

**Action:** Upon motion made by Mr. Valentine, duly seconded by Mr. Sen, and adopted by unanimous vote (10-0), the Board approved the minutes of the meeting held March 28, 2006.

### **II. REPORTS OF COMMITTEES**

#### **A. Executive Committee – Chairman Milliken**

1. Announcement of a Nominating Committee for the selection of officers to the VPA Board.

The Chairman appointed the following members of the board to serve on a Nominating Committee for the annual selection of officers to the VPA Board. He announced that the Committee would present a slate of officers for appointment at the Board’s annual meeting in July.

Ranjit K. Sen	-	Chair
Robert C. Barclay, IV	-	Member
Virginia M. Murphy	-	Member

2. Appointment of a Nominating Committee for the selection of a new Director to the VIT Board,

The Chairman appointed the following members of the board to serve on a Nominating Committee for the selection of a new director to serve on the VIT Board to succeed the Portsmouth/Chesapeake representative, Mr. Richard (Tommy) Belangia, who resigned effective June 30, 2006:

Joe B. Fleming	-	Chair
William M. Grace	-	Member
Deborah K. Stearns	-	Member

Chairman Milliken announced that the Nominating Committee would present a candidate for appointment to the VIT Board at the VPA Board's annual meeting in July.

3. Report of the Compensation Committee and Consideration of Resolution 06-2, approving the Executive Director's Incentive Supplement for FY06 and Compensation Plan for FY07.

Chairman Milliken announced that the Compensation Committee held meetings on May 10, in Richmond, and earlier this morning, May 23, to review the Executive Director's Incentive Supplement for FY06 and Compensation Plan for FY07. He referred to Resolution 06-2, approving the FY06 incentive supplement and the FY07 Compensation Plan, along with the FY06 results memorandum dated May 8<sup>th</sup>. The Chairman announced that Resolution 06-2 was discussed and approved by the Compensation Committee this morning.

The Chairman announced that the Port had an increase of 8.6% in TEUs compared to the 9.5% projection for FY06. He advised that actual TEUs fell somewhat short of projections and, as a result, Mr. Bray's incentive supplement was slightly decreased according to the application of the formula outlined in the FY06 Compensation Plan that was adopted by the Board last May. The Chairman also noted that the second part of the resolution includes approval of the proposed Compensation Plan for FY07. He announced that the Compensation Committee also reviewed the FY07 plan in closed session with Mr. Bray on May 10, then again in open session earlier this morning. At this time, the Chairman asked for the following motion from members of the Compensation Committee:

**Action:** Upon motion made by Mr. Valentine, duly seconded by Mr. Goodwin, and adopted by unanimous vote from the Compensation Committee (3-0), Resolution 06-2 was offered for discussion.

Mr. Goodwin expressed satisfaction with the structure of Mr. Bray's FY07 Compensation Plan and the supporting data that accompanied the proposed plan. Mr. Goodwin also approved the formula that sets the Executive Director's supplemental compensation. He said he felt Mr. Bray was fairly compensated when compared to other port directors.

Mr. Milliken explained that a transition performance measure was added to the FY07 Compensation Plan in preparation for Mr. Bray's retirement in 18 months (December 2007) in order to effect an orderly transition to the next Executive Director.

Chairman Milliken announced that the Compensation Committee had also recommended that the Board's Executive Committee meet in June to discuss the transition and qualifications for the next Executive Director. Acknowledging Mr. Keever, the Chairman announced that he is a strong inside candidate for the Executive Director position. He advised that the Executive Committee would also need to determine if an outside search consultant would be necessary.

The Chairman encouraged all members of the Board to attend the Executive Committee meeting. He announced that the Executive Committee, with assistance from other board members, should prepare to bring a recommendation for a transition plan to the full board at the July 25 meeting. The Chairman noted that transition activities (Goal #3) contained in the FY07 Compensation Plan may be subject to change

according to the Executive Committee's recommendations.

The Chairman commended Mr. Bray for his service and said he was doing "a wonderful job".

**Action:** Upon motion made by Mr. Valentine, duly seconded by Mr. Sen, and adopted by unanimous vote (10-0), Resolution 06-2, approving the Executive Director's Incentive Supplement for FY06 and Compensation Plan for FY07, was adopted by the Board. The FY07 Compensation Plan is subject to revisions by the Executive Committee.

**B. Finance/Planning Committee – Mr. Goodwin, Committee Chair**

1. VPA/VIT Combined Financial Reports

Mr. Oliver reported that the Forward Delivery transaction to refund the 1996 Commonwealth Port Fund bonds, approved by the Board last year, was executed in April and that the Port Authority saved \$1.2 million or 5.27% on the refunding of the bonds.

Mr. Oliver reviewed the combined income statement of VPA and VIT for the ten months ended April 30, 2006. He announced that operating revenues are ahead of budget by \$6 million, while terminal operating expenses are below budget by \$3 million, due to operating efficiencies such as the empty container depots and chassis pool system.

Mr. Oliver reported that maintenance expenses were \$3 million below budget. He reminded the Board that the \$4.1 million operating maintenance expense appropriation transfer from VDOT, received in November, was not fully obligated. Mr. Oliver advised that administrative and depreciation expenses are also well in line with budget projections.

Mr. Oliver reported that capital transfers from the Authority's 4.2% allocation of the Transportation Trust Fund (Commonwealth Port Fund) are about \$700,000 below budget. He announced that actual increase of net assets was \$17 million versus budget of \$3 million.

Mr. Oliver reviewed the obligated/unobligated balances and year-to-date expenditures in the Capital Improvement Program that includes the Commonwealth Port Fund (CPF), Special Fund, Federal Grant, and the 2002, 2003, and 2005 bond issues.

2. Consideration of Resolution 06-3, approving the FY2007 VIT Budget for the year beginning July 1, 2006 and ending June 30, 2007

Mr. Goodwin referred to the May 15<sup>th</sup> memorandum to the Board from Mr. Oliver that accompanied the VIT budget explaining the Board's responsibilities. He reported that the memorandum confirms that certain provisions with regard to VIT's budget have been met in accordance with the Service Agreement between VPA and VIT.

Mr. Goodwin also noted that the Board had an opportunity to review the budget individually. He explained that the VPA Board had issues with not being able to discuss the FY07 budget in closed session due to pending legislation that is not effective until July 1.

Chairman Milliken explained that the VPA Board receives confidential and budgetary information

from VIT yet board members are prohibited by Virginia statute to discuss the information in closed session.

It was reminded by the Chairman that the Structural Review Committee (the "Working Group") had recommended that language be included in the FOIA legislation that would allow both boards to meet in closed session to discuss VIT's confidential budget. That legislation goes into effect July 1, 2006. The Chairman announced that there would be a joint closed meeting of the VPA and VIT boards in conjunction with the July 25<sup>th</sup> meeting in order to discuss VIT's budgetary process.

The Chairman also announced that the VPA and VIT boards would consider meeting either semi-annually or quarterly in order to continue to carry out VPA's oversight responsibilities.

Mr. Goodwin stated that having a closed session in order to discuss the deliberations of the VIT Budget is the way to carry out the Board's duties.

Mr. Dorto stated that VIT welcomes joint meetings of both boards. At this time, Mr. Dorto reviewed highlights of VIT's proposed FY07 budget.

Mr. Dorto reported that budgeted revenue for Virginia International Terminals, Inc. (VIT) is projected to be \$250,727,000 for an 11% increase compared to the current estimate of \$225,799,000 for the fiscal year ending June 30, 2006. The forecasted revenue growth is based on a 7.2% increase in container volume. Total projected container volume is 1,067,000 units and 37,000 VIP Rail containers.

Combined breakbulk and container tonnage for this year is estimated at 12,753,000 tons and is projected at 14,612,000 tons for next fiscal year. Container tonnage is projected to increase 1,670,000 tons or 13.3% in fiscal year ending June 30, 2007. Breakbulk tonnage is projected to decrease 1.9% to 343,000 tons.

Mr. Dorto also reviewed operating expenses, additional VIT staffing for operations and maintenance, maintenance expenses, and accounting and administrative expenses. He advised that budgeted net income for the fiscal year ending June 30, 2007 is \$67,268,000. Mr. Dorto reported that the budgeted net income should provide cash flow to fund payments to the Virginia Port Authority of \$59,500,000 for the fiscal year ending June 30, 2007.

The Current Expense Operating Reserve Account funding will increase July 1, 2006 by \$1,500,000 to \$19,000,000 and the Capital Equipment Maintenance Account required balance will increase by \$750,000 to \$9,500,000.

Mr. Goodwin asked how the projected cash flow of \$60 million in transfers to VPA compared with last year. Mr. Meiggs reported that it was a \$10 million increase over last fiscal year. Mr. Dorto advised that VIT has seen not only the gross income going up but the percentage of net income is increasing at a greater pace because VIT is cutting expenses which means more revenue transferred to VPA for capital improvements.

Mr. Goodwin remarked that it was the opinion of the Board that Mr. Dorto's compensation had been paid at the level which it is paid because of exemplary performance. He stated that someone in Mr. Dorto's position needed to be focused on cost, service, revenue and yield and he said that Mr. Dorto has demonstrated excellent performance in these areas as indicated in the report of the VIT Compensation Committee, submitted by VIT President, Mr. Marvin S. Friedberg. (A copy of the report was also included in the agenda materials and previously provided to the media.) Mr. Goodwin

suggested that the VPA and VIT boards privately discuss some of the issues that were noted in the VIT Compensation Committee's memo, in particular, information gathered by Mercer Human Resource Consulting.

Mr. Milliken advised that there had been many discussions surrounding the compensation of the senior executives at VIT. The Chairman reported that he had met with the VIT Board President in order to gain a better understanding of the VIT Board's actions. The Chairman stated that he has every confidence in Mr. Dorto's management skills and in the abilities that he brings to the job.

**Action:** Upon motion made by Mr. Sen, duly seconded by Mr. Powell, and adopted by unanimous vote (10-0), the Board approved Resolution 06-3, approving the FY2007 VIT Budget for the year beginning July 1, 2006 and ending June 30, 2007

3. Consideration of Resolution 06-4, approving the FY2007 VPA Budget for the year beginning July 1, 2006 and ending June 30, 2007

Mr. Oliver reviewed VPA budget highlights for fiscal year ending June 30, 2007. He reported that terminal revenues are expected to be \$64.5 million in FY07 – 27.2% ahead of the estimate for FY06. Commonwealth Port Fund revenues have slightly decreased by 2.6% due to a one-time transfer for accelerated sales tax collections in FY06. Mr. Oliver advised that there are three areas driving revenue - volume increases, operating efficiencies gained by VIT, and a full year of demurrage charges for containers stored on the terminal that were implemented this year.

Mr. Oliver also reviewed Operating Expenditures, Capital Financing, and Capital Expenditures.

Mr. Oliver reported that debt service for port facilities is VPA's largest budget item - \$9.8 million for FY07. He advised that \$6.6 million of that is budgeted for an FY07 \$90 million terminal revenue bond issue.

He advised that the security services budget includes six new security positions to staff the Virginia Inland Port, which is currently using contract labor paid for by VIT. VPA also has authorization in the budget for 15 additional security positions for APM Terminals in Portsmouth. VPA and APM Terminals are currently in negotiations for security services.

Mr. Oliver reported that the VPA budget is subject to approval of the Governor's budget. He advised that VIT can continue to collect fees and operate, however, VPA must have authority to appropriate funds. He noted that the Craney Island engineering and design work is also dependent upon budget approval.

**Action:** Upon motion made by Mr. Sen, duly seconded by Mr. Barclay, and adopted by unanimous vote (10-0), the Board approved Resolution 06-4, approving the FY2007 VPA Budget for the year beginning July 1, 2006 and ending June 30, 2007

4. Consideration of Resolution 06-5, awarding Aid to Local Ports Grants

Mr. Oliver reported that requests for Aid to Local Ports Grants total \$916,000 and, as outlined in

Resolution 06-5, includes the localities of Accomack-Northampton Transportation District Commission, the Towns of Cape Charles, Chincoteague, Tangier Island, Saxis, Onancock, and County of Accomack, Port of Richmond, and Isle of Wight County. Mr. Oliver briefly described each of the projects as well as authorizations to localities to carry-over funds from FY06.

**Action:** Upon motion made by Ms. Stearns, duly seconded by Mr. Barclay, and adopted by unanimous vote (10-0), the Board approved Resolution 06-5, authorizing FY07 Aid to Local Ports Funding totaling \$916,000.

**C. Facilities Committee – Mr. Sen, Committee Chair**

1. Status report on current construction projects

Mr. Crist presented the Capital Outlay Program and Facilities Maintenance Overview. He announced that all projects are on schedule and within budget. The following projects were reviewed by Mr. Crist:

- NIT Rail Yard–Central – Demolition of 7 cells of Warehouse 6 and remaining cells of Warehouse 5 to make way for expanded rail capacity

Mr. Crist reported that private occupancy vehicle (POV) parking will move to off-terminal parking located at Baker Street which will further insure security at the terminal. He reported that VIT office personnel would be relocated from Warehouse 4 to allow demolition of remaining cells of Warehouse 4 in order to begin rail construction. Mr. Crist advised he would have further information on those projects by the July or September board meeting.

- NIT South Improvements – Phase II and Backlands Reconstruction – Stage 2

Mr. Crist reported that 50% of Stage 2 has been completed with roller compacted concrete and is scheduled to be turned over to VIT for operations by July 1. He advised that by July 2007 the remaining pavement will be turned over to VIT for straddle-carrier operations.

- NIT North Container Yard Expansion (19 acres) – Project is 30% complete and expected to be completed by the end of the year.
- NIT North Wharf Extension – (900 feet) To accommodate 3 new Suez-class container cranes
- PMT Reefer Row/Transfer Zone Relocation – Overall project is 51% complete
- PMT - Retrofit Kone Cranes for use at PMT – Lowest bid was East Coast Cranes with negotiated best and final offer of \$4,978,600 million.

2. Status Report on the Heartland Corridor Project and Consideration of Resolution 06-6, authorizing Virginia Port Authority to serve as the project administrator for the relocation of portions of an existing rail system to the median strip of State routes 164 and I-664.

Mr. Keever announced that on May 16<sup>th</sup> the Assistant Secretary of the Army for Civil Works approved the Draft Feasibility Report and Draft Environmental Impact Statement for an eastward expansion to extend the life of the existing Craney Island Dredge Material Management Area (CIDMMA) and to accommodate

future port expansion. Mr. Keever reported that after final Federal and State agency comments, the U.S. ACOE will issue a final Chief of Engineers Report (Chief's Report). Based on the Chief's report, Congress will authorize the project for design and construction. Mr. Keever advised that Congressional authorization is generally achieved through a Water Resources and Development Act (WRDA).

He advised that VPA is working with our Congressional Delegation to obtain authorizing language and a more favorable cost share in the next WRDA bill. Mr. Keever said he will provide another update at the July board meeting.

Mr. Keever provided a status report on the Heartland Corridor project. The project encompasses three states (Virginia, West Virginia, Ohio) and would connect The Port of Virginia to Midwest cargo thereby reducing transit time by one and one-half days. Mr. Keever presented a map outlining the Heartland Corridor route that includes Norfolk Southern's central corridor double-stack initiative and Pritchard Intermodal Facility, new terminal capacity in Roanoke and Columbus, Ohio, and the Western Freeway Rail Corridor that would serve APM/Maersk Terminal. The Commonwealth Railway will serve the APM/Maersk Terminal that is expected to open in July 2007. Train frequency on the CWRV will increase 10-fold when the Maersk terminal opens and the new route is mostly residential in that area (Chesapeake/Portsmouth). The relocation of the rail line to the median will eliminate 14 at-grade crossings and December 2009 is the soonest the median rail can be constructed.

Mr. Keever described the \$286 million costs associated with the Heartland Corridor as follows:

- Central Corridor Double-Stack Initiative and Pritchard Intermodal Facility \$150M
- New Terminal Capacity (Roanoke, VA and Columbus, OH) \$ 76M
- Western Freeway Rail Corridor \$ 60M

Mr. Keever outlined the various funding sources for the rail relocation costs. He acknowledged assistance from members of the General Assembly, in particular, Delegate Kenneth Melvin, who represents some of the area.

Mr. Keever reported that VPA worked with VDOT in the 1980s to preserve the I-664 and Route 164 medians for maritime rail. VPA also worked with Norfolk Southern and the three states to secure funding for the Heartland Corridor. He reported that Secretary of Transportation Pierce Homer has requested VPA to be the lead agency to implement the median rail relocation project and a copy of the Secretary's letter was distributed at this time.

Mr. Keever explained that the Commonwealth Railway is a short line rail operator and owns, maintains and operates the existing rail line through Portsmouth and Chesapeake. CWRV fully supports the relocation of their existing rail line and they have submitted a proposal to VPA for the relocation project to be constructed by CWRV. The negotiated final cost is not to exceed \$59.55 million.

Mr. Keever described key features of CWRV proposal were outlined as follows:

- Construct the median rail from Bowers Hill to the APM/Maersk Terminal – including a 10,000 foot siding track in Route 164 median
- Construct a grade separation at Highway 17
- Retire the 14 at-grade crossings – convey the land to the Commonwealth
- Final design subject to detailed engineering

**Action:** Upon motion made by Mr. Sen, duly seconded by Mr. Grace, and adopted by unanimous

vote (10-0), the Board approved Resolution 06-6, authorizing Virginia Port Authority to serve as the project administrator for the relocation of portions of an existing rail system to the median strip of State Routes 164 and I-664.

Mr. Barclay asked if Suffolk was included in the track ownership of CWRV. Mr. Dave Rohal explained that CWRV has a right to purchase that line from Suffolk and the rail line is currently exercising that option.

3. Discussion regarding the proposed construction of an office building on Terminal Boulevard

Mr. Keever that the Facilities Committee met this morning and approved construction of an office building on land owned by the VPA just outside of the NIT gate on Terminal Boulevard. It was recalled that this matter was discussed at the March meeting. He advised that Mr. Crist had described the revised building design to the Facilities Committee. Mr. Bray explained that VPA owns the land and that the building plans had been turned over to VPA by the HRSA/HRMA. He explained that HRSA/HRMA determined that the building was not economically viable for their business model. A map of Terminal Boulevard indicated the location for the proposed building.

Mr. Keever explained that the building design was scaled back from 50,000 square feet to 20,000 to 25,000 square feet. The building will house VIT employees that will be relocated from NIT in order to make way for the rail yard expansion. He reported that, since the last meeting, VPA looked at available commercial office space in and around the port area and current construction prospects that were more modest. He announced that VPA had decided to construct a “tilt-up” building. Mr. Keever explained that the ten-year break-even point would mean that if the building would be in use more than 10 years, it is better to build than to lease. The building would cost \$125 per square foot at a total cost of \$4.6 million. Mr. Keever advised that, due to security concerns and the growing container business, VPA/VIT have an urgent need to move the office personnel off terminal. He stated in an effort to facilitate a quick schedule on the construction of the building, VPA plans to conduct a design-build procurement for the building construction based on a best value selection. The site civil work will be procured under a separate contract through a traditional design-bid-build process.

At this time, Mr. Bray requested a motion from the Board to allow VPA to move forward on the design-bid-build project.

**Action:** Upon motion by Mr. Sen, seconded by Ms. Stearns, the Board approved the staff moving forward on the design-build concept for an office building on Terminal Boulevard. The staff is to return at the September meeting of the Board for permission to execute a contract of construction.

**D. Marketing Committee – Ms. Stearns, Committee Chair**

Mr. Capozzi announced that TEUs for the fiscal year-to-date period, July 2006 – April 2006, increased by 8.1% from FY05. He added that VPA was almost 2% higher than Savannah and New York in spite of falling short of the Port’s 9.5% tonnage projection for FY06 (actual – 8.6%). He reported that ship calls increased by 5.9% and breakbulk declined by 13.2%. Midwest train cargo increased by 9.5% and rail traffic at the Inland Port increased by 13.8%.

Mr. Capozzi announced that he had served on a panel at HRMA’s International Trade Symposium that

focused on transatlantic trade. He reported that trade from Asia and India has increased and he compared East Coast Ports' growth in market share in Mediterranean and North Europe Trade.

Mr. Capozzi announced the following new business:

- Maersk has a new Suez service that will call Norfolk - Middle East Container Line Service (MECL2)
- CMA-CGM just signed a 10-year contract with VIT with an option for a 5-year extension
- India-Suez weekly Service INDUS (IDX) Express – Zim, Shipping Corp of India, Emirates Shipping Line, and MacAndrews Co. Limited – First vessel to arrive Norfolk on June 17.

Mr. Dorto advised that the CMA-CGM contract is worth \$125 million with volume guarantees of 55,000 containers per year. He reported that 70% of VIT's business is in long-term contracts.

Mr. Capozzi reported that India has been the biggest growth market in the last several years. He explained that the Suez would be the preferred route for the world's largest vessels to call the East Coast.

Chairman Milliken announced that World Trade Magazine named The Port of Virginia one of its Fabulous 50 Organizations in the world trade industry.

#### **E. Security Committee – Mr. Grace, Committee Chair**

##### **1. Security Report**

Mr. Merkle described the Interim Vetting Program, administered by the Coast Guard that requires identification of port staff, contractors and longshoremen for comparison against the terrorist watch list and immigration status screening. He advised that VPA submitted 6,000 names by May 17, which was before the May 30 due date. Mr. Merkle reported that VPA could not submit information on ILA or truckers. He said by submitting only names and dates of birth, VPA did not have to go through a Privacy Act process. VPA received a response from the Coast Guard that the results were accepted.

Mr. Merkle also described the Transportation Worker Identification Credential (TWIC) program. The proposed rule, a 277-page document regarding worker credentialing, was published May 22, 2006, and affects all port workers with unescorted access to terminals – 750,000 estimated.

TWIC vetting standards involve security threat assessment, immigration status, and mental capacity. Mr. Merkle reported that infrastructure for TWIC would include biometric readers at access points and a facility security plan. Inspection authority and enforcement resides with the U.S. Coast Guard.

Mr. Merkle advised that TWIC will cause some infrastructure changes at the Port.

### **III. REPORT OF EXECUTIVE DIRECTOR**

#### **IV. UNFINISHED BUSINESS**

There was no unfinished business.

#### **V. NEW BUSINESS**

**VI.**

**ADJOURNMENT**

Mr. Dorto announced that *The Virginian-Pilot* awarded VIT the Bronze Award for the Best Place to Work in the region.

There being no further business and no public comments, the open meeting adjourned at 12:35 p.m.

***The Annual Meeting of the Board of Commissioners is scheduled to be held in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia, on Tuesday, July 25, 2006.***

Respectfully submitted,

Debra J. McNulty  
Clerk to the Board