

Virginia Port Authority Board of Commissioners
Finance/Planning Committee Meeting
March 27, 2007
Open Session Minutes

Committee Members Present:

Mark B. Goodwin, Committee Chairman
Robert C. Barclay, IV, Committee Vice Chairman
Joe B. Fleming
J. Braxton Powell, State Treasurer

Committee Members Absent:

Michael J. Quillen

Commissioners Present:

John G. Milliken, Chairman
Stephen M. Cumbie
William M. Grace
Ranjit K. Sen

Staff:

Jerry A. Bridges, Executive Director
Thomas Capozzi, Senior Managing Director of Marketing Services
Linda G. Ford, Director of Port Promotion
Rodney W. Oliver, Director of Finance & Treasurer to the Board
Jeffrey A. Florin, Chief Engineer
Elaine Smith, Director of Human Resources
Erika Snow, Administrative Assistant
Carla Welsh, Public Relations Coordinator
Jodie Asbell, Executive Secretary Senior and Deputy Clerk to the Board
Debra J. McNulty, Clerk to the Board

Guests:

J. Jasen Eige, Senior Assistant Attorney General
Lloyd M. Richardson, McGuireWoods LLP
Treva Saunders, McGuireWoods LLP
JoAnne Carter, Public Financial Management, Inc.
James L. McDonnell, III, Merrill Lynch
Joseph A. Dorto, General Manager, VIT

Members of the Media:

Peter Dujardin, *The Daily Press*
Gregory Richards, *The Virginian-Pilot*

Pursuant to call by Mr. Goodwin, the Finance/Planning Committee convened an open session on this date at 11:05 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following items were discussed:

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1. Consideration of Resolution 07-03, authorizing financing under a proposed Master Equipment Lease Program (MELP)

Mr. Oliver explained that Resolution 07-3 would authorize the Authority's second Master Equipment Lease Program that would be utilized to finance the purchase of straddle-carriers and other major capital equipment as may be contemplated by the Authority's capital improvement plan.

Mr. Richardson, the Authority's bond counsel, reported that Resolution 07-3 would authorize up to a maximum of \$35 million in financing over three years with an extension option of an additional year and/or an additional \$15 million. He explained that the MELP financing is subordinate to the Authority's revenue bonds, pursuant to Resolution 97-5, and he reviewed the outstanding obligations. Mr. Richardson referred to page 2 of the resolution, "Approval of Financing" section which authorizes the Executive Director to accept the proposal for the lease program subject to certain parameters as outlined in the resolution. Mr. Richardson reported that the interest component of rental payments under the lease program shall not exceed 8% and the initial term of the lease shall not expire later than June 30, 2010, subject to extension. Mr. Oliver noted that page 10 of the MELP Agreement describes Interest Rate; Limitations on Lease Payments; Security; and Lease Payments Subject to Appropriation.

Mr. Richardson announced that the evaluation criteria included 10% for SWaM participation. The Request for Proposals resulted in 11 responses received and the unanimous choice was Citimortgage, in partnership with Grant Capital Management. Mr. Richardson advised that Citimortgage offered the lowest cost proposal and most SWaM participation - 20% of the program will be funded by Grant Capital Management. He reported that negotiations are ongoing regarding possible utilization of a SWaM escrow agent.

Mr. Richardson reported that the resolution also states that the Authority expects to present the Second Lease Program for approval by the Treasury Board on April 18, 2007.

There were no further questions and the Finance/Planning Committee unanimously agreed to recommend the adoption of Resolution 07-3 to the full Board.

2. Discussion regarding the flow of funds and Virginia Port Authority bank accounts

Mr. Oliver reviewed VPA Gross Revenues, which includes transfers of VIT Gross Revenues after payments into the VIT Income Fund, together with any other VPA income; VPA's Revenue Fund, Current Expense fund, and VPA Net Revenues, Debt Service Fund, and Reserve Maintenance and Improvement Fund.

Mr. Oliver presented an overview of VPA's various bank accounts, most of which are held by Bank of America due to the requirements for the flow of fund transfers per the bond resolution and international money wires to foreign offices. The CE Reserve account is held by TowneBank, and Commonwealth Port Fund Cash is held with Treasury.

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Mr. Oliver also reviewed the Investment Trust Accounts that include debt service on the Commonwealth Port Fund Series bonds and Port Facilities Revenue bonds, Debt Service Reserve accounts, and construction and cost of issuance funds. He advised that all Commonwealth Port Fund Bond Trust Accounts are with U.S. Bank and all Port Facilities Revenue Bond Trust Accounts are with Deutsche Bank.

Mr. Oliver announced that he is working with Treasury on a draft banking policy for VPA that he will present to the Finance/Planning Committee at the May 22 meeting.

There were no public comments and the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board