

Virginia Port Authority Board of Commissioners
Finance/Planning Committee Meeting – May 22, 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
William M. Grace
Virginia M. Murphy
Ranjit K. Sen

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Deputy Executive Director
Thomas Capozzi, Senior Managing Director of Marketing Services
Rodney W. Oliver, Director of Finance & Treasurer to the Board
Carla Welsh, Public Relations Coordinator
Debra J. McNulty, Clerk

Guests:

J. Jasen Eige, Senior Assistant Attorney General
Lloyd M. Richardson, McGuireWoods LLP
John M. Ryan, Vandeventer Black LLP (and VIT Corporate Counsel)
Pat Herman, Vandeventer Black LLP

Pursuant to call by Mr. Goodwin, the Finance/Planning Committee convened an open session on this date at 9:20 a.m., in the Authority's Conference Room, 600 World Trade Center, Norfolk, Virginia. At the request of Chairman Milliken, Mr. Goodwin moved that the Finance/Planning Committee convene a closed session to review the proposed FY2008 VIT Budget for the year beginning July 1, 2007 and ending June 30, 2008, in accordance with the requirements of the Virginia Freedom of Information Act and in accordance with Virginia Code § 2.2-3711(A) (39) and pursuant to the provisions of Virginia Code §62.1-132.4 (...to review information and data furnished to the Virginia Port Authority in confidence, including but not limited to ship tally sheets, ship manifests, information relating to tonnages and cargoes, information, and annual budgets furnished to it by any entity, including but not limited to any entity operating a terminal on behalf of the Virginia Port Authority.)

The motion was seconded by Mr. Barclay.

The Finance/Planning Committee came out of closed session at 10:10 a.m. After reconvening the open session, the following resolution was read by Mr. Fleming:

“WHEREAS, the VPA Board of Commissioners Finance/Planning Committee has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712 of the Code of Virginia requires a certification that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Finance/Planning Committee certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee.”

The resolution passed by a roll call vote of the Committee members as follows:

Mr. Goodwin	Aye
Mr. Powell	Aye
Mr. Fleming	Aye

At this time, the VIT Budget for FY2008 was presented for approval by the Finance/Planning Committee. Mr. Goodwin announced that he would cast an opposing vote before the full board.

Committee Members:

Mr. Barclay	Aye
Mr. Fleming	Aye
Mr. Powell	Aye
Mr. Goodwin	Nay

Board Members:

Mr. Milliken	Aye
Mr. Grace	Aye
Ms. Murphy	Aye
Mr. Sen	Aye

Mr. Oliver announced that the Virginia Port Authority received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management. The award was presented to Mr. Oliver as the individual responsible for preparing the award-winning CAFR.

Mr. Oliver continued with a brief report on the following items:

1. Review of the proposed FY2008 VPA Budget for the year beginning July 1, 2007 and ending June 30, 2008

Mr. Oliver reviewed the VPA and VIT accrual basis budget highlights for the twelve months ending June 30, 2008. He advised that FY2008 is a big capital development year for the port with the relocation Route 164 rail relocation project and the Craney Island design work.

Mr. Oliver reported that terminal operating revenues are expected to be \$3.5 million or 1.5% below budget primarily due to an expected 2% decrease in volume and the projected loss of APM Terminal lease revenue for the last half of the fiscal year. Revenue reflects a \$5 million growth in stevedoring services and a 2% schedule of rates (SOR) increase effective October 1, 2007.

Mr. Oliver reviewed projected increases in operating expenses, that include VIT/VPA salary increases, terminal operating expenses, maintenance expenses, and general and administrative expenses. Mr. Oliver reported that interest income is expected to be \$4.3 million below FY2007 due to lower construction fund balances available for investment and an estimated decrease in returns. Interest expense is expected to increase by \$4.2 million as a result of the two new bond issues in FY2007 and an expected additional equipment lease for up to 10 straddle carriers in FY2008.

The Department of Taxation and VDOT expects Commonwealth Port Fund revenues on a cash basis to increase by 6.1% in FY2008.

Action: Upon motion by Mr. Fleming, seconded by Mr. Powell, the Finance/Planning Committee approved the FY2008 VPA Budget.

2. Review of Resolution 07-9, awarding Aid to Local Ports Grants

Mr. Oliver reported that he met with Senator Rerras and Delegate Lewis to discuss FY2008 grant requests for localities on the Eastern Shore. Mr. Oliver briefly reviewed each of the projects outlined in Resolution 07-9, that total grant requests in the amount of \$877,940, to Accomack-Northampton Transportation District Commission, Town of Cape Charles, Town of Saxis, and Town of Onancock. The resolution also outlines carry over requests from FY2007 balances to 11 localities.

Action: Upon motion by Mr. Powell, seconded by Mr. Fleming, the Finance/Planning Committee approved Resolution 07-9, awarding a total of \$877,940, to Accomack-Northampton Transportation District Commission, Town of Cape Charles, Town of Saxis, and Town of Onancock, and requests for carry over funds.

3. Review of Resolution 07-10, approving the VPA Banking Policy

Mr. Oliver explained that the VPA Banking Policy was prepared from discussions held at the January meeting of the Board. He announced that a banking policy was in the planning stages since last fall, however, there had been several staff changes in the Finance Department. Mr. Oliver noted that he had recently hired a new controller, Cindy Scheidenmantel.

Mr. Oliver reported that the banking policy calls for a review of banking services at least every five years for its banking relationships for Operating Funds. For Trust Accounts, the Authority reserves the right to review and/or procure banking services as needed. Mr. Oliver advised that there are a small number of banks that can provide the services required by VPA.

Action: Upon motion by Mr. Powell, seconded by Mr. Fleming, the Finance/Planning Committee adopted Resolution 07-10, approving the VPA Banking Policy.

4. Review of Resolution 07-11, (i) authorizing the issuance of up to \$155,000,000 in Commonwealth Port Fund Revenue Bonds and (ii) evidencing official intent to reimburse certain expenditures with the proceeds of bonds – Mr. Lloyd Richardson, McGuireWoods LLP, Mr. Oliver

Mr. Oliver explained that VPA's bond counsel, Mr. Lloyd Richardson, approached VPA with a recommendation regarding an opportunity to issue completely governmental bonds from Commonwealth Port Funds that had the potential to save 25 to 40 basis points. He advised that the savings on, for example, \$200 million in bonds, could result in a savings of \$10 million in debt service.

Mr. Richardson explained that to ensure the tax-exempt status of these governmental bonds, it is necessary to obtain a "private letter ruling" from the Internal Revenue Service to ensure VPA's intent to issue the bonds (FY2008), which could take up to a year to process. Mr. Richardson explained that Resolution 07-11 only evidences the Authority's intent to issue such CPF bonds if it obtains a favorable ruling from the IRS.

Action: Upon motion by Mr. Powell, seconded by Mr. Fleming, the Finance/Planning Committee approved Resolution 07-11, (i) authorizing the issuance of up to \$155,000,000 in Commonwealth Port Fund Revenue Bonds and (ii) evidencing official intent to reimburse certain expenditures with the proceeds of bonds, for adoption by the full Board.

Mr. Goodwin referred the subject of the proposed VPA Travel Policy to the Chairman. Chairman Milliken explained that he had conversations with staff during the last several days and it was suggested that the Board take the matter up at the July 24, 2007 meeting.

Chairman Milliken asked Mr. Bridges to provide him with further information on the proposed revisions and he asked staff to compare the proposals to the state requirements. The Chairman remarked that the Authority is a "different kind of agency and does different business than other state agencies but still subject to state laws". He asked the staff to justify the proposed changes to the policy.

Mr. Bridges agreed to pull the item for discussion until July. The Finance/Planning Committee concurred.

There were no public comments and the meeting adjourned at 10:20 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board

