

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 311

Virginia Port Authority

World Trade Center

Norfolk, Virginia

July 24, 2007 – 11:00 a.m.

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

The following attended:

Commissioners:

John G. Milliken, Chairman

Robert C. Barclay, IV, Vice Chairman

Stephen M. Cumbie

Joe B. Fleming

Michael J. Quillen

Deborah K. Stearns

Thomas M. Wolf

Absent:

Mark B. Goodwin

Allen R. Jones

Virginia M. Murphy

Ranjit K. Sen

J. Braxton Powell, State Treasurer

Staff:

Jerry A. Bridges, 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

Jeffrey A. Florin, Chief Engineer

Kevin Abt, Deputy Chief Engineer

Norris (Ed) Merkle, Director of Security

David M. James, Director of Contracts and Real Estate

Kevin Burwell, Director of Business Analysis & Strategy

Carla Welsh, Program Manager-Port Promotion

Joe Harris, Program Manager-Media Relations

Jake Denton, Public Relations Program Manager

Michael L. Brewer, Police Captain

Rebecca Killen, Administrative Asst. Senior

Jodie Love, Administrative Asst. Senior

Staff (continued):

Michelle Wallace, Administrative Asst. Senior
Erika Snow, Administrative Assistant
Jodie L. Asbell, Deputy Clerk to the Board
Debra J. McNulty, Clerk to the Board
Caitlyn Plotkin, Intern

Guests:

Todd E. LePage, Senior Asst. Attorney General
Rick Gabrielson, Target Corporation
Stacy Houston, Target Corporation
Art Moye, Virginia Maritime Association
Lloyd M. Richardson, McGuireWoods LLP
JoAnne Carter, Public Financial Management, Inc.
John M. Ryan, Vandeventer Black, LLP and VIT Corporate Counsel
Nash Bilisoly, Vandeventer Black, LLP
Bryant McGann, Vandeventer Black, LLP
Michael T. Crist, Moffatt & Nichol Engineers
Joseph A. Dorto, VIT
Richard N. Knapp, VIT

INTRODUCTIONS

Ms. Ford introduced guests in attendance. Members of the press in attendance included Mr. Gregory Richards, *The Virginian-Pilot*, and Mr. Peter Dujardin, *The Daily Press*.

Chairman Milliken welcomed Mr. Thomas M. Wolf, VPA Commissioner, to his first meeting of the board. The Chairman announced that the newest appointment to the Board, Mr. Allen R. Jones, Jr., of Newport News, was traveling. Chairman Milliken also congratulated Commissioners Deborah Stearns, Mark Goodwin, and Mike Quillen on their reappointments to the Board.

I.

ELECTION OF OFFICERS

Report of the Nominating Committee and election of officers for the year July 1, 2007 through June 30, 2008.

Nominating Committee

Deborah K. Stearns, Chair
Stephen M. Cumbie
Joe B. Fleming

Under the Bylaws (Article III, page 2) the Board elects a Chairman and a Vice Chairman and may elect from its membership or appoint from the staff a Secretary and Treasurer. The practice of the Board has been to elect its Chairman and Vice Chairman and to appoint from the staff its Treasurer, its Secretary/Clerk and its Assistant Secretary/Deputy Clerk.

Officers for the year ending **June 30, 2007** were:

Chairman	John G. Milliken
Vice Chairman	Robert C. Barclay, IV
Treasurer	Rodney W. Oliver
Secretary and Clerk	Debra J. McNulty
Assistant Secretary and Deputy Clerk	Jodie L. Asbell

Ms. Stearns reported that the Nominating Committee met in open session at 10:30 a.m. and unanimously approved the reappointments of Chairman Milliken, Vice Chairman Barclay, Mr. Oliver, Mrs. McNulty, and Mrs. Asbell.

Action: Upon motion made by Ms. Stearns, seconded by Mr. Cumbie, and adopted by affirmative vote (7-0) the Board closed the floor for nominations and elected the following officers for the year ending **June 30, 2007**:

Chairman	-	John G. Milliken
Vice Chairman	-	Robert C. Barclay, IV
Treasurer	-	Rodney W. Oliver
Secretary and Clerk	-	Debra J. McNulty
Assistant Secretary and Deputy Clerk	-	Jodie L. Asbell

II. APPOINTMENTS TO STANDING COMMITTEES

Chairman Milliken asked that Board members contact him over the course of next month to express their committee interests. The Chairman advised that he would announce new appointments to standing committees at the September 25th board meeting and that he would make every effort to reorganize the committees to the satisfaction of the Commissioners. Committee assignments to date, are as follows:

Executive Committee

John G. Milliken, Chairman
Robert C. Barclay, IV, Vice Chairman
Mark B. Goodwin
William M. Grace (term expired)
Ranjit K. Sen
Deborah K. Stearns

Finance/Planning Committee

Mark B. Goodwin, Chairman
Stephen M. Cumbie, Vice Chairman
Joe B. Fleming
Michael J. Quillen
J. Braxton Powell, State Treasurer

Facilities Committee

Ranjit K. Sen, Chairman
Virginia M. Murphy, Vice Chairwoman
William M. Grace (term expired)
Deborah K. Stearns
J. Braxton Powell

Marketing Committee

Deborah K. Stearns, Chairwoman
Michael J. Quillen, Vice Chairman
Stephen M. Cumbie
Joe B. Fleming
Thomas M. Wolf

Security Committee

William M. Grace, Chairman (term expired)

Mark B. Goodwin, Vice Chairman

Virginia M. Murphy

Ranjit K. Sen

Thomas M. Wolf

NOTE: Under the Bylaws (Article XII), the Chairman and Vice Chairman of the Board are ex-officio members of all committees of which they are not a regular member.

III.

OTHER BUSINESS

There was no other business to report.

IV.

ADJOURNMENT

There being no further business, the annual meeting adjourned at 11:05 a.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board

MINUTES

Board of Commissioners - Session 312

Virginia Port Authority

World Trade Center

Norfolk, Virginia

July 24, 2007 (Held immediately after Annual Meeting)

Pursuant to call by Chairman Milliken, the Board of Commissioners held its regular meeting this date at 11:10 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman

Robert C. Barclay, IV, Vice Chairman

Stephen M. Cumbie

Joe B. Fleming

Michael J. Quillen

Deborah K. Stearns

Thomas M. Wolf

Absent:

Mark B. Goodwin

Allen R. Jones

Virginia M. Murphy

Ranjit K. Sen

J. Braxton Powell, State Treasurer

Staff:

Jerry A. Bridges, 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

Jeffrey A. Florin, Chief Engineer

Kevin Abt, Deputy Chief Engineer

Norris (Ed) Merkle, Director of Security

David M. James, Director of Contracts and Real Estate

Kevin Burwell, Director of Business Analysis & Strategy

Carla Welsh, Program Manager-Port Promotion

Joe Harris, Program Manager-Media Relations

Jake Denton, Public Relations Program Manager

Michael L. Brewer, Police Captain

Rebecca Killen, Administrative Asst. Senior

Staff (continued):

Jodie Love, Administrative Asst. Senior
Michelle Wallace, Administrative Asst. Senior
Erika Snow, Administrative Assistant
Jodie L. Asbell, Deputy Clerk to the Board
Debra J. McNulty, Clerk to the Board
Caitlyn Plotkin, Intern

Guests:

Todd E. LePage, Senior Asst. Attorney General
Rick Gabrielson, Target Corporation
Stacy Houston, Target Corporation
Art Moye, Virginia Maritime Association
Lloyd M. Richardson, McGuireWoods LLP
JoAnne Carter, Public Financial Management, Inc.
John M. Ryan, Vandeventer Black, LLP VIT Corporate Counsel
Nash Bilisoly, Vandeventer Black, LLP
Bryant McGann, Vandeventer Black, LLP
Michael T. Crist, Moffatt & Nichol Engineers
Joseph A. Dorto, VIT
Richard N. Knapp, VIT

RESOLUTION OF SERVICE

Chairman Milliken presented a Resolution on the Services of J. Robert (Bobby) Bray. The Chairman announced that the Board hosted a dinner last evening and presented the resolution in honor of Mr. Bray's 40 years of service to the Virginia Port Authority and to the Commonwealth. Chairman Milliken announced that everyone in the maritime community knows of Mr. Bray's accomplishments and he offered a motion to formally adopt the resolution.

Action: Upon motion made by Mr. Barclay, duly seconded by Ms. Stearns, and adopted by unanimous vote (7-0), the Board approved the Resolution for J. Robert Bray.

At this time, Chairman Milliken announced that the Board would present a motion to go into closed session in order to discuss the results of the Compensation Committee meeting, held earlier, and to discuss financial matters involving customers both direct and indirect.

Mr. Dorto asked the Chairman if representatives from Target Corporation could speak before the closed session due to time constraints. Mr. Rick Gabrielson and Ms. Stacy Houston from Target were in attendance. Mr. Gabrielson thanked the Virginia Port Authority and Board of Commissioners on behalf of Target for the services provided at the port. Mr. Gabrielson announced that 48,000 FEUs (40-foot equivalent units) are projected for this fiscal year. He commended Mr. Dorto and VIT for "doing a great job providing for Target's needs". Mr. Gabrielson predicted that, as business continues to grow combined with the expansion of the Panama Canal, more cargo will come to the East Coast with Norfolk being the "gateway" port. Chairman Milliken asked Mr. Gabrielson and Ms. Houston to stay for a portion of the closed meeting.

At 11:10 a.m., at the request of Chairman Milliken, Mr. Barclay moved that the Virginia Port Authority Board of Commissioners convene a closed meeting in accordance with the Virginia Freedom of Information Act, §2.2-3711(A)(1), the personnel exemption, to review Executive Director's Incentive Compensation for accomplishments since taking office from February 5, 2007 through June 30, 2007, and to review Executive Director's FY2008 Compensation Plan (Goals and Objectives), and for the Board to also review in closed session and in accordance with §2.2-3711(A)(38) as it relates to §62.1-132.4, financial ratios and proprietary budget information gathered by or for the Virginia Port Authority.

At 12:40 p.m., the Board came out of closed session and the following certification was presented by Mr. Barclay:

WHEREAS, the VPA Board of Commissioners 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 VPA Board of Commissioners 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 Board."

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

Mr. Milliken	Aye	Mr. Quillen	Aye
Mr. Barclay	Aye	Ms. Stearns	Aye
Mr. Cumbie	Aye	Mr. Wolf	Aye
Mr. Fleming	Aye		

I. REPORTS OF COMMITTEES

A. Executive Committee – Chairman Milliken

1. Consideration of Resolution 07-14, approving Executive Director's Incentive Compensation for the FY2007 period February 5 through June 30, 2007, and Compensation Plan for FY2008

Mr. Milliken reported that the Compensation Committee and full Board approved the Executive Director's Incentive Compensation for the FY2007 period and the Compensation Plan for FY2008 that included some minor revisions. Chairman Milliken explained that the Security

Goal (#2) was increased from 5% to 10% with additional language for the Executive Director to “work closely with the Department of Homeland Security and the Coast Guard to secure maximum available federal funding to improve the security of the Port and related facilities”. He also reported that the Administration Goal (#5) was decreased from 25% to 20%.

Mr. Milliken announced that the Board is very pleased with Mr. Bridges’ progress to date and had unanimously approved his incentive compensation for work accomplished since taking over the Executive Director position on February 5, 2007. The Chairman said that the Board had directed Mr. Bridges to “step into big shoes and he has done that”, as well as reaching out to the maritime community, port employees, customers, and to become a part of the larger community of Hampton Roads. On behalf of the Board, Chairman Milliken praised Mr. Bridges’ work and said that he was doing a fine job.

Chairman Milliken also announced that the Executive Director’s goals and objectives for FY2008 will be reviewed one year from now at the July 2008 meeting.

Action: Upon motion made by Mr. Quillen, duly seconded by Mr. Barclay, and adopted by unanimous vote (7-0), the Board approved Resolution 07-14, approving the Executive Director’s Incentive Compensation, in the amount of \$36,250, for the FY2007 period February 5 through June 30, 2007, and Compensation Plan for FY2008, with recommended revisions.

2. Chairman’s Presentation of the W. Wright Harrison Award

Chairman Milliken announced that Kevin P. Abt, VPA’s Assistant Chief Engineer, was this year’s recipient of the W. Wright Harrison Award. The Chairman acknowledged many of the construction projects that Mr. Abt oversees at the port; some of which included the NIT South wharf and backlands project and the reconstruction of the NIT North container yard in addition to dozens of other projects. Mr. Abt expressed his appreciation, and surprise, for being selected to receive the award.

(Due time constraints for members of the Board and guests, the Chairman requested that resolutions be presented for Board vote outside of the regular agenda order.)

B. Finance/Planning Committee

1. Review of Resolution 07-17, authorizing staff to request the Governor’s approval of (i) acceleration of the construction schedule of two capital projects and (ii) implementation of a “commercial paper” program to provide interim financing for capital projects.

Mr. Oliver asked Mr. Florin to describe the two capital projects that were outlined in Resolution 07-17. Mr. Florin described the next phase of the reconstruction of NIT South backlands that involves moving the surcharge pile from areas 5 and 6 to area 7 and 8 (slide presented) in order to prepare an additional 13 acres in time for VIT’s peak season.

Mr. Florin reported that the second project contained in Resolution 07-17 is the Preliminary Engineering Design for Craney Island. He advised there are two parts of that project – the

relocation of the fuel line (VPA pays in full) and construction of the levees (VPA and Corps). Mr. Florin described the work involved and Mr. Oliver explained the funding of those projects.

Mr. Oliver explained that the Governor's approval is needed for appropriation of both projects as we are in between General Assembly sessions. Mr. Oliver advised that the commercial paper would bridge the gap between six months of this fiscal year and next year when the General Assembly will be asked to approve a bond issue.

Mr. Oliver described a "commercial paper", which is secured by a letter of credit that provides both credit support and liquidity for short-term debt. He said this vehicle of financing is not new to the Commonwealth. Mr. Oliver explained the benefits and risks involved.

Mr. Oliver reported that, after approval of Resolution 07-17, the Authority would work with bond counsel and the commercial paper working group to draft documents (July through September) for consideration by the Board at the September meeting. Once the commercial paper program is established, VPA will be ready to draw money when needed (October).

Action: Upon motion by Mr. Cumbie, duly seconded by Ms. Stearns, and adopted by unanimous vote (7-0), the Board approved Resolution 07-17, authorizing staff to request the Governor's approval of (i) acceleration of the construction schedule of two capital projects and (ii) implementation of a "commercial paper" program to provide interim financing for capital projects.

C. Nominating Committee for Selection of a VIT Director

1. Consideration of Resolution 07-15, for an appointment to the VIT Board of Directors to serve an unexpired term effective May 24, 2007 and ending November 30, 2010.

Mr. Barclay reported that there are two vacancies on the VIT Board of Directors and that the Nominating Committee had approved the nomination of Mr. William M. Grace to fulfill the unexpired term of Mr. Leon Stafford. Mr. Barclay explained that both vacancies on the board represent the Newport News/Hampton region and that the candidates' residence and/or business must be located in either city. He announced that the Nominating Committee had considered another nomination for the VIT Board, to replace Mrs. Regina Brayboy, but decided to defer nomination of the candidate until the September board meeting. (Resolution 07-16 for another Newport News/Hampton representative for the VIT Board will be presented at that time.)

Action: Upon motion made by Mr. Barclay, duly seconded by Ms. Stearns, and adopted by unanimous vote (7-0), the Board approved the appointment of Mr. William M. Grace to the VIT Board, to serve the unexpired term of Mr. Leon Stafford, effective May 24, 2007 and ending November 30, 2010.

Chairman Milliken stated that he could not think of anyone who could serve more ably than Bill Grace.

At this time, Mr. Bridges presented Resolution 07-19, authorizing the application for an expansion of the Virginia Port Authority's Foreign Trade Zone. Resolution 07-19 requests approval for the Shirley T. Holland Park in Isle of Wight to be designated a Foreign Trade Zone in order to allow zone activity in a Virginia region that has not previously had zone space. This will also allow for several other very interested parties to be included in this expansion and give other port customers the tools they need to be global competitors.

Action: Upon motion made by Ms. Stearns, duly seconded by Mr. Cumbie, and adopted by unanimous vote (7-0), the Board approved Resolution 07-19, authorizing the application for an expansion of the Virginia Port Authority's Foreign Trade Zone.

D. Facilities Committee

Mr. Florin presented Resolution 07-18, authorizing VPA to enter into a contract for the construction of the shuttle-carrier road at NIT. It was reminded by Mr. Florin that the Board heard a presentation from Mr. Rick Knapp at the last meeting demonstrating the proposed shuttle-carrier operation at NIT. Mr. Florin reported, since that time, the project went out on bid and E. V. Williams was selected.

Action: Upon motion made by Mr. Quillen, duly seconded by Mr. Barclay, and adopted by unanimous vote (7-0), the Board approved Resolution 07-18, authorizing VPA to enter into a contract with E. V. Williams for the construction of the shuttle-carrier road at NIT.

Mr. Florin announced that all projects at the terminals are on time and proceeding well and that the Engineering Department is in the process of moving almost 80 utilities to make way for the Route 164 median rail relocation.

Photos and status of major projects are posted at the following web link: www.vpa-engineering.net <<http://www.vpa-engineering.net>>

E. Marketing Committee

Mr. Capozzi reported that The Port of Virginia moved up from eighth to fifth in the ranking of North American ports. He reviewed the Port's fiscal year performance from July 2006 to June 2007 as follows:

TEUS	+0.5%
Ship Calls	+4.1%
Breakbulk	-14.3%
Midwest rail	+4.6%
Virginia Inland Port	-13.8%

Mr. Capozzi attributed the decrease in breakbulk shipments to a decline in forest products that are being handled by some of the private terminal operators. He advised that Midwest rail

continues to be one of the strongest areas of the Port's growth. Mr. Capozzi mentioned that rail figures are for the Commonwealth and do not include a break-down of Maersk rail.

Mr. Capozzi reported that Midwest rail reflected record volumes in the month of June 2007 – 24,448 boxes = 44,006 TEUs and especially for the week of June 22-28 – 6,165 boxes = 11,097 TEUs.

Mr. Capozzi reviewed shipline service announcements and economic development projects announced during the fiscal year. He reported that NYK Logistics just opened a new facility in Chesapeake that will handle Target shipments. Mr. Capozzi announced that, in addition to the eight new speculation buildings completed this year, there were nine additional projects just announced that will add over 300 million square feet of distribution capacity for our region. As a result, six new companies have contacted VPA last month.

Mr. Capozzi reviewed import loads, export loads, and empty containers port-wide compared to the Virginia Inland Port. He advised that ship lines are getting more sophisticated about routing options and matching load for load. Mr. Capozzi reviewed U.S. TEU import and export growth forecasts for 2007.

Mr. Capozzi announced that The Port of Virginia predicts a 3.2% increase in TEUs for FY2008 (port-wide).

Mr. Capozzi explained the Governor's recently established Virginia International Trade Alliance (VITAL). He announced that Mr. Keever serves on a policy task force. VITAL includes 10 task forces comprised of executives from Virginia's business community to address pressing international economic issues in 10 key areas.

He announced that, during the Governor's trade mission to India, a Memorandum of Understanding was signed on April 26, 2007 between Sterling SEZ Limited, Virginia Economic Development Partnership and VPA to promote Virginia as a distribution gateway for customers in the Sterling Economic Zone located in the state of Gujarat, India. The agreement focuses on building cargo volume between the state of Gujarat and the Commonwealth of Virginia and promotes the Commonwealth's products and services to SEZ companies.

F. Security Committee

Mr. Merkle reported that there were no security matters that required Board action and he requested that he present his briefing at the September board meeting. Chairman Milliken concurred.

II. REPORT OF EXECUTIVE DIRECTOR

Mr. Bridges reported that fiscal year totals reflect that \$10.6 million (14.2%) of VPA's discretionary expenditures have gone to SWaM (small, women, and minority) vendors. Mr. Bridges commended staff for their efforts to convince businesses to become state certified and for the increase in SWaM expenditures.

III.

UNFINISHED BUSINESS

There was no unfinished business.

IV. NEW BUSINESS

There was no new business.

V. ADJOURNMENT

There being no further business and no public comments, the open meeting adjourned at 1:30 p.m.

The next meeting of the Board of Commissioners will be held in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia, on Tuesday, September 25, 2007.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board