

**MINUTES OF THE
JOINT MEETING OF THE
Virginia Port Authority Board of Commissioners
And
Virginia International Terminals (VIT) Board of Directors
World Trade Center – VPA Conference Room
November 27, 2007 – 10:00 a.m.**

The following were in attendance:

VPA Board of Commissioners

John G. Milliken, Chairman
Robert C. Barclay, IV
Stephen M. Cumbie
Joe B. Fleming
Mark B. Goodwin
Allen R. Jones, Jr.
Michael J. Quillen
Ranjit K. Sen
Deborah K. Stearns
Thomas M. Wolf
J. Braxton Powell (State Treasurer)

VIT Board of Directors

Marvin S. Friedberg, President
Wilson M. Goode, Vice President
G. Robert Aston, Jr
Franklin (Lin) P. Earley
William M. Grace
Thaddeus B. Holloman, Sr.
John M. Ryan (Corporate Counsel)

VPA Board Members Absent:

Martin J. Barrington

Staff:

Jerry A. Bridges, Executive Director
J. J. Keever, Deputy Executive Director
Thomas D. Capozzi, Senior Managing Director of Marketing Services
Rodney W. Oliver, Director of Finance
Linda Ford, Director of Port Promotion
Elaine Smith, Director of Human Resources
Jeffrey A. Florin, Chief Engineer
Norris (Ed) Merkle, Director of Security and Emergency Operations
Carla Welsh, Public Relations Program Manager
Heather Mantz, Director of Environmental Affairs
David M. James, Director of Contracts and Real Estate
Jake Denton, Public Relations Program Manager
Debra J. McNulty, Clerk
Jodie L. Asbell, Deputy Clerk

Guests:

Barbara W. Reese, Deputy Secretary of Transportation
Todd E. LePage, Senior Asst. Attorney General
Arthur W. Moye, Jr., Virginia Maritime Association
Bryant McGann, Vandeventer Black LLP
Joseph A. Dorto, General Manager, VIT
Richard N. Knapp, Assistant General Manager, VIT
Regina Brayboy, Chief Financial Officer, VIT

Pursuant to call by Chairman Milliken, the VPA Board of Commissioners and VIT Board of Directors convened an open session on this date at 10:10 a.m., in Virginia Port Authority Conference Room A, 600 World Trade Center, Norfolk, Virginia.

Introductions by both boards were made at this time and Ms. Ford announced that Mr. Gregory Richards with the Virginian-Pilot was present.

The following was presented:

1. Overview of the Virginia Maritime Association (VMA)

Mr. Arthur W. Moyer, Executive Vice President of VMA, presented an overview of his organization and the Hampton Roads Shipping Association (HRSA). Mr. Moyer explained that VMA is the “voice of the port” whose mission is to promote protect and encourage commercial shipping through The Port of Virginia. He explained that VMA handles many port-related issues while HRSA is responsible for labor and contract negotiations. He advised that the organization’s name change from Hampton Roads Maritime Association to VMA better identifies the organization’s vast port-related influences state-wide.

Mr. Moyer reviewed priorities and activities of the VMA and outlined the maritime economic impacts. He announced that The Port of Virginia is the economic engine for the Commonwealth of Virginia resulting in 165,000 port and port-related jobs; \$762.5 million in business revenues and \$60.7 million in state and local taxes. He explained that the economic impact figures are based on the last study that was prepared for the Port which is currently in the process of being updated.

Mr. Moyer reviewed some of VMA’s major achievements that include advocating and facilitating port unification and obtaining support from city, state and federal leaders for projects such as the Craney Island expansion, channel dredging, port rail connectors, terminal improvements, port security, and navigational aides.

Mr. Moyer concluded by saying that the future of The Port of Virginia includes the Heartland Corridor, Route 460 & Route 58 corridors, the Third Crossing, the new APM Terminal, and construction of the Craney Island Marine Terminal.

Chairman Milliken thanked Mr. Moyer and said he appreciated the good work that VMA does for The Port of Virginia.

2. Review of consolidated financial results for the combined entity VPA and VIT, to-date

Mr. Rodney Oliver, Director of Finance, reviewed the VPA and VIT Statement of Net Assets as of October 31, 2007, which reflects all combined assets for the four state-owned terminals. He reported that total combined assets for VPA and VIT amounts to \$941,216,771. Mr. Oliver reviewed the liabilities portion of the balance sheet that includes \$51.6 in current liabilities, \$472.9 million in noncurrent liabilities which are mostly in the form of bond issues, and total net assets of \$416.6 million, a majority of which are tied up in capital assets (\$290.7 million).

Mr. Oliver reported that the first four months of the fiscal year resulted in total operating revenues of \$90.7 million which is \$10 million more than what was budgeted and \$12 million more than the prior year. Mr. Oliver reported that operating income for last year was \$2.2 million compared to the four-month fiscal year actual results of \$6.6 million. It was reminded that the port had forecast that TEU figures would be flat for the first four months. Mr. Oliver reported that the port is well ahead of budget and ahead of prior year.

Mr. Oliver advised that interest income and interest expense are also ahead of last year. He explained that the Department of Transportation reported revised estimates for the Transportation Trust Fund (TTF) which was about \$800,000 lower than the original forecast reported this summer. The Commonwealth Port Fund is 4.2% of the TTF. Mr. Oliver reported that the change in net assets is currently at \$13.3 million for the first four months.

Mr. Oliver continued with an explanation of VPA and VIT selected financial ratios comparing FY 2008 year-to-date with the three previous fiscal years. Return on assets increased to 4.23% compared to 0.21% in 2005. Mr. Oliver reported that Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), as indicated for VPA and VIT, are annualized and have increased very well each year. Mr. Oliver advised that there is approximately 2.5 months of cash on hand available and that the days sales outstanding is at 37.4. He reported that VIT is known throughout the port industry for its excellent record of sales outstanding.

Mr. Oliver explained each of the ratios related to debt and debt service and he noted that the Commonwealth Port Fund is the least expensive form of debt which is why that ratio is lower than the others (1.28). Mr. Oliver explained for Mr. Goodwin that the CPF allocation is used to pay debt service on the CPF bonds and for some maintenance and some “pay-as-you-go” projects. Mr. Oliver also explained that operating ratios include operating expenses and do not include debt service. Mr. Goodwin remarked that the operating revenue is “phenomenal”.

At this time, upon motion by Chairman Milliken, read by Vice Chairman Barclay, and seconded by Mr. Jones, the VPA Board of Commissioners and VIT Board of Directors convened a closed meeting under the Virginia Freedom of Information Act §2.2-3711(A)(38) pursuant to the provisions of Virginia Code §62.1-132.4, review of information and data furnished to the 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 vote was unanimous.

Commissioner Thomas Wolf arrived at this time. In addition to VPA and VIT board members, Mr. Bridges, Mr. LePage, and Ms. Reese, the following staff and guests were invited to remain for a portion of the closed session:

Mr. Keever	Mr. Capozzi	Mr. Florin	Mr. Oliver
Mr. Dorto	Mr. Merkle	Mr. Knapp	Ms. Brayboy
Mr. James	Mr. McGann	Ms. Ford	

The Board came out of closed session at 1:05 p.m. After reconvening the open session, the following resolution was read by Mr. Barclay and seconded by Mr. Jones:

Whereas, the Virginia Port Authority Board of Commissioners had 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, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Commissioners that such closed meeting was conducted in conformity with Virginia law;

Now, therefore be it resolved, that the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law 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 convening the closed meeting were heard, discussed or considered by the Board of Commissioners.

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

Ayes: 11	(Milliken, Barclay, Cumbie, Fleming, Goodwin, Jones, Powell, Quillen, Sen, Stearns, Wolf)
Nays: 0	
Absent During Vote: 1	(Barrington)
Absent During Meeting: 1	(Barrington)

There being no further comments the meeting adjourned.

Respectfully Submitted,

Debra J. McNulty
Clerk to the Board