

Virginia Port Authority Board of Commissioners
Finance/Planning Committee Meeting
March 25, 2008
Open Session Minutes

Committee Members Present:

Mark B. Goodwin, Committee Chairman
Stephen M. Cumbie, Committee Vice Chairman
Martin J. Barrington
Michael J. Quillen
J. Braxton Powell, State Treasurer

Commissioners Present:

John G. Milliken, Chairman
Robert C. Barclay, IV, Vice Chairman
Joe B. Fleming
Allen R. Jones
Ranjit K. Sen
Deborah K. Stearns
Thomas M. Wolf

Staff:

Jerry A. Bridges, Executive Director
J. J. Keever, Deputy Executive Director
Rodney W. Oliver, Director of Finance & Treasurer to the Board
Linda G. Ford, Director of Port Promotion
Carla Welsh, Public Relations Coordinator
Debra J. McNulty, Clerk to the Board

Guests:

Todd E. LePage, Senior Assistant Attorney General
Jeffrey R. Allen, Assistant Attorney General
Tracy Clemons, Director of Debt Management, Office of the State Treasurer
Joseph A. Dorto, President and Chief Executive Officer, VIT
Richard N. Knapp, Chief Operating Officer, VIT
Regina P. Brayboy, Treasurer and Director of Financial Services, VIT

Pursuant to call by Mr. Goodwin, the Finance/Planning Committee convened an open session on this date at 11:00 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia. There were no members of the press in attendance.

The following items were discussed:

1. Report on Banking Services Request for Proposal (RFP)

Mr. Oliver reported that VPA had issued an RFP on March 2, 2008, for banking services. The RFP was due by April 2, 2008. He advised that, after staff reviews proposals, he will present the results to the Board for their approval at the May 27th meeting. (New banking services must go before the VPA Board.)

Mr. Oliver explained that the VPA's Revenue Fund Special Account has been set-aside in the RFP for award to a small, women-owned, or minority-owned (SWaM) bank. He explained that the Authority is not seeking proposals at this time for Trust account services related to its various bond issuance accounts. Mr. Oliver mentioned that there are only two minority-owned banks in the Commonwealth – one in Richmond (Consolidated Bank) and one in Northern Virginia (Security One Bank). He explained that one bank had been on the Federal credit watch list for a while and that the other bank was new and recently opened in October.

Mr. Oliver explained that banks must be approved by the State Treasurer as an authorized depository for the Commonwealth of Virginia.

2. Assumptions for the FY2009 VPA Budget (July 1, 2008 – June 30, 2009)

Mr. Oliver reviewed the 2009 budget preparation time-line that begins with the release of the Governor's new budget in December leading up to May when the VPA budget (and VIT budget) is presented to the Board for final approval. He reported that VPA and VIT strategy meetings are held periodically in order to develop a detailed budget plan.

Mr. Oliver reviewed each of the VPA budgeted operating expenditures that are contained in the Governor's budget and he compared FY2008 to FY2009 reflecting percentage changes. He reported that the National and International Trade budget is lower for FY09 - VPA hosted the AAPA Annual Convention in FY08. The debt service budget increased by 19.5% in order to budget for the \$93 million revenue bond issue and debt service on \$39 million worth of equipment lease purchases planned for the new NIT North container yard, rail operation, and equipment replacement.

Mr. Oliver reported that the budget for Security Services was increased by 18.2% in order to hire five new staff positions to handle TWIC (Transportation Worker Identification Cards) implementation, increased federal matching grant funding, and maintenance of security equipment. The Aid to Local Ports (ALP) budget also increased (25%) as the General Assembly approved an increase in appropriations out of the Commonwealth Port Fund for grants to localities from \$800,000 to \$1 million. This would be the first such increase in ALP appropriation since the programs inception in 1986.

Mr. Oliver reviewed total budgeted revenues for the Authority that amount to \$108,099,000 for FY2009 compared to \$113,949,000 from FY2008. Budgeted capital expenditures include maintenance reserve, expanding the empty container yard, cargo handling facilities, rail relocation and Craney Preliminary Engineering Design (PED), straddle-carriers, improvements to terminals, and short-term financing. Mr. Oliver noted those projects that are "pay-as-you-go" and he also mentioned that the budgeted line item "Improvements to the Terminals" includes a \$93 million revenue bond issue in FY2009, a portion of which may be postponed until FY2010.

Mr. Oliver reported that VPA had been denied appropriation requests that included an increase in travel expenses due to the high cost of fuel, increased hotel expenses and car rental fees, and an increase in insurance and health costs.

Mr. Oliver explained that an increased travel budget was forecast for the new Executive Director compared to the prior Executive Director's budget, however, the increase for Executive Director travel was denied.

The Board briefly discussed travel restrictions and it was recommended by Chairman Milliken, Ms. Stearns, and Mr. Goodwin, to not request VPA's travel policy revisions at this time in light of the state's budget crisis.

Chairman Milliken explained that the Authority's travel has been an ongoing issue that has been discussed among VPA, the Administration, and the State Auditor. He remarked that no other state agency has travel as its core function and the Chairman agreed that the Authority's travel policy needed revision, but not at this time.

At 11:45 a.m., Mr. Cumbie presented a motion, seconded by Mr. Quillen, to go into closed session in accordance with the Virginia Freedom of Information Act, pursuant to § 2.2-3711(A) (38) and pursuant to the provisions of Virginia Code §62.1-132.4, to **review assumptions for the FY2009 VIT Budget (July 1, 2008 – June 30, 2009)**. The vote was unanimous.

Mr. Clemons, Ms. Ford, and Ms. Welsh left the meeting at this time.

The Finance/Planning Committee came out of closed session at 12:35 p.m. After reconvening the open session, the following resolution was read by Mr. Cumbie and seconded by Mr. Quillen:

Whereas, the Virginia Port Authority Board of Commissioners Finance/Planning Committee 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 Finance/Planning Committee that such closed meeting was conducted in conformity with Virginia law;

Now, therefore be it resolved, that the Finance/Planning Committee 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 Finance/Planning Committee.

The resolution passed by a roll call vote of the Finance/Planning Committee as follows:

Ayes: 5 (Goodwin, Cumbie, Barrington, Quillen, Powell)

Nays: 0

Absent During Vote: 0

Absent During Meeting: 0

There were no public comments and the meeting adjourned at 12:35 p.m.

Respectfully submitted,

Debra J. McNulty
Clerk to the Board