

AMENDED
DELAWARE RIVER PORT AUTHORITY
Minutes of the June 20, 2012 Board Meeting
One Port Center, Camden, New Jersey
Wednesday, June 20, 2012, 9 a.m.

Present

PENNSYLVANIA

Robert Teplitz, Esquire (Wagner)
John Lisko (McCord) (via telephone)
Walter D'Alessio
David Simon, Esquire
Joanna Cruz, Esquire (via telephone)
Joann Bell

Officers and Chiefs

John Matheussen, CEO
Michael Conallen, Deputy CEO
Danielle McNichol, General Counsel and
Corporate Secretary
Richard Brown, Deputy General Counsel
John Hanson, CFO
Toni Brown, CAO
John Rink, PATCO, General Manager
Michael Venuto, Chief Engineer
Timothy Pulte, COO

DRPA Staff

Rich Betts, Acting Purchasing Agent
Fran DiCicco, Administrative Coordinator
Ann DuVall, Executive Assistant to CEO
Timothy Ireland, Director, Corp. Comm.
Lisa Kmiec, Assistant General Counsel
Kevin LaMarca, Director, IS
Mark Lopez, Acting Manager, Government Rel.
Sheila Milner, Administrative Coordinator
Robert Only, Director, Homeland Security
Thomas Raftery, Inspector General
Bill Shanahan, Director, Government Relations
Gary Smith, Acting Police Chief, Public Safety
Cheryl Spicer, Asst. General Manager, PATCO
Susan Squillace, Acting Mgr., Purchasing
Dawn Whiton, Administrative Coordinator
Mike Williams, Graphic Design

NEW JERSEY

Jeffrey L. Nash, Esquire, Vice Chair
E. Frank DiAntonio
Richard Sweeney
Albert F. Frattali
Charles Fentress
Tamarisk Jones
Denise Y. Mason

Counsel

Christopher Gibson, Archer & Greiner, NJ
Counsel
Tom Ellis, Duane Morris, PA Counsel

Others

John Cascarano, Assistant Counsel, NJ Gov.
Authorities Unit
Kathleen Duffy Bruder, Esquire, PA
Governor's Office
Victoria Page-Wooten, PA Governor's Office
Dottie Wilson
Jack Costello
Dave McClintock
Sean Leonard, CAC
Fred Stuart, CAC
Jonathan Latko, CAC
Julie Still, CAC
John Timmons (Penn Terminals)
Haneef Nelson
Isa Ala
Michael Ssendi
John Nelson
John Braxton
Casey Oaks (Sen. Lautenberg's Office)

The Corporate Secretary announced that pursuant to the Bylaws of this Authority, public notice of this meeting of the DRPA Board of Commissioners has been given by posting proper notice in the lobby at One Port Center, and issuing proper notice to the public and news media.

Vice Chair Nash called the meeting to order. He asked the Corporate Secretary to call the roll. The Corporate Secretary called the roll and announced that there was a quorum. Vice Chair Nash presided.

Report of the Chairman

There was no report.

Report of the Chief Executive Officer

Mr. Matheussen thanked the Chairman and said his report stands as submitted and highlighted the following items.

Mr. Matheussen said he wanted to advise the Board and the public that certain reforms from 2010 and beyond are actively being worked on by staff. He said it is our top priority to make certain all these reforms are acted upon so it can be in no way be misconstrued now or in the future that these reforms are not here to stay. Mr. Matheussen said the work on the reforms may require Board Resolutions and some efforts that may involve changes to the Bylaws. Changes to the Bylaws require consideration of the Resolutions at two consecutive Board Meetings. He advised that both he and the staff are very focused on this and that there have been a number of meetings on this matter. Mr. Matheussen said yesterday, at the last such meeting, Mr. Ireland was designated by him as the Project Manager of this reform implementation effort and to guarantee that the reforms are completed. Mr. Ireland will work in close consultation with General Counsel McNichol and Inspector General Raftery and has been doing that already to make sure the practices conform to the resolution. Mr. Matheussen said from time to time the Board's involvement may be sought through the Committee or Board level to make certain what staff is proposing is exactly what the Board wants to accomplish. Mr. Matheussen said this reform implementation work will be completed by year's end, 2012, including any necessary Bylaws changes, and he wanted to be certain everyone was aware. He noted there has been media attention on this matter, and he does not want the public or the Board to feel this is not a significant priority to staff.

Commissioner Simon said it would be helpful by the July Board Meeting to have a definitive schedule of when things would be done. He said reform implementation could and should be done by the July meeting, but if that is not the case, at least having a schedule for the Board in July will be helpful and Mr. Matheussen responded, absolutely, that schedule will be created for the Board.

Mr. Matheussen introduced two retirees; the first was Dottie Wilson, who retired after 33 years of exemplary service as a PATCO Customer Service Agent. He thanked her for all she did through the years and wished her well in her retirement, noting that she helped a great many customers during her service. Mr. Rink added that Ms. Wilson was the pleasant voice on the other end of the red phone our customers would speak to every day.

Mr. Matheussen then introduced Dave McClintock and said he was an individual with whom the Board got to become familiar over the years. He retired May 15 as our Police Chief after 36 years of outstanding service protecting the public. He said he started as a toll collector and was someone who worked his way up through the ranks. Mr. Matheussen said Chief McClintock moved to the police department and became a police officer, and through his own dedication furthered his education, including obtaining a Bachelor's Degree, advanced degrees and did a stint at the FBI Academy. Mr. Matheussen said DRPA benefitted tremendously from Chief McClintock's hard work, leadership and vision through the years, wished him well in his new endeavors and thanked him for all he has done for the Authority.

Mr. Matheussen said safety is at forefront of everything we do at the Authority and is exemplified in the annual safety slogan contest. He introduced Jack Costello from the Purchasing Department to congratulate him for being selected as the winner of the annual safety slogan contest with his entry, "Safety is the Key to Accident Free." This contest occurs each year as a way to promote the importance of working safely, and employees are encouraged to submit a safety slogan for consideration. The contest is run by the Programs & Activities Subcommittee of the Central Safety & Health Committee. Mr. Matheussen said this year there were 31 submissions and Jack was selected the winner. Mr. Matheussen thanked Jack for his efforts in this regard. Mr. Matheussen mentioned it is National Safety Month and at the Authority there is tremendous focus on safety at all of our facilities. He noted this week there are safety events at each facility and a vendor was present earlier in the week demonstrating proper climbing techniques and how to prevent falls. He noted that Mr. Pulte got to take part in the demonstrations, as well as Mr. Ireland. Mr. Matheussen advised the Board that DRPA recently completed the Board-authorized Reverse Auction for Electricity that is estimated to save the Authority more than \$1.33 million a year with the four contracts. He said the contracts lock in prices on DRPA energy purchases for terms ranging from 23 and 35 months, and DRPA took advantage of the market. He complimented Mr. Spinelli, Mr. Korsen, Mr. Conallen and Ms. McNichol for their efforts in the execution of the reverse auction.

Mr. Matheussen called attention to Mr. Dick Brown who is retiring July 1 after serving as General Counsel for the past 22 years. He said Dick is an authority on the institutional knowledge of DRPA and PATCO and provided many years and opportunities of good counsel in many areas. Mr. Matheussen personally thanked Mr. Brown for the years he and Mr. Brown worked together and said he never faltered in any circumstance and was always a gentleman. He wished him well in all his new endeavors. Mr. Brown thanked the Board and staff for their acknowledgement. Mr. Brown repeated his comment to Ms. McNichol (in good humor) "now it is all on you." Mr. Matheussen said we have passed the General Counsel baton on to someone who is very capable as well and said that she has already been tested and performed very well.

This concluded the Report of the CEO.

On motion duly made and seconded, the Report of the CEO was approved.

Approval of May 16, 2012 DRPA Board Meeting Minutes

The Minutes of the May 16, 2012 Board Meeting of the Delaware River Port Authority were previously provided to the Governor of New Jersey and the DRPA Commissioners and there were no comments.

Vice Chair Nash abstained from voting as he was not present at the meeting.

On motion duly made and seconded, the Minutes of the May 16, 2012 Board Meeting were approved.

Receipt and Filing of the Monthly List of Payments Covering the Month of May 2012

The Monthly List of Payments covering the month of May 2012 was previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Monthly List of Payments covering the month of May 2012 was received and filed.

Report of the Audit Committee

Commissioner Teplitz stated that since the May Board Meeting, the Audit Committee has met twice and is staying on top of the ongoing financial audit and performance audits to make sure they are moving forward and meeting all deadlines and expectations. He stated the Audit Committee has taken an active role in both and that Mr. Raftery, Inspector General, is taking an active role in the day to day management of these audits. He said it has been seen that Mr. Raftery has put out some reports and is doing what we charged him to do in taking an independent view of this agency, and we are seeing the payoff from that work. Commissioner Teplitz said the Audit Committee will meet again next month in order to stay on top of both of the audits.

Approval of Operations & Maintenance Committee Report of May 16, 2012

The Report of the Operations & Maintenance Committee Meeting of May 16, 2012 was previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Report of the Operations & Maintenance Committee of May 16, 2012 was approved.

Adopt Resolution Approved by Operations & Maintenance Committee of May 16, 2012

On motion duly made and seconded, the following Resolution was unanimously adopted and made the action of the Authority:

DRPA-12-054

**Contract No. BF-36-2012, Benjamin Franklin Bridge
Standpipe Repairs**

Approval by Finance Committee of the Finance Committee Report of June 14, 2012

The Minutes of the Finance Committee Meeting of June 14, 2012 were previously provided to the members of the Committee.

On motion duly made and seconded, the Minutes of the June 14, 2012 Finance Committee Meeting were approved by the Finance Committee.

Adopt Resolutions Approved by Finance Committee of June 14, 2012

On motion duly made and seconded, the following Resolution was unanimously adopted and made the action of the Authority:

DRPA-12-055 Modification of Contract (Homeland Defense Solutions, LLC)

On motion duly made and seconded, the following Resolution was unanimously adopted and made the action of the Authority:

DRPA-12-056 Selection of Qualified Firms to Provide Underwriting and Remarketing Services to the Delaware River Port Authority

Unfinished Business

There was no unfinished business.

New Business

Item 1 – Consideration of Pending DRPA Contracts (Between 25,000 and \$100,000)

Commissioner Simon stated that he had a question regarding item No. 5 on the list, Planet Technologies, regarding the conversion from the Windows XP desktop to the Windows 7 desktop for all staff. He inquired as to why we moving to Windows 7 and not to the Windows 8 desktop application that was just announced as available. Commissioner Simon also asked whether we would even want to move to Windows 7.

Kevin LaMarca, Director of IS, stated that the Authority looks at its experience with major software releases and when those applications first get released, they can contain a number of bugs or service issues. He said the XP application DRPA has been running fine and is supported until 2014 Mr. LaMarca said one of the Authority's biggest issues is that DRPA is a small organization but we have a significant number of niche applications for various departments. He said we find some software companies do not move quickly to support our needs. Mr. LaMarca said it has been our experience to wait until applications for a new operating system have been on the market for 3-4 years. He noted recent articles from a research firm say it may take up to a decade for agencies to accept Windows 8, and many will wait for the next application before they implement it to their businesses.

On motion duly made and seconded, the following Resolution was unanimously adopted and made the action of the Authority:

DRPA-12-057 Consideration of Pending DRPA Contracts (Between 25,000 and \$100,000)

Item 2 – Excepted List

On motion duly made and seconded, the following Resolution was unanimously adopted and made the action of the Authority:

DRPA-12-057 Excepted List

Citizens Advisory Committee Update

Sean Leonard, Chairman of the Citizen Advisory Committee, thanked the Board and staff. He stated that at one point he took a public speaking class and is starting with clarification. He said the CAC presented recommendations to the staff and Board this morning and this is not a “gotcha plan” and the CAC will create some protocol in the future for additional recommendations. (See Attached CAC Handout). Mr. Leonard said the CAC is comprised of 24 people who agreed to volunteer and make recommendations on how to improve the Authority. He stated that these recommendations are pure recommendations. He said that he was given the honor to be the first Chairman of the Committee, the CAC is hoping to provide some good suggestions to the Authority, and with that there were some challenges which they had to overcome, including some health issues and the passing of a member.

Mr. Leonard stated the CAC has spent the last year working on ways to make the Authority improve transparency, good will and good operations. He indicated that they have classified the recommendations into four categories: Transparency, Public Relations, Finance and the Compact. The first category Mr. Leonard spoke about was transparency. He said that the Board and staff had made great strides in improving transparency over the last several years and thinks there is more room for improvement and they are counting on Mr. Raftery to help usher in additional reforms in this area. They recommend providing minimum review period of (30) days DRPA/PATCO Budgets including the capital improvement budget. The CAC suggested that they would like to see a public comment period prior to all Board votes on the budgets. Additionally he stated that all documents on the DRPA website should be in a searchable PDF format. They would like to see posted online a bid summary on projects in excess of \$250,000 which will include a summary of the scope of work, reason why a specific contractor was chosen, the low bidder or the reasons to not choose the low bidder. The CAC recommended that all reports issued by Inspector General be posted online in a reasonable timeframe after they are given to Board.

Mr. Leonard said that there is still a public relations deficiency at the agency and recognized the staff and Board are working hard on this matter. He said that no matter how safe the bridges are, no matter how clean the PATCO cars are or how hard the staff works, drivers and PATCO riders remember what it costs to cross the bridge. The CAC suggested that the Authority should increase the community outreach by encouraging Authority Board members and employees to perform community service or adopt a charity and he said he knows that most probably do community service. He suggests a plan be adopted to increase this and encourage the Board to engage in the community more. He said that one of the best moments at a prior Board meeting was when a member of the public came to the Board meeting to thank the Board for the use of their ball fields. The CAC would like to see the transit ambassador program highlighted and be

made a permanent program within the Authority. The final recommendation in this category is for the Authority to consider reinstating the previous discount programs for high use toll and transit users or better, surprise toll users with a “toll holiday” on an unannounced day of the year. He said this may not cost the Authority much. This could be done when the financial situation of the Authority will justify that.

The next category was Finance. He stated that Mr. Hanson and Mr. White spent a few hours with the Committee requested their assistance and the CAC appreciates their thoughtful answers. He said the CAC would like the Authority to focus on administrative cuts, reduce salaries and deferred compensation benefits, reduce the use of motor vehicles and strictly limit employee reimbursement expenses. He stated that they would also like to see the Authority stop all third party loan guarantees and said that this would be first on their list. He further said that they would like the Authority to convert appropriate bank accounts to DDA Accounts as this would minimize custodial credit risk and maximize income. He said that the Authority should continue to take all necessary steps to terminate the current swap agreements and acknowledged some of the swaps have already been paid down. The final recommendation was to institute investment guidelines to make one large investment in a single security.

The final recommendation that Mr. Leonard and the CAC focused on was the Compact. The original legislation was signed by President Truman in 1941 to give the Authority the responsibility of promoting international trade for the Delaware River ports. In 1988 Governors Casey and Kean amended the charter to enable the Authority to engage in economic development, unification of the port and improve Camden’s business district. He said today we need as new directive to not spend toll monies on non-transit related projects. The CAC requests the Board ask the NJ and PA legislatures and all local congressional representatives to support and pass required legislation to eliminate the ability of the DRPA to use toll monies or bond monies on non-transit projects. He said that the Authority should update its Mission Statement to exclude economic development. The Authority should continue to lobby state and federal representatives to modify the Compact to emphasize safety for quality transportation services for the region.

Mr. Leonard said these recommendations were approved by all the members of the Committee. Finally, Mr. Leonard said that the Committee will continue to pressure the Board to act on these reforms or provide a reason as to why they did not act on them. He said they are pragmatic and he hopes they are taken seriously by the Board and staff

Vice Chair Nash asked that Mr. Leonard introduce any other CAC members who were present. Mr. Leonard introduced Fred Stuart and said he will take over as Chairman of the Citizen Advisory Committee after this meeting. He stated that according to the Committee’s bylaws, an election takes place every year and Mr. Stuart was elected as the new Chairman. Jonathan Latko will be the incoming Vice Chairman, and Julie Still will be the incoming Secretary. The Committee had a recommendation for a prospective member to the CAC, Ray Adamson of Collingswood who is the Director of Business for Service Engine in Cherry Hill.

Vice Chair Nash expressed his appreciation of the DRPA and the Board to all the Committee members for the enormous amount of work they do as volunteers. He assured the CAC that their

independent voices are very important to the Board. He suggested Mr. Matheussen to develop a process to look at each recommendation and see how DRPA can act on them and he said he generally wanted to express his appreciation. He further stated that he has been to one of the CAC meetings and found it to be very informative. Vice Chair Nash congratulated Mr. Stuart on his appointment and thanked Mr. Leonard for his service.

Commissioner Simon also expressed his appreciation and stated that the comments from Mr. Leonard and the Committee were very thoughtful and helpful and in the Finance area where he and Vice Chair Nash work closely, there is a remarkable degree of consistency in the points that Mr. Leonard made and what the Finance Committee is doing. Commissioner Simon said in the area of administrative cuts, we had discussions at the last Finance Committee Meeting challenging management to come back with a budget that has a real decrease in the operating budget. He said the Finance Committee and the CAC are very much thinking along the same lines, and at the last Finance Committee Meeting, there was a lot of discussion, and he does not think the current guidelines would allow a single investment, but we are looking at the issue freshly with the FA's and will look to not risk our funds. Commissioner Simon said that he did not hear in these comments any criticism of the operation of DRPA and PATCO and he will take that as an endorsement that everything is running well and they have not identified any serious problems. Mr. Leonard stated that there are absolutely areas where the CAC believes the Authority could make improvements. He said they are trying to move forward and we don't want to be in the news tomorrow rehash old mistakes that were made. He said that he has not met a staff member who has not acknowledged mistakes were made in the past and it is better to look forward. He said these recommendations were based on areas in which we felt there could be improvement and we applaud Mr. Hanson and his staff for their work. He said one the biggest crimes he has seen over the last several years is instead of the Board dictating when tolls are increased, now the bankers dictate when tolls are increased He said the bankers will not lend DRPA money unless DRPA raises the tolls and he said the reason for that is the debt level. Mr. Leonard said the CAC feels there are areas the CAC would like to see improved upon and that he just wants to look forward. HE does not want there to be an article tomorrow on the CAC bringing up old history; that should be avoided.

Commissioner Teplitz complimented Mr. Leonard and the other CAC members for their hard work and for putting together this report. As Vice Chair Nash said we have to go through the recommendations and consider a process to hopefully adopt the recommendations. Commissioner Teplitz said the fact of this report is exactly what we had in mind when we created the CAC and he is glad they are working closely with Mr. Raftery as the two independent voices we created to hold us accountable and push us to do a better job. Commissioner Teplitz inquired whether the CAC saw this as a first set of recommendations or are there other topic areas that you foresee giving us recommendations on in the future. Mr. Leonard said that they foresee additional recommendations in the future and the Committee has spent a lot of time going over the issues, meeting with staff and they wanted to create an initial foundation and once these recommendations are complete and approved, they will focus on other recommendations. He said he and the Committee feel things are evolving in the right direction and going forward there will be less and less recommendations as we go along.

Mr. Matheussen said while he very much appreciates the noted efforts of Mr. Hanson and Mr. White who were mentioned by Mr. Leonard, he wanted to acknowledge and congratulate other staff as well who have been cooperative, attending CAC meetings and providing the CAC with requested information. He said he wants there to be no misconception that staff is not working; not in a way to direct the CAC, but in a cooperative way with the CAC. Mr. Matheussen said there are a number of staff members in the room today who have spent hours helping in this effort. He said that is the only way this gets done and moves forward. Mr. Matheussen added he certainly will address the recommendations the CAC provided at the meeting and staff will make comment as to how the recommendations can become a reality.

Mr. Leonard said the staff here have been extraordinary and have provided them with whatever information they have requested, including Mr. Matheussen. He said the CAC as a whole is very confident the Authority is moving in the right direction and they appreciate the cooperation.

Public Comment

There were no public comments.

There being no further business, on motion duly made and seconded, the meeting was adjourned.

Respectfully,

Danielle L. McNichol
Corporate Secretary