

DELAWARE RIVER PORT AUTHORITY
Minutes of the December 14, 2011 Board Meeting
One Port Center, Camden, New Jersey
Wednesday, December 14, 2011, 9 a.m.

Present

PENNSYLVANIA

Governor Tom Corbett, Chair
Jack Wagner, Auditor General
John Lisko (McCord)
William Sasso, Esquire
Walter D'Alessio (via telephone)
David Simon, Esquire
Joanna Cruz, Esquire
Joann Bell

Officers and Chiefs

John Matheussen, CEO
Robert Gross, Deputy CEO
Richard Brown, General Counsel and Corporate Secretary
John Hanson, CFO
Toni Brown, CAO
John Rink, PATCO, General Manager
Mike Venuto, Chief Engineer
Timothy Pulte, COO

DRPA Staff

William Anderson, Budget Analyst
Fran DiCicco, Administrative Coordinator
Ann DuVall, Executive Assistant to CEO
Joe Egan, Project Manager, DRPA
Sylvia Gray-Newman, Admin. Coord.
Barbara Holcomb, Grants Specialist
Timothy Ireland, Manager, Corp. Comm.
Karen Jacobson, Assistant General Counsel
Edward Kasuba, Director of Corp. Comm.
Lisa M. Kmiec, Asst. General Counsel
Howard Korsen, Manager, Contracts Admin
Kevin LaMarca, Director, IS
Mark Lopez, Manager, Government Rel
John Lotierzo, Senior Accountant
David McClintock, Chief, Public Safety
Sheila Milner, Administrative Coordinator
Tom Omiatek, Director of Finance, PATCO
Robert Only, Director, Homeland Security
Orville Parker, Manager, Budget & Fin Anal
Cheryl Spicer, Asst. Gen. Manager, PATCO
Susan Squillace, Acting Mgr., Purchasing
Charles Thompson, Graph. Dsgn. Specialist
James White, Director, Finance
Dawn Whiton, Administrative Coordinator

NEW JERSEY

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

Counsel

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

Others

David Reiner, NJ Gov. Authorities Unit
Kathleen Duffy Bruder, PA Governor's Office
Tyler Laughlin, PA Governor's Office
Robert Teplitz, Esquire, PA Aud. Gen.
Kevin Harley, PA Governor's Office
Steve Halvonik, PA Auditor General
William Dolbrow, PA Auditor General
Jenny Robinson
Joe Njoroge
John Braxton
Eric Watkins
Haneef Nelson
Douglas Nesmith
Glasgow Leonard
Anne Cutler
Joanne Bernier, CAC
Valerie Traore
John Boyle
Matthew Norris
Tim Carey
Matt Anastasi
Michael McGettigan
Connie Dellmuth
Megan Rosenbach
Stephen Taylor
Samuel Moulthrop
Kevin Price
Carol Rhodes
Joe Powell
Ed Nesmith

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.

Chairman Corbett 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. Chairman Corbett presided.

Report of the Chairman

Chairman Corbett wished everyone a happy and safe holiday season.

Report of the Chief Executive Officer

Mr. Matheussen thanked the Chairman and said his CEO Report stands as submitted with the addition of two items.

Mr. Matheussen informed the Board that there is a **2011 Year in Review** attached to the CEO's Report.

He extended congratulations to Commissioner Al Frattali who was recently named "Man of the Year" at the 65th Annual Boys' Town of Italy Awards Gala.

This concluded the Report of the CEO.

Approval of November 16, 2011 DRPA Board Meeting Minutes

The Minutes of the November 16, 2011 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.

On motion duly made and seconded, the Minutes of the November 16, 2011 Board Meeting were approved.

Receipt and Filing of the Monthly List of Payments Covering the Month of November 2011

The Monthly List of Payments covering the month of November 2011 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 November 2011 was received and filed.

Approval by Finance Committee of Finance Committee Minutes of November 2, 8 and December 7, 2011

The Minutes of the Finance Committee Meetings of November 2, 8 and December 7, 2011 were previously provided to the members of the Committee.

Richard Brown, General Counsel and Corporate Secretary, informed that Commissioners Simon and Teplitz made revisions to the Finance Committee Minutes, which have been incorporated into the versions included in the Commissioners binders.

On motion duly made and seconded, the Minutes of the November 2, 8 and December 7, 2011 Board Meeting were approved by the Finance Committee.

Adopt Resolutions Approved by Finance Committee of December 7, 2011

Chairman Corbett asked for a Motion to consider Resolution DRPA-11-104 and the Motion was made and seconded. Chairman Corbett then opened the meeting for a discussion of the Resolution:

Commissioner Wagner stated that at the Finance Committee on December 7, 2011, his legal counsel raised the issue of a \$17,000 payment to the New Jersey Governor's Authorities Unit. He asked for an explanation of where and how the payment originated. He further asked if the payment has been investigated. CEO Matheussen read into the record an email he received from David Reiner, Esquire regarding the payment in question. The email also cites a letter received from the New Jersey Authorities Unit enclosing the invoice for the payment. A copy of the letter and the email are attached hereto.

Commissioner Wagner stated that he simply would like to bring the differential between the States to the attention of the Board. He stated that there is no similar allocation to Pennsylvania. He explained that he is not suggesting that an allocation be made to Pennsylvania, but is requesting that any similar types of differentials between the States be investigated by the staff and reported to the Board. He stated that these types of things are embarrassing to the Board because they do not have knowledge of them. He noted that he would not expect reimbursement for his staff for their attendance at the DRPA meetings. He stated that he is requesting that the Administration inform the Board of any similar allocations that exist for one State and not the other.

CEO Matheussen stated that he knows of no other similar allocations, but he stated that the staff would look more closely at the issue. He explained that the Board has discussed this issue in prior years and a prior Assistant to the Chair discussed whether there should be an allocation to Pennsylvania. He reiterated that this payment is not new.

Commissioner Wagner stated that this is the first time he has become aware of it. He further stated that this not the first time he has heard that there are no other differentials between the States, yet he repeatedly finds that there are. He stated that he wants total transparency at the Authority and where it does not exist, he is troubled. He stated that he does not believe that the payment should exist because he believes it is a waste of \$17,000. He stated that he is not going to vote against the Operating Budget because of this payment, but he is embarrassed time and time again by issues like this. CEO Matheussen stated that staff also wants nothing less than transparency.

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

DRPA-11-104 2012 DRPA Operating Budgets

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

DRPA-11-105 2012 DRPA Capital Budget

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

DRPA-11-106 2012 PATCO Operating Budget

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

DRPA-11-107 Resolution in accordance with Sections 5.15 and 5.09 of the 1998 Indenture of Trust dated as of July 1, 1998 with TD Bank, N.A. as Trustee to adopt an Annual Budget of the Delaware River Port Authority for the 2012 Fiscal Year

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

DRPA-11-108 Resolution in accordance with Section 5.07 of the 1998 Port District Project Bonds Indenture dated August 15, 1998 with The Bank of New York Mellon as Trustee, to adopt an Annual Budget of the Delaware River Port Authority for the 2012 Fiscal Year

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

DRPA-11-109 Resolution in accordance with Section 5.07 of the 1999 Port District Project Bonds Indenture dated December 1, 1999 with The Bank of New York Mellon as Trustee, to adopt an Annual Budget of the Delaware River Port Authority for the 2012 Fiscal Year

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

DRPA-11-110 Resolution in accordance with Section 5.07 of the 2001 Port District Project Bonds Indenture dated December 27, 2001 with TD Bank, N.A. as Trustee, to adopt an Annual Budget of the Delaware River Port Authority for the 2012 Fiscal Year

Chairman Corbett called for a Motion on DRPA-11-111 – Implementation and Close Out of Resolutions DRAP-09-100, DRPA-09-101 and DRPA-09-105 and the Resolution was moved and seconded. The Chairman then opened the meeting for discussion of the Resolution.

Commissioner Wagner stated that he will be voting against this Resolution. He stated that this is the allocation of \$20 million in capital funds to projects that have nothing to do with the core mission of the DRPA. He explained that some Commissioners have been here longer than others and understand far better than he does how and where these funds originate, but noted to the Chair that he and the new Pennsylvania Commissioners were not aware of this history, but he is aware of it due to his position as Auditor General. He stated that he is concerned about spending toll and fare dollars on projects like these.

He stated that he believes it is important to note that the Authority has significant debt, somewhere in the range of \$1.3 billion or \$1.4 billion. He stated that with annual revenues in the \$320 million range, the debt service is significant. He stated that \$300 million of that debt is associated with favored projects that have been funded in New Jersey and Pennsylvania. Commissioner Wagner stated that he and his representatives have repeatedly voted against Pennsylvania projects such as the soccer stadium, the President's House in Philadelphia and the funding of the Army/Navy game even though he is a former Marine. He also stated that he and his representatives voted against a "slush" fund that previously existed, and that the current Chair may not be aware of, that allowed the Chair and Vice Chair to allocate money to whatever projects they chose.

Commissioner Wagner acknowledged that much has changed at the Authority, but not everything has changed. He reiterated that the Authority's debt is almost \$1.4 billion, which he pointed out is four times the Authority's annual budget. He stated that this concerns him and he believes it concerns most of the Board members. He cited the federal government and its financial problems and noted that the Commonwealth of Pennsylvania is in a much different situation with a budget of \$27.5 million and debt of about \$10 million. He stated that he could produce a list of 100 organizations to which he would like to give money, but that is not the core mission of the Authority. The core mission is to run PATCO and the bridges, and spending should be related to transportation only.

Commissioner Wagner stated that he is not opposed to New Jersey receiving their share of the money that came from the Capital Budget allocation and he is sure the Board agrees, but he believes it should be spent on projects associated with the core mission of the DRPA, for instance, PATCO, park and ride lots, and handicapped access to the Ben Franklin Bridge on the

New Jersey side. He stated that there are a litany of projects that are related to the core mission that could be paid for with this money.

Commissioner Wagner stated that the other reason he is not voting for this Resolution is that the Board passed other Resolutions last year that forbid the spending of capital funds on anything unrelated to the core mission of the Authority. He acknowledged that those Resolutions were not passed unanimously, but only one or two voted against them. He stated that after the August 2010 Resolution was passed, the Board discovered that there were funds remaining and, at that time, asked for an analysis of what should be done with that money and how. Commissioner Wagner stated that this analysis was never completed. He stated that the Board determined that it was important to determine whether the \$30 million could be used to pay down debt and to determine if the projects that had been approved were still viable and did they relate to the core mission of the DRPA. He noted that he is very disappointed that there was no further follow-up on that Resolution.

Commissioner Wagner stated the he believes that the Commissioners are here to represent the people that ride the PATCO trains and use the bridges. He further stated that he is convinced that if monies were not spent on economic development projects, the tolls would not be \$5, but would be \$4 or even \$3. He stated that spending this money will put the Authority in a deeper financial hole. He believes it is his responsibility as Auditor General to raise these issues with the Board, although he acknowledged that he believes this Resolution will pass.

Commissioner Wagner noted that comments were made at the Finance Committee meeting that past Resolutions are not necessarily binding, which he acknowledged may be true. However, he stated that in terms of who the Board represents and who the Board is, he believes they should be binding. He stated that he is not claiming that New Jersey should not get its share of the money, but he believes that the projects should be related to the core mission.

Commissioner Wagner stated that he has been disappointed repeatedly. Although there were a lot of good changes in August and September 2010, there have not been enough. He stated that he thought the Board has changed its direction and he is no longer sure that it has. Commissioner Wagner said that before the Authority never had an Audit Committee, but now it does and that the Authority has spent money in the past without a public vote, and this was changed. He stated that going back to previous practices sends the wrong message to the people who have put the Commissioners here.

CEO Matheussen stated that he would like to share a different perspective. He stated that he does not have a vote on Resolutions, but he does have a face at the Authority. He explained that he is often questioned about this issue when he speaks publicly on behalf of the Authority. He acknowledged that staff knows that the practice of economic development spending is controversial. He stated that he sees today as a step forward, not a step back.

CEO Matheussen stated that Commissioner Wagner had mentioned the core mission. He explained that, prior to 1992, the Authority's mission was the bridges and PATCO. In 1992, the Pennsylvania and New Jersey legislatures changed the Authority's mission to include economic development. This change was effectuated by changing the DRPA's Compact, which was then

approved by the two Governors, the United States Congress and the President of the United States. Mr. Matheussen stated that in 1992 the Board used surplus funds to fund economic development projects, but in 2000 the Authority sold bonds and used those proceeds and proceeds of the SWAPs and SWAPATIONS to raise half a billion dollars to fund economic development projects. He noted that as a result a half billion dollars were spread around the Port District. He noted that many worthwhile projects were accomplished with the support of the DRPA; some members of the public support those projects and others oppose economic development spending. Those projects may not be related to the core mission of the Authority, but they have contributed to the vitality of the region.

Mr. Matheussen acknowledged that some will say that it is the worst thing the Authority ever did. He also noted that it has been a liability on staff time. He stated, however, that he sees today's Resolution as an opportunity to close the chapter on economic development spending at the Authority and get back to the core mission. He further stated that for the last eight years he has worked with this Board to pass Operating Budgets that are extremely lean. He stated that on average the Operating Budgets have increased by only 1.4%. In addition, staff has been reduced from over 1,000 to less than 900. He stated that he believes that today's budget is another milestone for the Authority. It is a flat budget, which reduces some staff members. He believes that from an operational perspective, the Authority is moving in the right direction.

Mr. Matheussen further commented that the Finance Committee was very involved in the creation of the budget this year. He stated that with the Committee's help, the Authority has been able to produce a very good budget, as well as to close the chapter on economic development spending.

Vice Chair Nash stated that as he said during the Finance Committee meeting that he believes that a key factor in allowing the Authority to pass this Resolution today is the budget that was passed earlier in the meeting. He stated that the Authority has asked the employees to do more with less. He noted that non-represented employees have not had a raise in several years. In addition, those same employees have been asked to contribute more to their health care.

He further stated that this budget allows the Authority to move forward with its Capital Plan within the existing toll structure. In addition, the General Fund is approaching \$300 million, which will allow the Financial Advisors to advise the Authority on how to accomplish some of the things that the Auditor General has suggested, such as paying down debt, unwinding the SWAPs and paying the Authority's GASB liability.

Vice Chair Nash explained that the \$20 million being allocated today would not lower the bridge tolls or PATCO fares, nor would it significantly lower the Authority's debt. He stated that the Resolution proposed today will end a dispute between the States that began in 2000. He further explained that no dollar allocated today was borrowed since 2007. He stated that in 2000 the Authority borrowed \$900 million, \$550 of which was used to fund the Capital Plan. Another \$350 million was used to fund economic development projects in the two states to benefit the region. He reminded the Commissioners that in 2006 and 2007, this Board did not meet as a result of a dispute over using economic development money for dredging. The dispute was resolved by the two sitting Governors in May 2007 and then ratified by this Board with every

member voting to grant \$19.25 million to New Jersey to be spent on projects in New Jersey. The projects being considered today were approved by the Board in 2009.

Vice Chair Nash stated that it is fundamentally unfair to state that the Authority should not provide funding for these New Jersey projects when an agreement was struck to use the money for this purpose. He added that he does not view PATCO as a New Jersey only facility. He noted that all New Jersey residents that commute into Philadelphia for work pay a wage tax that benefits the City of Philadelphia. He stated that PATCO is a regional facility that benefits the Delaware Valley and so are the bridges. This is a fair way to close this out; allocate the money that was previously authorized by the Board. There will be no more economic development spending.

Commissioner Wagner responded that if not for a few Commissioners this Authority would not have undergone the dramatic changes that it has. He reminded the Commissioners that the SWAP Resolution was his resolution. He reminded the Commissioners that the Board used to have secret meetings where issues were decided without public comment. He stated that these changes were not initiated by the Administration, but by several Board members. He stated that as a Board member, he is disappointed because he thought that the Board closed the chapter in August and then he learned that there was still economic development money remaining. In November, he requested data. He believes that the analysis requested in November 2010 could have justified the use of these funds in this way, but it was never done. He further noted that he is concerned about the remaining \$10 million. He stated that his fear is that in six months there will be a Resolution to spend that money in the same way. He stated that he believes it is vitally important to state on the record that he believes DRPA-11-111 is a violation of past Resolutions. He believed that the Authority had entered a new day, and he still has hopes for changes at the Authority.

Vice Chair Nash stated that he agrees with Commissioner Wagner that this is a new day at the Authority under the leadership of Governors Christie and Corbett. He stated that anyone who has covered the DRPA sees that the way in which the Board conducts its business is significantly different than the way it did a year and a half ago. He reminded the Commissioner of the 32 reform Resolutions that were initiated by Governor Christie and executed by Governor Corbett. He stated that the Authority must close this out by distributing funds to projects that were previously approved for use by the organizations that are waiting on these funds. He stated that he is satisfied that today's Resolution is clear about where the remaining \$10 million is to go; that money goes to the General Fund and that is it.

Commissioner Wagner stated that he believes that Vice Chair Nash voted for the August and November 2010 Resolutions. Vice Chair Nash agreed. He stated that the November Resolution was simply a vote to refer the issue to the Finance Committee and the Finance Committee addressed the issue in a four hour meeting last week.

Chairman Corbett called for a vote on the Resolution. Vice Chair Nash abstained on the vote because certain of the projects include funds that will go to Camden County projects and Vice Chair Nash is an elected official in Camden County. Commissioners Lisko and Wagner voted no.

Commissioner Wagner requested that the Administration draft Resolutions requiring a portion of the remaining \$10 million to be used the construction of the bike ramp on the New Jersey side of the Ben Franklin Bridge and for the re-opening of the Franklin Square Station in Philadelphia.

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

**DRPA-11-111 Implementation and Close Out of Resolutions DRPA -
09-100, DRPA-09-101 and DRPA-09-105**

Approval of Operations & Maintenance Committee Report of November 16, 2011

The Report of the Operations & Maintenance Committee Meeting of November 16, 2011 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 November 16, 2011 was approved.

Adopt Resolutions Approved by Operations & Maintenance Committee of November 16, 2011

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

**DRPA-11-112 Three (3) Year Maintenance Contract for Harris EDACS
800 MHz Radio System for the DRPA and PATCO**

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

DRPA-11-113 Capital Project Contract Modifications

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

**DRPA-11-114 Contract No. PPC-20-2010, RiverLink Ferry System
Penn's Landing Ferry Barge Rehabilitation**

Unfinished Business

There was no Unfinished Business for the DRPA Board.

New Business

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

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

**DRPA-11-115 Consideration of Pending DRPA Contracts (between
\$25,000 and \$100,000)**

Report of the Citizens Advisory Committee

Sean Leonard, Chair of the Citizens Advisory Committee (“CAC”), addressed the Board on behalf of the CAC. He stated that the CAC has considered all sides of the economic development issue. He stated that the CAC makes no comment on the merits of the individual projects. He acknowledged that there are compelling arguments on both sides of the issue, but they hope that the Board will leverage the passion to bring reform to the Authority. Mr. Leonard stated that the CAC believes that the more equitable resolution to the issue may have been to seek a refund from Pennsylvania for the \$29 million spent on their projects. The two amounts together could be used to pay down debt. He stated that this is the sort of bold compromise that the CAC is looking for from the Board. He stated that the CAC is encouraged by the actions taken to bring to a close the practice of economic development spending. He stated that the CAC hopes this is the beginning of a cultural change at the Authority and not just a reflection of the fact that the economic development money has been spent.

Public Comment

Carol Rhodes expressed her dissatisfaction with the Board’s decision to spend monies on economic development projects. She further criticized the use of Authority monies to fund the Gloucester-Camden Line. She asked the Board to ensure that the public is protected from having to pay for this project through toll and PATCO fares. She thanked Commissioner Wagner for his statements.

John Boyle of the Bicycle Coalition requested that the Board restore the bike ramp project to the Capital Program. He stated that the bike ramp and the Franklin Square re-opening will bring the DRPA in line with its transit partners. He presented a petition with 721 signatures to the Board.

Jenny Robinson of AAA Midatlantic addressed the Board on behalf of AAA’s 700,000 members in the Philadelphia region. She stated that their members believe that toll and fare monies should be used to pay for transit projects only. She stated that the membership is disappointed that so much money is being allocated to projects that are not related to the core mission of the Authority. She stated that AAA is encouraged to see that economic development spending is being brought to an end. She thanked the Board, especially Vice Chair Nash, for reaching out to AAA on this issue.

Joseph Quigley informed the Board that he is a resident of New Jersey and Pennsylvania and is a frequent user of the bridges. He asked the Board to rescind the vote on DRPA-11-111. He stated that he believes it is in direct violation of the Resolutions passed in August and November 2010. He stated that the Authority needs to practice more fiscal prudence. He stated that this issue is really about debt. He asked who he could talk to about seeing the working papers on the recent toll

increase. Mr. Matheussen told Mr. Quigley that a meeting with the Chief Financial Officer could be arranged.

Michael McGettigan of Trophy Bikes addressed the Board about the bike ramp. He asked that the Board take advantage of the walkway and see how wonderful it is. He respectfully asked that the Board consider completing the walkway so that children and handicapped individuals can use it. He believes it will encourage people to visit and see the region.

Matthew Norris, the South Jersey Advocate for Tri-State Transportation Campaign, stated that his organization's mission is to improve safety and convenience in all forms of travel in the region. He stated that he lives in Philadelphia and works in Camden, so uses the Ben Franklin Bridge every day. He asked the Board to vote to construct the ramp on the New Jersey side of the Ben Franklin Bridge in order to connect the region. He stated that the last piece of the walkway is vital. He acknowledged that many Board members support the construction of the ramp, but removing it from the 2012 Budget calls that support into question. He respectfully asked that it be reinstated.

On motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

Richard L. Brown
Corporate Secretary