

DELAWARE RIVER PORT AUTHORITY
Minutes
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November 2010 Board Meeting at the
Camden County Boat House, Pennsauken, New Jersey
Wednesday, November 17, 2010

Roll Call

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Adjournment

MINUTES of the regular bi-monthly Board meeting of the DELAWARE RIVER PORT AUTHORITY held Wednesday, November 17, 2010 at the Camden County Boat House, Pennsauken, New Jersey.

Present

PENNSYLVANIA

John Estey, Chair
Robert Teplitz (Wagner)
Robert W. Bogle
John Lisko (McCord)
John Dougherty
Robin Wiessmann (absent)
Frank DiCicco
Maria Quinones Sanchez (absent)

Officers & Chiefs

J. Matheussen, CEO
R. Box, PATCO, General Manager
R. Brown, General Counsel &
Corporate Secretary
R. Gross, Deputy CEO
J. Hanson, CFO
T. Brown, CAO
T. Pulte, COO
M. Venuto, Acting Chief Engineer

DRPA Staff

V. Bradford, Director, BFB
F. DiCicco, Administrative Coordinator
A. DuVall, Executive Assistant to CEO
J. Egan, Project Manager, Special Projects
K. Imperatore, Director of Fare Collection
K. Jacobson, Assistant General Counsel
E. Kasuba, Director of Corporate Communications
R. Kelly, Const. Contract Compliance Spec.
H. Korsen, Manager, Contract Administration
M. Lopez, Manager Gov. Relations
D. McClintock, Police Chief, Public Safety
S. Milner, Administrative Coordinator
R. Only, Director, Homeland Security & Emergency
Mgmt.
O. Parker, Manager, Financial & Budget Analysis
J. Quinn, Director of Revenue
J. Rogale, Director Labor Contract Compliance
W. Shanahan, Director Gov. Rel. & Grant Admin.

NEW JERSEY

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

Counsel

C. Gibson, Archer & Greiner, NJ Counsel
D. Mix, Duane Morris, PA Counsel

Others:

M. Tully, Gov. Authorities Unit
C. Blackshear, webcasting
E. McBride
F. Bankard, IUOE 542
C. Proscopo, IUOE 542
B. Jones, IUOE 542
L. Agre, IUOE, 542
C. Rhodes
J. Powell

DRPA Staff (Con't.)

J. Shea, Director, Equipment
S. Suder, Manager, Purchasing
C. Thompson, Graphic Design
M. Weikel, Administrative Coordinator
J. White, Director of Finance
D. Whiton, Administrative Coordinator

The Chairman noted there was a larger turnout on the New Jersey side of the river and thanked those in attendance for coming and stated the Board will continue meeting in the evening to encourage public participation.

The Corporate Secretary announced that public notice of this meeting was posted in the lobby at One Port Center and provided to representatives of the area news media. Mr. Brown then called the roll and announced that a quorum was present.

Public Comment

Chairman Estey asked that Mr. Brown call the speakers to the podium. Mr. Brown called the first speaker, Ms. Carol Rhodes. Ms. Rhodes asked why CEO Matheussen continues to support the Gloucester Camden Line (GCL) project. She questioned whether this has the approval of Vice-Chair Jeffrey Nash. Ms. Rhodes asserted that DRPA was accepting a “worthless IOU” for \$9 million from the bankrupt New Jersey Transportation Trust Fund. She called on Mr. Nash to “resign now”. Ms. Rhodes pointed out that the River Line is not controlled by DRPA so why is Mr. Matheussen in charge of the GCL project? She asked who at NJ Transit agreed to that and asked for their contact information so that she could call them. Ms. Rhodes accused CEO Matheussen of using the GCL project to get himself a job when he leaves the DRPA. Ms. Rhodes claimed that DRPA wasted \$17 million on the aerial tram and also attacked Chairman Estey and CEO Matheussen with respect to the \$2 million Special Projects Fund. Ms. Rhodes concluded by saying she does not feel sorry for this Board and that \$400 million buys a lot of friends.

Mr. Brown then called representatives of International Union of Operating Engineers (IUOE) Local 542 to the podium. Mr. Lou Agre introduced himself as an organizer and in-house counsel to the IUOE. He advised the Board of problems with the Walt Whitman Bridge (WWB) Redecking Project Labor Agreement (PLA). The sub-contractor providing the work boat for the project is named North East Work Boat and they did not sign the PLA although Mr. Agre believes that “subs at all levels” are bound by the PLA. The prime contractor American Bridge has blocked IUOE from going to arbitration and will not proceed to arbitration unless DRPA tells them to do so. He asked the Board that DRPA allow the issue to go to a neutral arbitrator.

Mr. Brown then called IUOE representation Frank Bankard to the podium. Mr. Bankard discussed elimination of the free bridge passage for IUOE members. Mr. Bankard discussed Article I, Section III of the United States Constitution and also Article V of the Constitution. He reported on early Delaware River Joint Commission toll resolutions and focused on the definition of “toll”. He asserts that because IUOE members do not leave DRPA property after they pay tolls they are not in fact receiving the benefit of paying the tolls according to the definition he adopts. Mr. Bankard reported his efforts to contact New Jersey Authorities Unit representative Maura Tully and concluded that the Authorities Unit should be eliminated.

Mr. Brown then called Mr. Richard Cunliffe to the podium. Mr. Cunliffe began “cronyism, greed, deceitfulness, ethically challenged”. He claims that this is the picture of the DRPA in the media, but he would be harsher. Mr. Cunliffe claims that the most ethical thing for the Board to do would be to resign. He said that it appears that the DRPA has about \$54.5 million in its pocket. He stated that if he had a \$1.4 billion debt he knows what he would need to do with that money. He believes that the region’s view of DPRPA is disgust. He asked the Board to figure out what to do with the \$54 million to reduce the debt.

Chairman Estey asked Mr. Brown to comment on the PLA issue. Mr. Brown stated that he is pleased that the Union has informed the DRPA of the issue and Mr. Brown will look into this with Acting Chief Engineer, Mike Venuto and Deputy CEO Bob Gross and others and will report to CEO Matheussen.

Report of the Chief Executive Officer – November 17, 2010

Mr. Matheussen submitted his report as it stands. He noted the Authority was pleased to play a role again this year in the “Cooper Norcross Run the Bridge” benefiting Larc School, the largest 10k run in the tri-state area. This year was a tremendous success with 4,000 pre-registered runner entrants, the largest number yet, and 900 registered walkers. Between the 3,268 and 900 walkers that finished, there were an estimated 5,000 participants. Mr. Matheussen thanked all the Authority staff and members of the Board who volunteered and those that participated.

Mr. Matheussen advised that the Authority has received the first check from the FEMA Disaster Assistance from the December 2009 snow storms. The Authority also applied for assistance for the February 2010 storms. The first of four expected checks arrived in the amount of \$136,656.20. The total amount the Authority will receive under this program of 75% federal share is \$589,725 for the two snow storms for DRPA Bridge Operations and PATCO. Mr. Matheussen thanked Bill Shanahan, Linda Hayes and Barbara Holcomb for their efforts.

Mr. Matheussen reported that mobilization activities for the Walt Whitman Bridge re-decking project are in high gear, including the establishment of a field office and the contractor is working on the installation of a construction barrier under the bridge. Part of the project included the moveable concrete barrier being replaced with a moveable steel barrier earlier this month.

Mr. Matheussen noted the design work for the installation of Express E-ZPass at the Betsy Ross Bridge is almost complete. The Authority continues to review proposals for design services for Express E-ZPass at the Commodore Barry and the consultants are continuing to work on the second phase of the Walt Whitman Bridge Express E-ZPass “Proof of Concept” project. There are some special challenges at the Walt Whitman because of traffic patterns leaving the toll plaza and heading west into Philadelphia.

On August 25, 2010, the Board voted in favor of DRPA-10-068, License Agreement with Philly RORO, LLC to store vehicles under the Walt Whitman Bridge. Mr. Matheussen advised the Board that the lease was never executed as Philly RORO did not have as much inventory as originally planned.

This concludes the CEO Report.

Vice Chair Nash welcomed the public and the Board to the Camden County Boat House and pointed out that this is one of the most popular places in the area. The Cooper River is one of the finest rivers for rowing competitions in the United States and internationally. The Boat House hosts a number of national and international rowing events and when these take place the restaurants and hotels in the area are full. Vice Chair Nash stated that this has been a great success in producing economic impact for the region. The Boat House is operated the Rutgers University at no cost to the public. He explained that this room is in great demand for wedding and similar events and is booked far in advance. Commissioner DiCicco remarked that despite the media hype about economic development he believes that the DRPA investments have been valuable and he notes that he and Commissioner Bogle voted to continue economic development at DRPA. Commissioner DiCicco

asked Vice Chair Nash whether the DRPA invested in the Boat House. Vice Chair Nash said yes that DRPA was one of several entities that provided funds. Commissioner DiCicco asked, whether without the DRPA money the restaurant and hotel income would not have happened? Vice Chair Nash responded when the United States Congress and the President changed the DRPA compact, they wanted DRPA to do economic development. He noted, however, that the situation has changed due to the DRPA debt. When the Board approved the new bond issue it said that it would not use any proceeds for economic development and a similar restriction is included in the bond indenture. Vice Chair Nash stated that the short answer to Commissioner DiCicco's question is yes, the DRPA money was important for the project.

On motion duly made and seconded, the Chief Executive Officer's report was approved.

Report of the Audit Committee – November 17, 2010

Chairman Estey called on Commissioner Teplitz to give the report of the Audit Committee. Commissioner Teplitz stated that the Audit Committee met last week and will have minutes for the Board at the next meeting. Last week's Audit Committee meeting was attended by a number of Board members, including some who are not on the Audit Committee. The Committee met with TransTech for several hours and had a frank and extensive conversation. The Committee learned a lot about the process and the substance of the management audit and will use this in preparing for the next management audit to guide the Committee in overseeing implementation of recommendations from the TransTech audit. The Audit Committee plans to meet right after the Board meetings on December 8 and December 15 in order to implement two of its functions: First, the Committee wants to create the RFP for a forensic audit on the economic development spending; second, the Committee wants to work on the Inspector General position as proposed by Congressmen Andrews and Brady. Then the Committee will bring the results to the Board. The Audit Committee Charter is being brought to the Board for approval tonight. Mr. Teplitz explained the role of the Audit Committee in general and as it relates to management. Chairman Estey asked the Board to take approval of the Charter, which is Resolution DRPA-10-141, out of order. The motion was moved and seconded and Chairman Estey called for questions or comments. Commissioner Lisko asked whether there is a need for a provision regarding investigations if they are not done by the Audit Committee or the Inspector General. Commissioner Teplitz responded that if the Inspector General comes to exist at DRPA, there will need to be changes to the Charter, but there is a Special Investigation provision in the Charter and that is the basis on which we are doing the forensic audit. Chairman Estey called for a vote and the Charter was unanimously approved.

Commissioner Dougherty asked to comment. He said that we sat for 4-1/2 hours in the TransTech meeting and he thinks they were more of a "clearing house". There is a pattern in the management audit report that basically 99% of what staff recommended went into the report. The areas where we are doing well are where there is outside oversight. The areas where we get poor grades seem to be areas where we control ourselves. This shows we have some highly qualified people, when we have oversight we play by the rules. When left to ourselves we go into gray areas.

This concluded the report of the Audit Committee.

Report of the Compensation Committee – November 17, 2010

Chairman Estey called on Commissioner Lisko to give the report of the Compensation Committee. Commissioner Lisko said that he does not have a report of the Compensation Committee but minutes will be produced shortly.

Mr. Matheussen asked to comment on the Citizens Advisory Committee. The application for recruiting members of the public is on the web and there have been media notices sent out. Mr. Matheussen promised to report back to the Board as the process moves forward.

Discussion of Economic Development Spending –

Chairman Estey stated that all Commissioners have been given a spreadsheet showing projects approved by the Board. He began by saying that there is not \$54 million lying around. All of this money is allocated to specific projects, although some of it is not under contract. About \$23 million is under contract, and about \$27 million has been allocated to particular projects by the Board, including funding for the Presidents' House and the reopening of the Franklin Square Station. Chairman Estey is not inclined to take any action on that at all. Chairman Estey asked whether staff wished to comment and Mr. Matheussen reported that the spreadsheet was produced by Bob Gross, John Hanson, Christina Maroney and me. Commissioner Teplitz thanked staff for putting it together and noted he had not yet had the chance to really scrutinize it and asked Chairman Estey, whether the staff knows how much, if any, of the \$54 million that has been allocated to a project is either not needed or is left over after completion of the project? He further asked if \$54 million is not the right number, what is the right number and what is the right number for us to consider if we want to reallocate money that has not been spent and is not under contract? Mr. Gross began to respond and Chairman Estey intervened. Chairman Estey responded that he does not think the Board can do this right now because more information is needed. The question posed is what could be reallocated. We need staff to produce a more detailed report showing where there might be available funds. CEO Matheussen stated that the staff can do that, but will need to contact people on the other side of these transactions. CEO Matheussen stated that the staff has had contact from some on the other side. Mr. Matheussen discussed, as an example, the West Jersey Shore Line project in Salem County, New Jersey. He continued, stating that the media has reported \$54 million, but it is really \$51 million. He pointed out that these things did not all happen recently. Although some occurred in 2009 and later, some occurred back in 2001. All of this relates to economic development funds raised from prior toll increases and none of it comes from the most recent toll increase. Vice Chair Nash stated that if we find money that is not being used on any existing project, where there is no detrimental reliance and no contract, we should identify the money. Vice Chair Nash reminded the Board that Governors Rendell and Corzine entered into a "contract" to resolve the stalemate over dredging. As a result \$19.25 million was transferred to PRPA for dredging and \$19.25 million was allocated for South Jersey projects which are of equal importance. Vice Chair Nash stated that that South Jersey funds have been kept at the DRPA because we did not want to just want to write a check, we wanted to pay the money as we see it spent by recipients of the \$51 or \$54 million is New Jersey's share of dredging money. Commissioner Teplitz said we called for either a pay down of the debt or reducing tolls. Commissioner Teplitz asked a question about the process: If the Board approves a project, how can there be money left over and also when does that project become a contract? CEO Matheussen asked Mr. Brown to respond. Mr. Brown stated that once the Board approved project, the DRPA economic development staff will await receipt of appropriate materials from the counter party in the project. These might include a business plan, a plan for financing the part of the project not covered by DRPA funds and other materials. The staff will evaluate this information and determine when it is appropriate to proceed. This effort may involve both the finance and legal departments. When the project is ready to proceed, Legal will work with the counter party and the DRPA Risk Manager and others to create a contract consistent with the Board action. In response to a further question, Mr. Brown said that there can be some delay between the Board action and the contract. Sometimes the counter party needs time to gather their information and formalize plans. The time lapse can vary

between 30 to 60 days and as much as a year or so. Commissioner Teplitz asked whether we expect proof of expenditures. Mr. Brown responded that the contracts typically call for the counterparty to produce either certified invoices showing a certification by the counterparty that the work is consistent with the contract, the work has been done, the work has been accepted or that information plus a check showing that the counterparty has paid the invoice and is seeking reimbursement. Mr. Brown further explained that some counterparties are not easily able to advance these payments. The contracts call for regular progress reports as well as a project finalization report. It is not uncommon to find a small amount of money remaining at the end of the contract. Our contracts provide that any funds not used for contract purposes remain at DRPA at the conclusion of the project. Commissioner Teplitz asked Mr. Brown to comment on the relative weight of a resolution versus a contract. Mr. Brown responded that Vice Chair Nash had used some of the “magic words” earlier and those are “detrimental reliance”. That said, a contract is more binding than a resolution. Mr. Brown stated that the DRPA has reallocated funds that had been allocated by resolution. He recalls no instance, however, in which DRPA reallocated funds that had been allocated to a viable project, although it is entirely possible that there is such an example. Commissioner Teplitz stated that he has no intention of going after contractually committed funds. Mr. Hanson stated that we can conduct a review of the grants. Commissioner Dougherty commented that Deputy CEO Bob Gross said there is about \$27 million not under contract, right? Mr. Gross responded, “yes”. Commissioner Dougherty replied “so we have a history...84% of the projects I deal with in this business are dead on arrival and for counsel to say that this happens rarely is nonsense. I have seen large projects like the Tram and FastShip that did not happen. Governor Christie stopped the tunnel project. That is bigger than any of our projects. He said he got a call from Congressman Brady from the floor of Congress today and he is not supporting economic development projects versus tolls. Commissioner DiCicco: If you kept knocking this down there will be no work. Commissioner Dougherty responded I took over a bankrupt business that had one half million hours of work and there are eight million hours and I am working without Uncle Sam’s help. I understand balancing a budget. I am a labor leader and when I leave here I have to put on my other hat and I tell my people that we wasted \$17 million on the Tram (Commissioner DiCicco and Commissioner Dougherty began speaking together). Chairman Estey: let’s not have a debate. Commissioner DiCicco: It’s not a debate. A good example is the Convention Center which is government funded. The DRPA has done nothing wrong by doing economic development. We have done a lot of good things. Commissioner Dougherty: We have \$27.9 million not under contract...\$.41 cents of every dollar goes to debt service. No one said we did anything wrong. Chairman Estey: I support what we did in economic development in Philadelphia, in the region, and here in New Jersey. I just don’t know enough about all the projects on the list. First, the Franklin Square money, the \$500,000 and \$3 million, is for us. Second, the President’s House – a lot of good people have worked hard to build that. There needs to be a careful analysis of the projects on the list and when we have that then we can figure it out. I do not know the New Jersey projects for instance. Just because President’s House has delayed asking for their contract, they should not be hurt. Mr. Brown stated that President’s House has adhered to their obligations which include raising and spending all of the other money required and they have advised us that they are ready to receive our funds. Chairman Estey: This Special Project Fund of \$2 million was unanimously approved by the Board in 2007. Let’s talk about that. Commissioner Teplitz: I think I voted no. Chairman Estey: No, you didn’t, it was unanimous. Commissioner Dougherty: We knew this was coming up tonight... Chairman Estey: When did we get your resolution? Just a few days ago. Commissioner Teplitz: My letter was dated November 4th. Chairman Estey: OK. Let these people come to the Board to explain their projects. President’s House for instance. Commissioner Dougherty: Let’s not play to one issue, to one project. My resolution has wiggle room to do things like President’s House. We are saying there is \$27.9 million not under contract. Let’s amend the resolution to defer the toll increase for eight

months like we did the last time. When I wanted to replace the CEO, I didn't hear from anyone, but now my phone is off the hook from people I don't know who are calling me who can't afford to cross the bridge. Commissioner Bogle: I hope we can get the facts before we jump to conclusions. We should complete projects on which we are committed. Do we want to remove the USS New Jersey loan guaranty? Commissioner Lisko: I have several questions. Do we have the legal authority to move economic development money to operations? Mr. Brown: I think this is a question for Mr. Hanson. Mr. Hanson: That money cannot be used for operating expenses, but can be used for capital or to reduce debt. Commissioner Lisko: When the additional information comes back, we need to consider what projects we can back away from. So we need information on the projects. In the Commonwealth, it is typical that potential grant recipients get bridge loans for relying on the grants, so we need to ask about that. Also, the loan guarantees, are they credit enhancements? Mr. Hanson: Yes, they are credit enhancements. The money remains at DRPA. Commissioner Lisko: can you tell us what time remains on the loan guarantees also? Finally, please break out the entities that are really DRPA or PATCO like the \$500,000 for the Franklin Square reopening study, \$3 million for Franklin Square, and PATCO Transit Ambassadors. Those are all DRPA/PATCO so that leaves \$24.29 million for the projects we need to look at. Commissioner Bogle: It would be devastating to get rid of the Transit Ambassador program which increases the safety and security of our riders and produces jobs. We should not can that without more detail. It is wrong to jump to judgment. If we consider it, we need good analysis. Commissioner Teplitz: The Ambassador program is an example of using economic development money for operating expenses versus giving money to someone for what may be a good cause that furthers the mission of our organization. That is not part of what we are looking into. That is not part of where Commissioner Bogle wants to go. Commissioner Bogle: We still need to get factual information on projects. None of us wants to waste Authority money. Vice Chair Nash: Two points, first, if money is not going to be used on a project it should come back to DRPA. Second, remember the Corzine/Rendell contract where economic development money was sent to PRPA and half to New Jersey waterfront development. So if we are going to talk about taking some of the New Jersey \$19.25 million then we need to get some of Pennsylvania \$19.25 million back. Chairman Estey: That money is gone. Vice Chair Nash: I know, but the point is you cannot penalize New Jersey for holding on to its money. We need to consider whether by using some economic development money we can effectively delay the toll increase. I would not be opposed if there is no public safety or financial commitment ramifications, but I do not know the answer. Commissioner Dougherty: A lot of things have changed and Governor Christie has vetoed things we have approved. I want Vice Chair Nash to tell me what the Governor's opinion is on delaying the toll increase. Vice Chair Nash: I do not speak for the Governor. Commissioner Dougherty: On every other difficult political issue, you did speak for the Governor. Chairman Estey: Let's allow the Vice Chair to say he doesn't speak for the Governor on this issue and let's hear from CFO Hanson. Mr. Hanson: There is not a direct link between these projects and eliminating a toll increase. The \$1 toll increase produces about \$50 million in revenue per year, but that is a recurring stream of money what accountants call "annuity in perpetuity". We project that the DRPA Project Fund will have \$160 million at year end. The Capital Budget that we will present to you on December 1 for your review and input shows \$164 million in core mission projects. So we will need a new bond issue and if there is no toll increase we cannot go to the bond market. The last time we deferred a toll increase the Moody's rating agency said that "deferring the toll increase will be a major factor in our ratings decision". They then put us on "Negative Outlook". The rating agencies do not like this type of decision. The point is that you need to understand the Capital Budget in making these decisions. In addition, for the Board to reduce the capital budget at this time, it will not play well with the bond rating agencies. The rating agencies believe that this Board is not protecting the interests of bondholders. The Board adopts a financial plan to pay for the capital budget and then the Board decides not to follow through with the financial

plan. Commissioner Bogle: Now you are talking the safety and security of people who use the bridges. Our bond ratings are key to our ability to run this place. This is serious. Our first obligation is to the security and safety of our facilities. Commissioner Lisko: Mr. Hanson, what would be the added cost to DRPA if the bonds are downgraded especially in the context of our letters of credit (LOC)? Mr. Hanson: The LOC is on our variable rate debt and a downgrade would cost twenty basis points or \$1.4 million extra per year on the LOC. And as existing LOCs expire, it could be hard to replace them. In addition, the downgrade would create a default on our SWAPS. UBS could call for cash collateral of \$240 million against the SWAPS which would exhaust our General Fund. Commissioner Lisko: On the next capital oriented debt issue, how much would a \$1 toll increase get us? Mr. Hanson: This would depend on many things such as traffic projections but would be in the range of \$600 million on a \$1 toll increase. Commissioner Lisko: If we are downgraded, how would that affect refunding or elimination of our SWAP obligations? Would it make it harder? Mr. Hanson: Yes, it would put us in a very difficult position. Commissioner Lisko: Can you give us an idea of the affect of a downgrade on the interest rate we might pay? Mr. Hanson: I cannot answer that question because in addition to the question of the interest rate affect of a downgrade, I have questions about whether we can get into the bond market. Commissioner Lisko: When did we last hear from the rating agencies? Mr. Hanson: Just before the last Board meeting when we were planning to discuss deferring a toll increase. We usually only communicate when there are major reasons. Commissioner Dougherty: Our mission statement is Safety...when I hear bond transactions...I don't understand SWAPS, but I understand construction. People tell us we have a deal then in five to seven years we get told we should get out and it is going to cost us a lot of money. There is always a red herring. If we defer the toll increase we will come up with the money somehow, but if we raise the tolls...my first resolution was to do away with the caucus meetings so I don't want to put this back in a dark hole. Last time my compensation resolution went to committee. Congressman Brady is opposed to this. We have not discussed True Up. Let's just vote and not push them some place. Commissioner Fentress: There are too many unanswered questions. Let's table this. Commissioner Teplitz: Mr. Hanson, when you spoke of a permanent annuity I want to understand that. This is not a permanent delay, just one year or whatever we decide. Why does it have a permanent effect on us? There should be consequences during the delay period, but if we have an amount of money available to reduce tolls for a defined period of time and then we enact the toll increase why does this have a permanent impact? Mr. Hanson: That is an excellent question. And the answer is that no one knows what the rating agencies will decide. We try to figure out what they are likely to do. On August 25, I told you frankly that the rating agencies have told us in formal communications and in informal conversation that they think the DRPA Board will do things that are politically expedient instead of protecting bondholders. Mr. Hanson read from a rating agency report, "The postponement in additional toll increases will be an important factor in the rating moving forward, given the size of the anticipated capital program and the revenues needed to support such a large program. Though the toll increase was postponed until July 2011, reductions to discount programs such as E-ZPass (frequent user) are still on schedule for implementation in September of 2010." Moody's March 2010." The question is how are we going to meet the need to pay for the capital program? Mr. Hanson read additional comments from the report, "The authority's governing board allowed a political dispute between the states of New Jersey and Pennsylvania to interfere with its fiduciary responsibilities to the authority. Standard & Poor's." This all relates to Board actions. Commissioner Teplitz: This all seems circular. If there is money available at some point and you take it and spend it to delay the toll increase by paying down or reducing our borrowings you are moving from a less to a more desirable spend. Why do the rating agencies think this hurts bondholders? There is no greater risk to bondholders unless there is a downgrade. Mr. Hanson: You are right. The rating agencies would like to see us use economic development money in better ways. But they are unhappy that this Board adopts a capital

program with an associated financial plan and then delays the toll increase required to pay for the financial plan. The last time we deferred a toll increase we were in much better shape and we have a great argument that we did not need the money at that time. Despite that, the rating agencies put us on "Negative Outlook" because DRPA did not stick to the plan it had adopted. They may believe that if we defer this time, we may just defer it again later. Commissioner Teplitz: If the connection is that we raise tolls on a schedule and use it to pay debt, does that mean they are afraid we are not going to pay our debt? We can just borrow less. I want to know the logic. I think this is financially better, not worse. Mr. Hanson: If we found we could afford our capital program in another way... Commissioner Teplitz: No, it's just what if we use the economic development money to borrow less. Mr. Hanson: In the context of a \$1 billion capital budget, the \$27 million is relatively small. We will exhaust our project fund by the end of next year leaving only \$27 million as a buffer. The rating agencies will be concerned that we might again defer a toll increase or eliminate it entirely. We will be out of money by March of 2012 and we will be under contract on major projects; for instance, the Walt Whitman Bridge, what will we do if we run out of money. The bondholders will be concerned about what happens to our facilities. Chairman Estey: If we are downgraded that will cost us \$240 million and so we would not be able to do anything. We need answers to four questions: (1) Of the list on the spreadsheet, how much is really available? (2) Reach out to the entities on the other side and get the real number. (3) How long could we delay the toll increase using that real number? Bring our financial advisers to the next meeting. Moody has just downgraded Philadelphia even though Philadelphia's results are improving. (4) There is an elephant in the room. The Governor-elect in Pennsylvania and what he intends to do with the Board. Most of us won't be here and we do not know what he will do with the Pennsylvania Commissioners. With something this significant, we owe him the courtesy to talk with and brief Governor Corbett's transition team. I have already reached out to them. Vice Chair Nash: It is clear that we need to find a responsible way to postpone a bridge toll increase, but we must look to postponing the fare increase for our PATCO riders. We should also take a hard look at the capital budget. Look at it in the context of public safety and bring it all back to the Board with a responsible plan to delay the toll increase. Chairman Estey: If it is possible to delay the toll increase responsibly, I will support that, but I have heard the reasons why we need the toll increase and I don't know that we can delay it. I agree with the delay of the PATCO fares also, if that is possible. Vice Chair Nash: I agree and if the downgrade includes a \$240 million cost that would cost our customers even more. We need a responsible review. Commissioner Dougherty: Good so we are now talking about Governor Corbett. So I want to know where the Governor of New Jersey stands on the toll increase. He has a lot of input into what we do. The negative publicity we have been getting we deserve. There are some great people at DRPA, but it is a management issue. I was handed these notes with my name on it and it says my motion is going to committee even before I get here. It is disrespectful of me and the toll payers. This is simple. There are 50 million people coming across the bridge at \$1. We are worrying about the New Jersey-Pennsylvania deal but it is not fair on some things. I make a resolution that we postpone the toll increase for six months based on \$25 million of non-contract items. Chairman Estey: Which projects on that list are you removing? Commissioner Dougherty: I don't know. I took the advice... Mike Joyce... Chairman Estey: Are you done – Commissioner Dougherty (unclear). Commissioner Dougherty: There is a lack of leadership. Vice Chair Nash: My position was we should not bring this to a vote until we can do it responsibly but I support delaying it. Commissioner Dougherty: But that is not the way it came through. Vice Chair Nash: Let's return some economic development money to pay debt service but we should delay the toll and fare increases in a responsible way and let's look at the capital program also. We have to find a way to delay tolls and fares but we must do it responsibly. I don't know, but I would bet that Governor Christie would say the same thing but we don't want to do something that will cost us \$240 million. Commissioner Dougherty: I made a motion. Chairman Estey: What is it? Commissioner

Dougherty: All of the money that is not contractually obligated return to the capital project fund and delay the toll increase for six months using the \$25 million. Commissioner DiCicco: But we don't know the right number. Commissioner Dougherty: I think we owe it to Governor Corbett to do it now. Commissioner DiCicco: I do not owe him anything other than giving him the facts. He will be governor. He can deal with it. Commissioner Bogle: Regarding the Governor-elect, I don't think we can act when we do not have the facts. I support getting the money back where we can but we do not have the facts. Chairman Estey: We have a motion made and seconded. If your motion passes there will be no President's House. Commissioner Dougherty: Yes, there will. We will come up with the funding some place else. It is in. Chairman Estey: It is not a contractual obligation, same with Franklin Square reopening and Cooper River dredging and the Main Channel \$1 million. Commissioner Dougherty: You are proving my point. There is nothing serious here. You are just trying to delay. I am voting to eliminate to toll increases for six months. Chairman Estey: There are four questions, none have been answered and the motion you made would eliminate funding for all non-contract matters and would create a possible downgrade. Commissioner Lisko asked that Mr. Brown to explain the motion. Mr. Brown stated that as he understands the motion, it is to use economic development funds where there is no contractual obligation in order to delay the toll increase for six months with the \$25 million of economic development money being put into a fund. Mr. Brown said that he did not catch the name of the fund but believed that it would be for debt reduction or debt payment. Chairman Estey: If this is defeated, I will move this to the Finance Committee to get answers to those questions. (There was a discussion of the order in which motions had been made and seconded). Chairman Estey stated that Commissioner Fentress made a motion to move this to the Finance Committee. Commissioner Dougherty said no. Let's separate the two motions. Chairman Estey: Separate what? Commissioner Lisko: I would ask that we vote separately on one delaying the toll increase and two, changing the economic development plan. I am asking for two separate votes due to liability issues. Chairman Estey: That is worse. You need to know how much money there is. Commissioner Fentress moved to move this to the Finance Committee and was seconded. I am calling for a vote. Commissioners Lisko, Teplitz, Dougherty voted no and Chairman Estey reported that this will move to Committee. Mr. Brown stated that this is not a successful vote because with eight sitting Commissioners from Pennsylvania, you need five yes votes to carry the motion. Commissioner Dougherty: So there is no action on this because there is no majority. If there is a serious commitment to cut tolls like we did in December of '09, I am OK with moving this to the Finance Committee. Vice Chair Nash: On behalf of New Jersey and I believe Governor Christie would agree we are very serious about an effort to delay tolls and fares. Commissioner Dougherty: OK. Then let's go on to new business. We had a good open dialogue tonight. We put a lot of emphasis on the bondholders. We should put the same emphasis on toll payers. Commissioner Teplitz: We should be doing something tangible while we study this to show we are committed to the toll payers and the fare payers. I move that we take what we know - \$1.8 million in Project Funds and move it to the operating fund to pay debt or for some other purpose that we can decide after we have studied this. The motion was seconded. Chairman Estey: Mr. Hanson can we put this in the operating fund? Mr. Hanson: No, but we can do debt reduction with this. Commissioner Teplitz: OK then debt reduction. I am disappointed that we did not have hard numbers tonight. Commissioner Bogle: I still think we should wait for the facts. Commissioner Fentress: We should go to the Committee and get answers first. Commissioner Teplitz: We do have the facts on that one item. Commissioner Dougherty: To follow up it is charming you identify that fund as something you have no vision for right now. Everyone is serious about it when our term is nearing an end but we should make sure the serious questions pay off. Nothing should be untouchable. We need to find the right location. Chairman Estey: There is a motion made and seconded to take \$1.869 million of Special Project money approved on 12/18/07 (sic 2009) and move it to a debt reduction fund. I support this.

There is no real use for that money. I share Commissioner Bogle's concerns, but we need to act. The motion was unanimously approved. Commissioner Teplitz: I have a question. As we study the rest of the items, there could be a legal difference between those not under contract and those under contract. Do we expect any new contracts while we study? CEO Matheussen: Would ask the Board to instruct us if you want us not to enter into any new contracts, but note my Salem example. We can support no new contracts if that is what the Board wants. Commissioner Teplitz: I understand and I do not want to injure anyone, but if we can preserve the status quo at least where there is no adverse affect. Chairman Estey and CEO Matheussen: We are sure to get a lot of calls. CEO Matheussen: I just want to point out to the full Board we have discussed this as per the Auditor General's letter. We are paying what is owed on existing contracts, we are not violating those. But if the Board directs us we will not execute new contracts. But this Board did vote some time ago to have a fare increase on PATCO on January 1, 2011 and we have already begun telling our customers about this based on the Board resolution. Commissioner Teplitz: Do you think there will be any adverse impact on recipients if we hold off on new contracts? CEO Matheussen: It would be case by case. On the West Jersey Shore Line, I have received two letters in the last few days that they are under contract for the project and they need our money. The trains fall off the track. That is a vital economic development project and it could be in some jeopardy if you cancel it. Vice Chair Nash: The bottom line is we don't know and I don't know. We need to quickly get these companies to tell us what their situation is. CEO Matheussen: With the media coverage we will certainly get the information quickly. Commissioner Dougherty: Do we need a special meeting on this? CEO Matheussen: Staff will do what we have been asked to do. Chairman Estey: I have a new motion to move to the Finance Committee. Mr. Hanson: The budget will be presented to the Board on December 1 and the Board will be asked to vote on the capital and operating budgets on December 8. Commissioner Dougherty: Who calls who? We could use factual information before that. CEO Matheussen: We will not ask anyone to sign a contract – we will just get status information. Chairman Estey: Status, financial situation, contingent effects if they are not paid. Commissioner Teplitz: If there is an urgent need to sign a contract, poll the board by email to request permission. Chairman Estey: I move the motion to refer the matter to the Finance Committee. The Resolution was approved unanimously.

Minutes of October Board Minutes – October 20, 2010 (previously mailed)

The minutes of the October 20, 2010 Board Meeting of the Delaware River Port Authority were mailed to the Governor of New Jersey and the DRPA Commissioners.

On motion duly made and seconded, the minutes were approved.

Approval of Operations & Maintenance Committee Report of October 20, 2010

The report of the Operations & Maintenance Committee Meeting of October 20, 2010 was mailed to all Commissioners and there were no comments. On motion duly made and seconded, the Report of the Operations and Maintenance Committee was approved.

The Chairman asked permission to consider the following three resolutions together.

On motion duly made and seconded, the following three Resolutions were unanimously adopted and made action of the Authority:

DRPA-10-131	Capital Project Contract Modifications
DRPA-10-132	Contract No. BF-31-2010, Benjamin Franklin Bridge Structural Improvements

Approved Finance Committee Report of October 20, 2010

The report of the Finance Committee Meeting of October 20, 2010 was mailed to all Commissioners and there were no comments.

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

Commissioner Teplitz asked Mr. Hanson about a reference in the financial statement in the Summary Statement and Resolution to our SWAPS. Is this Resolution affecting the SWAPS or is it in the nature of a report? Mr. Hanson: It is informational we not affecting the SWAPS. We continue to look at ways to reduce our SWAP payments. Mr. Teplitz: So there is no action being taken. Mr. Hanson: This says that we will meet our debt service obligation including payments under the SWAPS.

On motion duly made and seconded, the following Resolutions were unanimously adopted and made action of the Authority:

DRPA-10-134 Resolution Determining that Net Revenues Satisfy the Net Revenue Requirement for the 2010 Fiscal Year, in accordance with Section 5.09 of the 1998 Indenture of Trust with TD Bank, N.A.

DRPA-10-135 Disaster Recovery Service Contract

Received and Filed Monthly List of Payments Covering the Month of October 2010. On motion duly made and seconded, the Monthly List of Payments covering the month of October 2010 was received and filed.

Commissioner Bogle abstained from voting on any items involving the Philadelphia Tribune.

Report of Chairman

None.

Unfinished Business

None.

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

Steve Suder advised the Board that the list of contracts was included in the Board package.

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

DRPA-10-136 Consideration of Pending DRPA Contracts (Between \$25,000 and \$100,000)

Item 2 – 2011 DRPA Board/Committee Meeting Schedule -

The Chairman called on Richard Brown. Mr. Brown noted that the original mail out showed a meeting on August 18, 2011. The correct date is August 17, 2011 and that is in your current board books.

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

DRPA-10-137 2011 DRPA Board/Committee Meeting Schedule

Item 3 – Limitation on DRPA/PATCO Board Membership -

The Chairman called on Commissioner DiCicco, but began by that asking if this could be referred to Executive Committee. Commissioner DiCicco: I felt that if we are all talking openness and transparency, if there is a notion out there that law firms get business because of their political contributions it would be best to have nobody on our Board who makes contributions to the people who make the appointment to the Board. It is a perception issue and this would be best for DRPA. I don't think this affects New Jersey Commissioners because they are all on appointed terms. Chairman Estey: I'd like to refer to the executive Committee and get the opinion of counsel on this to see if this is legal that we can self limit. Commissioner DiCicco: I had that discussion with General Counsel Dick Brown and he said it was not enforceable. Chairman Estey: So can I refer it? Commissioner DiCicco: I do not think I be at the next meeting and I would like to vote on it tonight. Commissioner Teplitz: I second this as an apology to Commissioner DiCicco. Chairman Estey: Is there any discussion? Vice Chair Nash: We already have an opinion from General Counsel that it is not legal? Commissioner DiCicco: it is all about perception. Chairman Estey called the vote and Commissioners Nash, Dougherty, Fentress, Jones and Mason voted no. Chairman Estey said let's take this to Executive Committee and get opinion of New Jersey and Pennsylvania counsel. Vice Chair Nash agreed and the motion to refer to Executive Committee was approved unanimously.

DRPA-10-138 Limitation on DRPA/PATCO Board Membership

Item 4 – Amendments to Authority Policy and Procedures, Series #400 –

Chairman Estey tabled this Resolution until the next Board meeting at the request of Commissioner Teplitz who would like more time to discuss the matter.

DRPA-10-139 Amendments to Authority Policy and Procedures, Series #400

Item 5 – Chief Engineer, Director of Engineering -

Chairman Estey tabled and referred this Resolution to the Compensation Committee. Vice Chair Nash stated that the proper procedure is to go to the Compensation Committee and get the right salary. Mike Venuto is a great Acting Chief Engineer, but we need to do things as the reforms call.

DRPA-10-140 Chief Engineer, Director of Engineering

Item 6 – DRPA Audit Committee Charter –

This Resolution was approved at the beginning of the meeting.

DRPA-10-141

DRPA Audit Committee Charter

Item 7 – A Resolution Requiring the Authority to Delay the Planned Bridge Toll Increase From \$4 to \$5 Until At Least July 2012 –

This Resolution was referred to the Finance Committee.

DRPA-10-142

A Resolution Requiring the Authority to Delay the Planned Bridge Toll Increase From \$4 to \$5 Until At Least July 2012

Chairman Estey asked for a motion to adjourn and the meeting was adjourned.

Respectfully submitted,

Richard L. Brown,
Corporate Secretary

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