

**Delaware River Port Authority
Minutes
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**January 5, 2011 Board Meeting
Wednesday, January 5, 2011**

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Adjournment

MINUTES of the regular bi-monthly Board meeting of the DELAWARE RIVER PORT AUTHORITY held Wednesday, January 5, 2011 in the Board Room at One Port Center, Camden, NJ.

Present

PENNSYLVANIA

John Estey, Chair
Robert Teplitz (Wagner)
Robert W. Bogle
Jack Stollsteimer (McCord)
John Dougherty
Robin Wiessmann
Anthony Mannino (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, Chief Engineer

DRPA Staff

F. DiCicco, Administrative Coordinator
A. DuVall, Executive Assistant to CEO
J. Egan, Project Manager, Special Projects
L. Hayes, Manager, Capital Grants
D. Hunter, Manager, Corp. Comm.
K. Jacobson, Assistant General Counsel
E. Kasuba, Director of Corporate Communications
B. Kelly, Public Safety
H. Korsen, Manager, Contract Administration
K. LaMarca, Director IS
M. Lopez, Manager, Government Relations
C. Maroney, Manager, Special Projects
S. Milner, Administrative Coordinator
O. Parker, Manager, Financial & Budget Analysis
J. Quinn, Director of Revenue
W. Shanahan, Director Gov. Rel. & Grant Admin.
C. Spicer, PATCO Assistant General Manager

NEW JERSEY

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

Counsel

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

Others:

M. Tully, Gov. Authorities Unit
C. Blackshear, webcasting
E. McBride
J. Freedman
F. Keel
H. Lewandowski
C. Jandoli

DRPA Staff (Con't.)

S. Suder, Manager, Purchasing
M. Weikel, Administrative Coordinator
J. White, Director of Finance
D. Whiton, Administrative Coordinator

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

The Chairman announced that there was one speaker and the Corporate Secretary invited Jacob Freedman to the podium.

Mr. Freedman told the Board that a handout had been left at each of their places, which describes the SEPTA One-Day and Independence Passes. Mr. Freedman encouraged better cooperation among PATCO, NJ Transit and SEPTA. He stated that he believes that the transfers provided by SEPTA should be in a better medium. He further explained to the Board that there is advanced technology available to allow passengers to easily transfer from one transportation system to another.

Comment of the Chief Executive Officer

CEO Matheussen began by responding to Mr. Freedman's comments. He thanked Mr. Freedman for bringing the information to the Board and further offered Mr. Freedman the opportunity to talk with staff about PATCO's efforts to interface more effectively with other transportation agencies in the region, including our leadership on PATCO's state-of-the-art smart card, the FREEDOM card.

CEO Matheussen then informed the Board that they had each received or would shortly receive an invitation to the dedication of a sidewalk plaque honoring Corporal Christopher Milito at 1 p.m. on January 13, 2011 at the Walt Whitman Bridge Administration Building Flag Pole, Philadelphia, PA. He explained that this plaque to be dedicated to Corporal Milito is much like those done for fallen Philadelphia Police Officers. He indicated the Board had been invited to attend the dedication as had the Public Safety Department and said the public is also welcome.

CEO Matheussen also commented on the outstanding Request for Proposal for brokerage services. He informed the Board that staff has engaged in a Request for Qualification/Request for Proposal ("RFQ/RFP") process to engage insurance brokers. He explained that there are three remaining policies to place, so, therefore, three remaining brokers to choose. The CEO explained that staff hopes to bring at least one of the remaining insurance programs to the Executive Committee in February for consideration.

The CEO explained that the main reason that he is bringing this issue to the Board is that two of the brokers who responded to the RFP are involved in the "true-up" investigation currently being conducted by the NJ Comptroller. He stated that he believes that because there have been no findings by the Comptroller thus far that the two brokers should not be excluded from the RFP process. He stated that this is the issue he would like to present to the Board.

Commissioner Bogle asked what will happen if the NJ Comptroller finds some wrongdoing or inappropriate conduct from one or both of the two brokers and we have contracts with them. The CEO responded that he cannot speculate on what will happen or in what position this would place the DRPA, but stated that the situation would have to be reevaluated if that happened. He asked General Counsel and outside counsel to weigh in on the issue.

General Counsel explained to the Board that as the “insured” DRPA may not contract directly with an insurance company for insurance. The Authority is required to use a broker who then places insurance policies for the DRPA. He further explained that, should Commissioner Bogle’s hypothetical occur, the DRPA would be insured because the insurance would already have been placed by the broker. He stated that if inappropriate activity was found by the Comptroller, this might result in further action by an appropriate State agency and it is not possible to predict how that would affect the DRPA.

Commissioner Bogle commented that while he is not a lawyer, the “true-up” appears to him to be inappropriate. He stated that it “just does not seem right.” He conceded that he does not know what the NJ Comptroller hopes to find, but in his opinion it does not seem right.

Chairman Estey asked what the timing of the broker procurement was. CAO Brown explained that the broker for the Pollution Legal Liability policy needs to be in place by February so that the policy can be renewed in time. The current policy expires on March 26, 2011 and the broker needs to be in place for 30 days prior to the renewal. She further explained that the Health and Welfare policy is next and that the Bridge and Traditional Casualty policies are already in place.

Chairman Estey further asked whether we have any sense of the timing of the Comptroller’s investigation. General Counsel explained that the DRPA has made its production of documents to the Comptroller, but has been given no sense of the timing of the investigation. He offered to ask the question of the Comptroller’s office, but informed the Board that the Comptroller is unlikely to offer much information on the timing of their investigation.

Commissioner Dougherty stated that he wants to remind the Board that it is not just the two brokers who are involved in the “true-up”. He explained that he has several interoffice emails that show that more people than just the brokers knew about the “true-up”. He further stated that he wanted the Board to handle the “true-up”, but now it has gone outside the agency. He stated that he does not want the Board to act like they knew nothing about it.

Chairman Estey asked who the brokers for the Bridge and Traditional Casualty policies are. CAO Brown stated that Graham Company is the broker for the Bridge Casualty policy and Willis is the broker for the Traditional Casualty policy. She further stated that Chartis is the insurer for the Pollution Legal Liability policy.

Commissioner Stollsteimer asked whether it is possible to extend the current Pollution Legal Liability policy while the Comptroller’s investigation proceeds. Commissioner Bogle agreed that it might be good to put this on hold. Commissioner Dougherty stated that the brokers involved with the “true-up” are innocent until proven guilty. Chairman Estey also agreed that it would be good to see if it is possible to extend the current contract.

Commissioner Stollsteimer commented that Graham Company is an excellent firm and he believes they do good work for the DRPA, but he stated that he believes that until this cloud is lifted, the process should be put on hold.

Chairman Estey asked staff to find out whether the current contract can be extended. He asked CAO Brown when the other policies at issue expire. CAO Brown explained that the Bridge

Casualty policy expires on June 30 and the Traditional Casualty policy expires on July 31. She further explained that the OCIP does not expire for another year and the Pollution Legal Liability policy expires on March 26.

CAO Brown asked the Board for guidance on how long an extension of the pollution policy she should seek. Chairman Estey stated that he believes that an extension of a year would be appropriate, six months at a minimum. CEO Matheussen suggested asking Chartis for the longest extension possible.

Commissioner Teplitz asked what the broker's role is once the insurance contract is finalized. CAO Brown explained that the broker fully services the policy from claims to any other issue. She further explained that the broker gets fully paid at the start of the contract when the premium is paid, so all monies go to the broker up front.

Commissioner Wiessmann commented that this situation is similar to what other boards and agencies encounter in that hindsight gives clarity to what may have been a clumsy process. She stated that she is disturbed to hear accusations of nefarious intent when it seems clear to her that the intent was to even up revenues to the two states. She stated that she believes that while this may have been a clumsy way to do it, she believes it was intended to honor the bi-state nature of the entity and believes it is a disservice to the brokers to imply or assume any nefarious intent.

Commissioner Bogle stated that CAO Brown's comments make it clear that this is more complex than simply extending the current pollution liability contract. Chairman Estey responded that if there is a finding of inappropriate action, the Board will deal with that then and will have to reevaluate. In the meantime, he stated, the Board should not blindly accept that something inappropriate occurred. He reiterated Commissioner Stollsteimer's comments that both Graham and Willis are very good.

Commissioner Teplitz asked if it was possible to create a vehicle for the DRPA to get out of the broker contract if there is a finding of inappropriate conduct. CAO Brown explained that with the two policies already placed (Bridge and Traditional Casualty) that the DRPA has not executed contracts with the brokers in order to avoid being obligated while this investigation is ongoing. CEO Matheussen stated that staff would first seek to extend the pollution liability contract and, if that is not possible, will work with counsel to add language to any broker agreements that will allow the DRPA to get out of a contract in the event of a negative investigation finding.

Commissioner Dougherty commented that he is afraid of the assumption that where there is smoke, there is fire. He stated that he believes that Mary-Rita D'Alessandro was dismissed because of her inquiries into the "true-up" and he does not want the Board to act like it did not know what was going on. He stated that he has documents that show that Mike Joyce was spending most of his time here making sure that the "true-up" arrangement was followed. Commissioner Dougherty commended the CEO on getting him answers to his questions about the "true-up" and further commended the CEO in initiating an inquiry into the "true-up" before it was taken out of the Authority's hands by the Comptroller of New Jersey. He further stated that he gave staff "binder after binder" of material on the "true-up" issue.

Commissioner Stollsteimer asked if we could get rid of a broker at any time. CAO Brown, CFO Hanson and the CEO all explained that the broker gets paid at the start of the contract for all the work it will do on that policy. So, bringing in a new broker mid-policy is difficult since the new broker will not receive any compensation for their work.

CEO Matheussen stated that he did not mean to be argumentative but he wanted to clarify that neither his staff nor the Corporate Secretary's staff had ever received binders from Commissioner Dougherty. He asked Commissioner Dougherty to provide staff copies of those binders if Commissioner Dougherty wished staff to have them. Commissioner Dougherty responded that he left them in the Board Room after a Board meeting.

Commissioner Dougherty stated that he believes that Mary-Rita D'Alessandro should be represented in the "true-up" investigation at the same magnitude as other staff. Chairman Estey agreed and stated that the issue would be discussed more fully in Executive Session.

Report of the Audit Committee – January 5, 2011

Commissioner Teplitz informed the Board that the Audit Committee met on November 10, 2010 and had a very productive and substantive meeting. He explained that TransTech had presented a full report to the Audit Committee regarding their audit of the DRPA. He pointed out to the Board that a summary of the meeting, as well as the TransTech PowerPoint presentation, was included their Board packet.

Commissioner Teplitz further informed the Board that the Audit Committee met again on December 28, 2010. At that meeting, the Committee worked on three issues: (1) the Request for Proposal for the forensic audit of economic development spending, professional services and other contracts under \$100,000, (2) the Inspector General ("IG") position and (3) the Citizens Advisory Committee ("CAC"). Commissioner Teplitz informed the Board that the Committee spent time reviewing a draft of the RFP for the audit and made progress on that. He hopes to have a draft for the Board to review within the month. On the subject of the IG, Commissioner Teplitz explained that the Committee discussed ways to reconcile the IG position with the existing Audit Department. He stated that he believes the Committee will have a proposal for the Board in the near future. He also noted that, at Commissioner Sanchez's suggestion, he sent letters to Congressmen Brady and Andrews informing them of the DRPA's progress on this issue. Finally, Commissioner Teplitz informed the Board that the Audit Committee had gone into Executive Session to cull the list of approximately 120 applications down to a more manageable list for the Board. He stated that the Committee will ask the Board to go into Executive Session at the next Board meeting to further cull the list from the remaining 32 candidates to the 20 final CAC members. In the meantime, he explained that staff will send letters to the 32 remaining candidates to confirm they are still interested in participating and explaining that they will be subject to DRPA Policies and Procedures if they serve on the Committee, including the latest reforms.

This concluded the Report of the Audit Committee.

On motion duly made and seconded, the Minutes of the November Audit committee meeting were approved.

Report of the Compensation Committee – January 5, 2011

Chairman Stollsteimer informed the Board that there was no Report of the Compensation Committee.

Minutes of December Board Minutes – December 1, 2010 (previously mailed)

The Minutes of the December 1, 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 December 1, 2010

The Report of the Operations & Maintenance Committee Meeting of December 1, 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.

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

**DRPA-11-001 Philadelphia Veterans' Multi-Service Center and
Veterans' Administration**

Approval of Executive Committee Report of December 1, 2010

The Report of the Executive Committee Meeting of December 1, 2010 was mailed to all Commissioners and there were no comments. On motion duly made and seconded, the Report of the Executive Committee was approved.

Approval of Executive Committee Report of December 1, 2010

The Report of the Executive Committee Meeting of December 1, 2010 was mailed to all Commissioners and there were no comments. On motion duly made and seconded, the Report of the Executive Committee was approved.

The following Resolution was tabled:

DRPA-11-002 Renewal of DRPA Pollution Legal Liability Policy

CAO Brown provided the Board with an update on the negotiations for this policy. She stated that only two insurance companies asserted any interest in the policy, Chartis, the incumbent and ACE. She stated that negotiations with Chartis are ongoing and Chartis has proposed changes to the policy terms.

Chairman Estey asked for the claims history on the policy. CEO Matheussen stated that there has been one claim in the last ten years.

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

**DRPA-11-003 Philadelphia Cruise Terminal Lease Agreement between the
DRPA and Philadelphia Authority for Industrial Development**

Unfinished Business

Item 1 - In Kind Contribution – World Trade Center of Greater Philadelphia

CEO Matheussen reminded the Board that this was discussed at the last meeting and the Board had asked counsel to provide an opinion on whether this Resolution violated any of the recent reforms, specifically the reforms on economic development spending and in-kind contributions. General Counsel stated that Pennsylvania counsel had looked at the issue and concluded that the Resolution does not violate the reforms and is appropriate if approved by the Board.

Commissioner Teplitz explained that his concern was the economic development aspect of the reforms. He stated that he does not disagree with counsel's conclusion on a technical level, but is not sure if it violates the spirit of the reforms. He acknowledged that this is a unique situation in that this process was started before the reforms were in place and that it is his understanding that World Trade Center of Greater Philadelphia ("WTCGP") could lose its federal funding, which is contingent on the in-kind services provided for in this Resolution. Chairman Estey stated that that was correct.

Commissioner Teplitz asked whether the Board could ask WTCGP to provide a statement as to how this contribution furthers the DRPA's core mission. CEO Matheussen stated that staff can work with the WTCGP to get such a statement. He further stated that while he has a conflict because he is on the Board of WTCGP by virtue of his position as DRPA's CEO, he believes that the WTCGP brings commerce into the region and, therefore, people. He stated that those people and businesses use the DRPA's assets. He further noted that the space given to WTCGP is not space that can be rented out to another entity as it is incorporated into the DRPA office space. CFO Hanson clarified that WTCGP is given a cubicle in the middle of the 8th floor of OPC. Commissioner Teplitz asked the CEO to follow up with WTCGP for a statement on how this is related to the DRPA's core mission and CEO Matheussen acknowledged he would do so.

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

**DRPA-10-149 In Kind Contribution – World Trade Center of Greater
Philadelphia**

New Business

Chairman Estey asked if there was any New Business for the DRPA Board.

CEO Matheussen asked to update the Board and comment on recent news stories regarding the DRPA Police Department patrolling the streets of Camden due to expected upcoming layoffs in Camden. The CEO explained that the DRPA was informed (and it was reported in the news) that the Camden Police Department would be experiencing significant layoffs. He explained that the DRPA, along with numerous other law enforcement agencies, including the FBI, DEA, AFT, NJ State Police, NJ Transit Police, Rutgers University Police, Rowan College Police, DRPA Police, Camden, County Sheriff's Department, Camden County Park Police and Camden County Prosecutor's Office, among others, were asked to attend meetings on the issue of the decreased Camden police presence. Chief David McClintock, Acting Chief Brian Kelly and Captain Jack Stief attended those meetings. The CEO stated that he consulted and asked for their expert opinion about how the DRPA can best

assist Camden and at the same time protect our own assets. The CEO stated that this is what the DRPA intends to do.

The CEO explained that the DRPA Police Department is responsible for protecting the DRPA's assets in Camden, which include the Ben Franklin Bridge and its approaches, the Walt Whitman Bridge and its approaches, One Port Center, the Ben Franklin Bridge Administration Building and maintenance facilities and three PATCO stations, the Ferry Terminal as well as our PATCO customers, bridge customers and ferry customers plus our employees.

CEO Matheussen read a statement from Acting Chief Brian Kelly reiterating the CEO's comments. The CEO stated that he welcomed the inquiry on this issue from Commissioner Dougherty and wanted to be sure to address the issue with the Board. The statement from Acting Chief Kelly is enclosed.

Commissioner Dougherty noted that his letter had raised other issues as well. He stated that he believes it is his job to make sure that Philadelphia is as well represented as Camden. He stated that he is a huge supporter of the police and unions, that he wears the union tag on his forehead. He further stated that he has been asking questions about Corporal Milito's death and would like to see the results of the investigation when they are unsealed. The letter from Commissioner Dougherty is enclosed.

Chairman Estey asked when the Camden layoffs would be occurring. CEO Matheussen responded that the layoffs were scheduled for January 18.

Chairman Estey stated that the inquiry by Commissioner Dougherty was reasonable and that CEO Matheussen's response was appropriate.

Commissioner Fentress commented that the DRPA Police are the best trained police force in the region and that no one should be denigrating them.

In response to the Chairman's request for other New Business, Commissioner Dougherty stated that he had a Resolution to do a study of the sale of PATCO. He stated that he believes PATCO does a tremendous job, but that this is a financial issue that needs to be fully vetted.

Chairman Estey stated that perhaps this issue should be left to the new Board, which will likely be here soon. Commissioner Dougherty countered that he was not asking for a lot, just a study to be done. He acknowledged that it may be an expense, but said that it was worth it.

Chairman Estey proposed that staff get some sense of potential costs and timing from three or four firms. CEO Matheussen stated that he had talked to one firm already and, while he did not get a sense of the cost, they pointed out that the DRPA would be looking to sell an asset that needs about half of its operating budget subsidized and has the oldest fleet of equipment in the country. He explained that he is willing to look into it, but wanted the Board to know that it could be difficult. He further pointed out that PATCO has outstanding employees and is a key link between NJ Transit and SEPTA.

Chairman Estey proposed also looking at PATCO being operated by another transit agency. He asked staff to send a letter to three or four firms asking for general ideas on cost and timing.

Commissioner Dougherty also raised the issue of obtaining the veto power for the Pennsylvania Governor. Chairman Estey pointed out that a Pennsylvania legislator would need to introduce legislation to do this. He further stated that he believes the Corbett transition team will recommend this. Commissioner Teplitz offered to reach out the PA Senator Rafferty to follow up on this as it was a recommendation made by Auditor General Wagner to the PA Senate Transportation Committee in September 2010.

There being no further business, on motion of Chairman Estey the meeting was adjourned.

Respectfully submitted,



Richard L. Brown
Corporate Secretary

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