

REVISED*
Delaware River Port Authority
Minutes
and
Index
October 2010 Board Meeting at the
Cruise Terminal at the Philadelphia Navy Yard, Philadelphia, PA
Wednesday, October 20, 2010

Roll Call

Approval of Report of the Chief Executive Officer – October 20, 2010

Approval of Report of the Audit Committee – October 20, 2010

Monthly List of Payments – Covering the Month of September 2010

Report of Chairman

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- | | |
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| DRPA-10-106 | 401 Race Street Partners, LLC Purchase and Easement Agreement Affecting DRPA Property for the Purchase of Vehicular and Pedestrian Ingress, Egress, Construction Staging, Loading and Unloading of Vehicles, and Parking of Vehicles |
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New Business

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| DRPA-10-120 | St. George's Church Annual Christmas Musical, Benjamin Franklin Bridge Underbridge Parking Support |
| DRPA-10-121 | Renewal of Toll System Maintenance Service Agreement |
| DRPA-10-122 | 15th Annual Celebration of GateKeepers Fellowship Church Day – Access to DRPA Property, 2350 Admiral Wilson Blvd, Camden, NJ for Memorial Service Ceremony |
| DRPA-10-123 | Consideration of Pending DRPA Contracts (between \$25,000 and \$100,000) |
| DRPA-10-124 | Northrop Grumman Systems Corporation Right of Entry Agreement to use DRPA Property for the Purpose of Installing, Operating and Maintaining Groundwater Monitoring Wells |
| DRPA-10-125 | Requiring the Authority to Renew the Contract of DRPA Chief Executive Officer John Matheussen for a Period of Three (3) Years |

DRPA-10-126

**A Resolution Requiring the Authority to Reduce the Salaries of its
Executive Managers**

Adjournment

* Additions to the text are underlined and deletions are indicated with strikethrough.

MINUTES of the regular bi-monthly Board meeting of the DELAWARE RIVER PORT AUTHORITY held Wednesday, October 20, 2010 at the Cruise Terminal at the Philadelphia Navy Yard, Philadelphia, PA.

Present

PENNSYLVANIA

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

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

A. Ash, Administrative Secretary
D. Auletto, Bridge Director, WWB
F. DiCicco, Administrative Coordinator
A. DuVall, Executive Assistant to CEO
J. Egan, Project Manager, Special Projects
J. Havers, Coordinator, Cruise Terminal
K. Imperatore, Director of Fare Collection
K. Jacobson, Assistant General Counsel
E. Kasuba, Director of Corporate Communications
M. Lopez, Manager Gov. Relations
C. Maroney, Manager, Special Projects
J. McAroy, BRB C&M
D. McClintock, Police Chief, Public Safety
S. Milner, Administrative Coordinator
R. Only, Director, Homeland Security & Emergency
Mgmt.
S. Reiners, WWB
C. Spicer, PATCO Assistant General Manager
S. Suder, Manager, Purchasing

NEW JERSEY

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

Counsel

C. Gibson, Archer & Greiner, NJ Counsel
A. Kessler, Duane Morris, PA Counsel
S. Kosta, Duane Morris, PA Counsel

Others:

M. Tully, Gov. Authorities Unit
C. Blackshear, webcasting
Congressman Robert Brady
E. McBride
R. Franzini, IUOE
B. Toomey, IUOE
F. Keel, Local 88
B. Ley, Booz Allen Hamilton
H. Lewandowski

DRPA Staff (Con't.)

M. Weikel, Administrative Coordinator
J. White, Director of Finance
D. Whiton, Administrative Coordinator
B. Williams, Bridge Director, BRB
M. Williams, Graphic Design

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.

Report of the Chief Executive Officer – October 20, 2010

Mr. Matheussen submitted his report as it stands. Mr. Matheussen deferred to Toni Brown who provided some positive information about a federal program the DRPA has applied to, the Early Retiree Reinsurance Program.

Toni Brown, Chief Administrative Officer - In an effort to encourage employers not to discontinue health benefits for retirees who are under the age of 65, the new federal health care reform law established a program called the Early Retiree Reinsurance Program. The federal government has appropriated \$5 billion for this temporary program. Under the program, a limited number of employers will be reimbursed for medical and prescription claims that are generated by early retirees, provided they meet a certain threshold. The application was available to employers on June 29, and we submitted our application on July 1. We received word on September 28 that our application has been approved. The next step in the process is to submit qualifying claims for reimbursement. Reimbursements can be used to reduce premiums. Ms. Brown said that staff would keep the Board posted.

Mr. Matheussen commented on another successful season on the RiverLink Ferry which has concluded. He thanked Captain Kevin Delanoy and his staff for their hard work. The Ferry transported an estimated 160,000 passengers this season, including a record 7500 passengers on September 4 for the Flutag event along the Delaware River.

Further, Mr. Matheussen congratulated Betsy Ross Bridge Supervisor Bob Rodriguez for his selection as an honoree at the 2010 Prominent Hispanic Awards dinner hosted by the Camden County Freeholders on October 7th. Bob was selected for his work making a positive difference in the quality of life of the residents of our region.

Finally, Dan Auletto, WWB Bridge Director, passed along a letter of appreciation from Sgt. Richard Nelson addressed to the C&M Department at the WWB. Mr. Matheussen shared part of his message and added the Authority's thanks to these hard working members of our staff. Sgt Nelson outlined that within a 15-minute time frame on September 20th, the facility encountered multiple incidents, including a tractor trailer with a punctured fuel tank and diesel leaking on the bridge; fuel containment efforts by C&M and HazMat staff; the need for an inspection of the diesel truck; a report of a raccoon walking in Lane 1 that was carefully secured twice by one of our officers and C&M staff after he worked his way out of the cage the first time; and a Presidential landing at the Philadelphia airport and subsequent I-95 and a ramp closure request from the Secret Service. Mr. Matheussen read Sgt. Nelson's closing complimentary words "Mr. Auletto, this is why we at the WWB work at this facility. The employees are a great team of people who do outstanding work... and we continue to do our work with no fanfare or accolades...juggling multiple events professionally and quickly." Mr. Matheussen added his thanks as well to the staff for a job well done.

This concludes the CEO Report.

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

Report of the Audit Committee – October 20, 2010

Chairman Estey called on Commissioner Teplitz to give the report of the Audit Committee.

Commissioner Teplitz reported that the Audit Committee continues its work mainly on the charter for the Committee which will come to the Board for approval. They are also working on RFPs for the several audits. They had a good discussion at the Committee Meeting on October 15, 2010. The Committee continues to work to reconcile the legislation introduced by Congressmen Brady and Andrews with the organizational structure of the DRPA after which they plan to meet with the two Congressmen to discuss the solution. There is also a meeting set up with TransTech on November ~~11, 2010~~ 10, 2010 at 9:00 a.m. at One Port Center to discuss the substance of the Management Audit in order to begin making a plan for moving forward. They will also discuss the process used for the Management Audit in order to establish a process for our future audits. Commissioner Dougherty stated that the Audit Committee was an effective Committee and Commissioner Teplitz is doing a great job. He asked whether the work product he was given is the work product that will be discussed and Commissioner Teplitz confirmed this. Commissioner Dougherty commented that one of the things that we have to do when we report to the Congressmen...the report is crucial to the future of the organization but the report may not be sufficient to help us go where we need to go. Commissioner Teplitz gave CDs to each Commissioner containing documents relating to the management audit.

This ended the report of the Audit Committee.

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

Commissioner Bogle abstained from voting.

Report of Chairman

None.

Unfinished Business

Item 1 – 401 Race Street Partners, LLC Purchase and Easement Agreement Affecting DRPA Property for the Purchase of Vehicular and Pedestrian Ingress, Egress, Construction Staging, Loading and Unloading of Vehicles, and Parking of Vehicles -

Chairman Estey informed the meeting that this item would be deferred and called on CEO Matheussen and COO Pulte to report on status. Mr. Pulte informed the Board that we have an appraisal and we have met with the developer to discuss the appraisal. The developer wants to move forward and we hope to have a mutually acceptable price for the next meeting. Commissioner Bogle asked whether there are any other issues and Mr. Pulte stated that there were no DRPA issues but the City might have issues. Commissioner Bogle asked about the developer selling the property and Mr. Pulte said that the easement property could not be sold without our consent. Commissioner Bogle asked about activity on the property and Mr. Pulte stated that we have the absolute right to use this property as we need to for operational purposes. Chairman Estey then introduced a representative of the developer who was at the meeting.

DRPA-10-10-106 401 Race Street Partners, LLC Purchase and Easement Agreement Affecting DRPA Property for the Purchase of Vehicular and Pedestrian Ingress, Egress, Construction Staging, Loading and Unloading of Vehicles, and Parking of Vehicles

Item 2 – Political Contributions by DRPA Vendors and Potential Vendors (see DRPA-10-045)

Chairman Estey called on Vice Chairman Nash to report on Item 2. Vice Chairman Nash reminded the Board that we have been grappling with this for some time. The attorneys have been dealing with State and Federal constitutional issues. Adopting this resolution will make us the first Bi-State Authority with restrictions on what its vendors can contribute to political campaigns. First, the vendors must give us a list of their contributions before they receive a contract. Second, the vendors must abide by the election laws of each state and the federal government. This is one of the most meaningful and powerful reforms we have enacted. Commissioner Dougherty stated that some of us here have not been struggling with this. DRPA has a terrible image. We should put transparency in place with the most stringent laws. Every day we wait is a day we upset toll payers. Commissioner Wiessmann said she is happy to see movement and she sees the value in what we are doing but she feels that it does not go far enough. We should do what other industries do. She thinks we should take the legal risk. In addition, this is the first time we have considered having different rules for the two sides of the river. We should not have different rules. Commissioner Wiessmann thinks that this action is meaningless on the Pennsylvania side because there is little regulation of contributions on the Pennsylvania side. This is a step but it is not enough and whatever we do should be uniform on both sides of the river. Commissioner Teplitz asked what this resolution does and noted that the last time we were looking at prohibiting contributions but the state laws allow contributions so where is the “reform”? Vice Chairman Nash called on New Jersey Counsel Chris Gibson to respond. Mr. Gibson began by restating the question and then said that the attorneys tried to come up with a uniform policy but the Pennsylvania constitution was a problem and such a policy might even be a problem in New Jersey. Mr. Gibson continued saying that this Resolution will make DRPA vendors certify that they comply with the laws of New Jersey if the contribution is in New Jersey and the same for Pennsylvania or federal contributions. He does not know if this is “reform” but every company that comes to the Board to have a contract approved must disclose its contributions and certify legal compliance with contribution laws. He understands Commissioner Wiessmann’s concerns and it may be that we did not get all the way but in New Jersey there are strict laws so that is an improvement. Vice Chair Nash continued that it is a significant improvement. At present, before enacting this resolution, any vendor in New Jersey can make contribution without following New Jersey law and still get a DRPA contract. This Resolution will require both disclosure and compliance with New Jersey law. That would also apply to a Pennsylvania company that makes a contribution in New Jersey. The problem with a uniform policy is that it is unfair to Pennsylvania companies to have them bound by New Jersey law. If someone at a Pennsylvania company made a perfectly legal contribution in Pennsylvania it still might violate New Jersey law. It is fairer to have companies comply with the laws that each state legislature has adopted. Commissioner Teplitz stated that he was not intending to be critical but asked if it is the sense of the lawyers that this is as far as we can go without a risk of litigation? Pennsylvania Counsel Alan Kessler responded that Pennsylvania Counsel were the most vocal attorneys on this in their role as Pennsylvania Counsel. I have stated that you are the Commissioners and you have the right to take the risks if you wish but it is our job to identify the risks for you. We pointed out four Pennsylvania side issues and the lawyers generally agree that the risk is greater in Pennsylvania. You could take the risk but we felt that the current policy as proposed today is a good solution that avoids litigation risks while implementing a good policy. There had to be two different standards because the laws in the two states are different.

The current policy presented today requires that companies certify that they comply with the law of the state in which they made the contribution. We could go back to the prior version but with the changes that we propose. Commissioner Wiessmann stated that from a financial industry prospective we know that merely instituting transparency may not change practices. We should go much further and we should not have two standards. Commissioner Dougherty responded that at the last meeting Counsel said that we were trying to avoid litigation but at that meeting we agreed on two contracts that were not low bidders. We also terminated some people – on Lawless I voted against that. Chairman Estey asked Mr. Gibson how this would impact collective bargaining agreements and Mr. Gibson said he did not believe they would be included in the definition of covered entities. Commissioner Wiessmann followed up and Mr. Gibson said we may wish to clarify but I do not believe a labor organization would be a vendor. Chairman Estey inquired about the position of the New Jersey Authorities Unit and the Governor. Vice Chair Nash said they supported the Resolution.

On motion duly made and seconded, resolution DRPA-10-113 Political Contributions by DRPA Vendors and Potential Vendors (see DRPA-10-045) was approved.

DRPA-10-113 Political Contributions by DRPA Vendors and Potential Vendors (see DRPA-10-045)

New Business

Item 1 – St. George’s Church Annual Christmas Musical, Benjamin Franklin Bridge Underbridge Parking Support –

Chairman Estey asked that Mr. Pulte report on Item 1 (DRPA-10-120) and Item 3 (DRPA-10-122) jointly.

Mr. Pulte stated that the St. George’s Church event has been held for some years and DRPA has allowed parking with assistance from our Public Safety Department.

Commissioner DiCicco joined the meeting and designee Mannino withdrew.

On Item 3, Mr. Pulte explained that the original home of the GateKeepers Church was on the Admiral Wilson Boulevard and this is also an annual event. Mr. Matheussen mentioned that the organization only came to us a week and a half ago and this resolution is still subject to the Governor’s veto power so we may need the Governor to waive his veto. He indicated he would work with the Governor’s Authorities Unit on this and noted Ms. Tully was present at the meeting.

On motion duly made and seconded, resolutions DRPA-10-120 and DRPA-10-122 were unanimously adopted and made the action of the Authority:

DRPA 10-120 St. George’s Church Annual Christmas Musical, Benjamin Franklin Bridge Underbridge Parking Support

DRPA 10-122 15th Annual Celebration of GateKeepers Fellowship Church Day – Access to DRPA Property, 2350 Admiral Wilson Blvd, Camden, NJ for Memorial Service Ceremony

Item 2 – Renewal of Toll System Maintenance Service Agreement –

CFO Hanson reported that the Transcore agreement involves proprietary software. Staff is asking for Board approval to renew under our renewal option in the agreement.

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

DRPA 10-121 Renewal of Toll System Maintenance Service Agreement

Item 4 – 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-10-123 Consideration of Pending DRPA Contracts (Between \$25,000 and \$100,000)

Item 5 – Northrop Grumman Systems Corporation Right of Entry Agreement to use DRPA Property for the Purpose of Installing, Operating and Maintaining Groundwater Monitoring Wells -

The Chairman called on Acting Chief Engineer Venuto who explained that Northrop Grumman needs access to our property in order to comply with an EPA approved site remediation plan. Commissioner Teplitz noted that there was no price in the proposal and Mr. Venuto responded that there is no charge to Northrop Grumman. Commissioner Teplitz asked if we were paying and Mr. Venuto responded no there is no charge either way. Commissioner Teplitz asked if this is common and Mr. Venuto responded that the action is required under the EPA plan with respect to environmental remediation because our property is within 500 feet of the remediation site. Commissioner Bogle inquired about potential liability and Mr. Venuto said that he believed there was no liability to the DRPA, the environmental issue arises from the operations of an electrical components manufacturing company in the 1920s and Northrop is fully responsible for the cleanup. Mr. Estey suggested that we would be indemnified if any accident or other action occurs and that we should not be liable if Northrop Grumman needs to do any remediation. Mr. Venuto agreed that we have appropriate indemnification provisions in our agreements.

Commissioner Sanchez joined the meeting.

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

DRPA-10-124 Northrop Grumman Systems Corporation Right of Entry Agreement to use DRPA Property for the Purpose of Installing, Operating and Maintaining Groundwater Monitoring Wells

Item 6 - Requiring the Authority to Renew the Contract of DRPA Chief Executive Officer John Matheussen for a Period of Three (3) Years -

Chairman Estey noted that Item 6 and Item 7 came from Commissioner Dougherty and he asked for Commissioner Dougherty to present these and Commissioner Dougherty agreed to do both at one time. Commissioner Dougherty began saying two scenarios. OK, two major points of concern for

me – one was the total neglect of Board input and I consider lack of process a major problem. One compliment for the Audit Committee is that we started with process. We should try to be consistent on the two sides – I respect the New Jersey Governor. He is decisive and lives up to his agenda, but we as Commissioners have a fiduciary responsibility. So from day one my resolutions have been for more Board input and fiscal sanity and discussion of management reports, professional services. There may be a difference of opinion on how effective this is. The last six to eight meetings have been all about what Governor Christie wants to do. We have addressed every item Governor Christie wanted except compensation. So it is easy for top management to deal with things that affect others but not them. So if we are step by step hand in hand with the Governor, then let's go all the way. He believes no one should earn more than he does and he earns \$175,000 so let's do it. I am not enamored of management. I have problems getting information. I have used the words under-whelmed, inconsistent. I represent people. I am in the business of representing people. I am not a lawyer. It just takes a significant time to get information. There is a way that a pattern starts with Chief Borrelli whether you like him or not. Up until recently I wanted documents but I had to get them by myself. I have been told by CEO Matheussen that he has no history but he told me all the woes of Chief Borrelli, the radio show, the dirty pictures on his computer. He went into details about vendors. But I came across something (reads from a letter to Borrelli thanking him for his service). How can we have an agent of change when he still has to answer things. Here is another thing from Matheussen to Borrelli, "Thanks Vince" (reads from a letter approving a request). I went on the archives. The Kroll report was a report that was a template of what Borrelli did wrong, the things that he did. There was another report that I put it in the record at a Pennsylvania state hearing. When you read that against the Kroll report it is like two different people. Now I found out later that the CEO was on the radio show many times and Winner Ford gave DRPA a car and in the photograph both Borrelli and CEO Matheussen are pictured. Commissioner DiCicco asked for a point of order and was recognized by the Chair. Commissioner DiCicco addressed Commissioner Dougherty and said "You said that you have stated this before..." This is a fifth time. Can you just get to the point. You have said this all many times before. Commissioner Dougherty, I will use my time unless I am told I am out of time. I have asked for the management report to be given to the public. We cherry picked on the Assistant to the Chair who left in disgrace and the other Assistant to the Chair was removed. The Management Audit does not have anything about the in-house Legal Department. I wanted a full vetting of the Mike Joyce situation. What happened here is a pattern. I am not about to allow us to go ahead with resolutions that do not go far enough. We damaged the reputation of responsible people. Lawless for example. We have time to discuss these matters. Overwhelmingly we heard that John Lawless did an excellent job. With the Governor's race in Pennsylvania there will be lots of changes but if we believe we are moving in the right direction, let's put salary reductions in place and approve the CEO contract. I have serious questions about the New Jersey Comptroller's outside legal inquiry. This has nothing to do with anything to do with except let's make all the changes we need to create transparency and public input. Let's maintain the bridges. Commissioner Bogle said he respects the right of John Dougherty to his point of view but as it relates to the resolution to reduce salaries this could be something to consider but in the absence of any data we should take our time. Commissioner Bogle would not consider doing this without more information but if we are going to do it, let's do everyone. Let's reduce everybody but in reality we need good information. Commissioner Bogle asked "did someone say the Governor of New Jersey wants to extend the CEO contract"? Chairman Estey asked for a motion to send both resolutions DRPA-10-125 and DRPA-10-126 to the Compensation Committee. Commissioner Dougherty said that he did not say Governor Christie wants to extend but if on compensation management wants to walk toe by toe... Commissioner Bogle said I did not say that you said the Governor asked to extend but you implied it. Commissioner DiCicco remarked that Commissioner

Bogle asked why not reduce everyone. In fact we did this already for Pennsylvania employees when we made them pay the tolls when they are commuting, we reduced their salary by \$1,000 or so. Commissioner Dougherty mentioned one of his votes five years ago dealing with a union contract and he pointed out that his own salary is a percentage over what his membership gets. The last thing he wants is to make sure the public knows what is happening so that committees do not become glorified caucuses. Chairman Estey noted the Audit Committee is a model in this area and asked for a motion to refer the two resolutions to the Compensation Committee and the Board approved referring Resolutions DRPA-10-125 and DRPA-10-126 to the Compensation Committee. Commissioner Bogle quoted from Shakespeare's play Julius Caesar and also asked that we consider providing some food at these meetings. Commissioner Sanchez asked who is on the Compensation Committee and the chairman identified Commissioner McCord, Commissioner Frattali, Commissioner Fentress and Commissioner Bogle. Commissioner Sanchez asked about a timeline and Chairman Estey suggested a report on process at the next Board meeting. He also mentioned that Commissioner Dougherty or any other Commissioner could attend any Compensation Committee meetings. Commissioner Teplitz asked CEO Matheussen about the status of the Citizens Advisory Committee that we created two or three meetings ago. Mr. Matheussen said we have not advertised yet for applicants. Chairman Estey asked that there be a report back to the Board on this at the next meeting. Chairman Estey asked for a report on the Citizens Advisory Committee at the next meeting. Chairman Estey asked for a motion to adjourn and the meeting was adjourned.

Respectfully submitted,

Richard L. Brown,
Corporate Secretary

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