

PORT AUTHORITY TRANSIT CORPORATION
Minutes of the January 15, 2014 Board Meeting
One Port Center, 2 Riverside Drive
Camden, New Jersey
Wednesday, January 15, 2014, 9 a.m.

Present

PENNSYLVANIA

David Simon, Esquire, Chair
Eugene DePasquale (via telephone)
Kathryn Boockvar, Esquire (DePasquale)
William Sasso, Esquire
Michelle Kichline, Esquire
John Lisko, Esquire (McCord)
Joann Bell
Walter D'Alessio
Al Frattali
Katie Cerulli (McCord, via phone)
Andrew Reilly, Esquire

James White, Director of Finance
Lt. Robert Finnegan
Valerie Bradford, Bridge Director, BFB/BRB

NEW JERSEY

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

Officers and Chiefs

John Matheussen, CEO
Danielle McNichol, General Counsel
and Corporate Secretary
Kristen Mayock, Deputy General Counsel
John Hanson, CFO
Toni Brown, CAO
Tim Pulte, COO
Michael Conallen, Deputy CEO
Mike Venuto, Chief Engineer
John Rink, PATCO, General Manager
Thomas Raftery, Inspector General
Jack Stief, Chief, Public Safety

Counsel

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

Others

Peter Simon, Esquire, NJ Gov. Authorities Unit
Kathy Bruder, Esquire, Deputy Chief of Staff,
Office of Governor Corbett
Christine Wechsler Rayer, Esq., Deputy
General Counsel, Pennsylvania Office of
General Counsel
Jonathan Latko (CAC)
Helen McKenna (CAC)

DRPA Staff

Ann DuVall, Exec. Assistant to CEO
Lisa D'Arcangelo, Legal Secretary
Timothy Ireland, Director, Corp. Comm.
Anne Kubiak, Legal Secretary
Kevin LaMarca, Director, IS
Elizabeth McGee, Acting Administrative
Coordinator
Sheila Milner, Administrative Coordinator
Bill Shanahan, Director, Gov. Relations
Mark Lopez, Manager, Gov. Relations
Susan Squillace, Manager, Purchasing
Dawn Whiton, Administrative Coordinator
Fran O'Brien, Mgr. Cust. & Comm. Relations
Howard Korsen, Mgr. Contract Administration

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

Chairman Simon called the meeting to order and asked that the Corporate Secretary call the roll. The Corporate Secretary then called the roll and announced that there was a quorum. Chairman Simon presided.

Report of the General Manager

Mr. Rink, General Manager of PATCO, stated that the report is submitted as it stands.

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

Approval of December 11, 2014 PATCO Board Meeting Minutes, Receipt and Filing of the Monthly Lists of Payments Covering the Month of December 2013, Monthly Lists of Purchase Orders and Contracts Covering the Month of December 2013, Balance Sheets and Equity Statements – Dated November 30, 2013

The Minutes of the December 11, 2013 Board Meeting of the Port Authority Transit Corporation, the Monthly Lists of Payments Covering the Month of December 2013, the Monthly Lists of Purchase Orders and Contracts covering the month of December 2013, and the Balance Sheets and Equity Statements – Dated November 30, 2013 were previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Minutes of the December 11, 2013 Board Meeting of the Port Authority Transit Corporation, Monthly Lists of Payments Covering the Month of December 2013, Monthly Lists of Purchase Orders and Contracts Covering the Month of December 2013 and the Balance Sheets and Equity Statements – Dated November 30, 2013 were received and filed.

Approval of PATCO Operations and Maintenance Committee Report of December 18, 2013 and January 6, 2014

The Finance Committee Meeting Minutes of December 18, 2013 and January 6, 2014 were previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Operations and Maintenance Committee Minutes of December 18, 2013 and January 6, 2014 were approved.

Adopt Resolution Approved by Operations and Maintenance Committee of December 18, 2013 and January 6, 2014

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

**PATCO-14-002 Snow Removal Services for PATCO New Jersey Locations
on an As-Needed Basis.**

Unfinished Business

There was no PATCO unfinished business.

New Business

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

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

**PATCO-14-001 Consideration of Pending PATCO Contracts (Between
\$25,000 and \$100,000)**

Farewell from Mr. Matheussen

Mr. Matheussen said he asked for time to share a few points with the Board, staff and the public. He said he has been here for ten plus years and his last day will be this Friday. He will be shutting his phone off at 5:01 p.m. He noted that he will be happy not to get weekend or middle of the night calls anymore. Mr. Matheussen said it has been an absolute honor and a privilege in his life to serve the DRPA and the people of the region. He will take the experiences and many memories with him.

Mr. Matheussen thanked Governors McGreevey, Rendell, Codey, Corzine, Christie and Corbett and said it was an honor to be asked and to serve for these Governors. He thanked the members of the current Board of Commissioners and past Boards under whom he has served. He said he always appreciated their input. He noted much was accomplished during his tenure, including the 18 month period where there were no Board meetings, and reiterated his appreciation for the Board's leadership and guidance during the past decade. Mr. Matheussen thanked the men and women of the Authority who '*Keep the Region Moving*' for their efforts and outstanding customer service. He mentioned the members of the various labor unions, the IUOE, Teamsters, FOP and IBEW, as well as the non-represented staff and noted they do a truly incredible job. He specifically mentioned that the DRPA roadways are always the first ones in the region that have blacktop showing during a snow storm and that the bridges and PATCO are open 24/7 to serve the public. He said staff does a tremendous job of moving people.

Mr. Matheussen said the Authority exhibits fiscal responsibility in all that it does. He noted the Board can create a budget we can enforce, but it is truly the people at the Authority who do an outstanding job each day of staying within the budget.

Mr. Matheussen said for the past ten plus years we have maintained our assets in excellent condition, even in lean times. We reduced operating expenses, and introduced the Transit Ambassador Program which provided our PATCO customers with assistance and information, along with PATCO and Public Safety staff. He said that '*Lean Government*' was introduced first through 100 staff members participating in projects and then through a pilot program involving even more staff and process improvements.

Mr. Matheussen noted new reforms were implemented. One of the most significant reforms was the Board's decision to eliminate economic development spending. We did not wait for Congress or the Legislatures of the two states to do so. He mentioned another important initiative was the

establishment of the Citizens Advisory Council (CAC) and acknowledged the valuable involvement of the CAC inputting into Authority issues. He said he appreciated the time and effort of the CAC members, particularly as they serve in a voluntary capacity, like the Board members.

Mr. Matheussen noted another sign of fiscal responsibility was that since 2003, DRPA's annual expenses increased less than 1.6%. He thanked Mr. Hanson and his Finance team and the men and women of the Authority who implemented the budgets through the years. He said the bond rating agencies acknowledged this fiscal austerity, DRPA's sound fiscal policies and management efficiencies through improved bond ratings, resulting in savings to the toll payers of an estimated \$6-\$10 million.

Mr. Matheussen highlighted the Walt Whitman Bridge re-decking project which was completed ahead of time and under budget while keeping the iconic bridge open to the public. He thanked those who participated in guiding this significant project, particularly Chief Engineer Mike Venuto, COO Tim Pulte and our terrific Bridge Director, Dan Auletto, who worked with staff and contractors to accomplish this. He said he is very proud that now other agencies across the country, and even internationally, are contacting us about this project for lessons learned.

Mr. Matheussen said another project of which we are very proud is the PATCO car rehabilitation project. The Board decided that we could retain the stainless steel shell of our 120- rail car fleet and rehabilitate the insides, saving an estimated \$300 million over the \$500 million cost of purchasing an all new fleet of train cars.

Mr. Matheussen said that on an interim basis, Mr. Hanson will be answering phone calls as of 5:01 p.m. on Friday. He said he has known Mr. Hanson for many years and has received great counsel from him in the financial and other areas. There is not a better person to take over the helm. He said Mr. Hanson is extremely familiar with the agency, its finances, people, and issues. He said he has many years on the job, he knows the employees, they know him and the Board knows Mr. Hanson.

Mr. Matheussen said there are challenges that will be faced by DRPA and people will need to work together. He said we all know the escalators are a problem. He said we are now continually investing in our core assets. He noted that by 2017, based on the initiative of the Board, there will be elevators in all PATCO stations for access to all. The PATCO car rehabilitation project is ongoing and will need to be finished. The Ben Franklin Bridge PATCO tracks are being rebuilt. He said these important projects will be accomplished by everyone working together and staying on track. He said there are also projects on the Betsy Ross and Commodore Barry bridges. With regard to the RiverLink Ferry, he noted that the DRPA is working with waterfront partners on the issue.

Mr. Matheussen implored the Board to follow through with the Enterprise Resource Planning (ERP) project. He said gains on the technological front need to be acknowledged through implementation of the ERP here at the Authority. It is essential to the Authority to upgrade our technology.

Mr. Matheussen said the most important asset is our employees, and it is crucial to continue to invest in their training. He said he learned something important when he was a labor attorney - a fair day's work, for a fair day's pay.

Mr. Matheussen said it would be difficult to acknowledge everyone to whom he would like to give special mention to, but he wanted to mention two staff members, Ann DuVall and Dawn Whiton,

both of whom have worked for him for many years. He said they always made him and the organization look good through their hard work.

Mr. Matheussen said working at the Authority has never been dull, that he has a bittersweet feeling about leaving, and that he will miss the people with whom he has worked. He said he was honored to accept the judicial nomination of Governor Christie to the Superior Court. He is appreciative of the opportunity to have contributed to the many accomplishments at the Authority and is looking forward to the exciting new things he will learn.

Mr. Matheussen added that he mentioned Walt Whitman Bridge Director Dan Auletto earlier and did not want to fail to mention the other outstanding Bridge Director at the Ben Franklin and Betsy Ross bridges, Val Bradford.

Mr. Matheussen again thanked everyone. He said the DRPA, as a bi-state Authority, is not two separate states but two states working together. He said to accomplish important matters and initiatives, everyone must work together. He closed by saying has been an honor and a privilege, and extended his best wishes to everyone.

The Vice Chairman Nash said that it is an emotional day for him because John and he essentially started at Authority together over ten years ago. He wanted to assure everyone that this Authority is much stronger and in a better place today because of Mr. Matheussen's leadership. This is a remarkable Authority and it is because of his integrity, openness, dedication and compassion that has made this Authority the strength that it is today in the region. He is very grateful for Mr. Matheussen's friendship.

Commissioner Sasso said that he has only been here for a couple of years, and as he read the press prior to the meeting, he wondered if the Governor was doing us any favors. Having a relationship with John Matheussen has been an absolute pleasure. He took to heart his comments about traveling down the middle of the river because he has always accomplished that. Commissioner Sasso stated that he has never seen Mr. Matheussen as a New Jersey or Pennsylvania man. He saw him as a fair man each and every time. He wanted to compliment Mr. Matheussen for that and for the staff that he has created at the Authority. The executive staff here is the best that Commissioner Sasso has ever been involved with. They are first rate and that is attributed to Mr. Matheussen and his leadership. The loyalty of the employees, who recognize in very difficult times, that he is always there to count on. It is truly remarkable what he has been able to accomplish. While it has been a short relationship, it is not one that is ending today. Congratulations and thank you.

Commissioner DiAntonio said that he and Mr. Matheussen go back to the South New Jersey Development Council. They have been friends since then and he believes they will remain friends in the future. Commissioner DiAntonio wanted to say that as far as representing the people of the Authority, organized labor and non-representatives, Mr. Matheussen has always been fair. He feels Mr. Matheussen deserves a lot of credit. If he can be any assistance in the future, please let him know. He wished him the best of luck.

Commissioner Taylor said that he remembers when Mr. Matheussen used to walk him to school when he was a kid. He looked up to him then and he looks up to him now. He wished Mr. Matheussen the best of luck as well. When Commissioner Taylor came on as a new Commissioner, Mr. Matheussen certainly did not hesitate to take him under his wing and explain things.

Commissioner Bell said that Mr. Matheussen has given her a great deal of insight and she sees why he was selected for the bench. If he can handle the Authority, he has great judicial temperament.

Chairman Simon thanked Commissioner Bell for a great segue into what the Chairman wanted to say. He has worked with Mr. Matheussen for almost three years. He has found John to be respectful and always a gentleman who displays the attributes of an excellent lawyer. Chairman Simon thinks Mr. Matheussen was a tremendous choice and will be a great addition to the New Jersey bench. He wished him the best of luck and added that it has been a good three years.

Chairman Simon referred to Ms. McNichol for background as to the By-Laws pertaining to Mr. Matheussen's resignation, the vacancy of the CEO of the DRPA, and the vacancy of the Presidency of PATCO.

Ms. McNichol stated the By-Laws are very specific. For the Delaware River Port Authority, it states that "If the Chief Executive Officer becomes incapacitated or otherwise unavailable to perform the duties, or if there is a vacancy, the Chair and Vice Chair of the DRPA, acting jointly, shall have the power and authority to determine how the duties and office of the Chief Executive Officer shall be performed until the Chief Executive Officer resumes his duties or a successor is appointed by the Authority." This is the specific language as it relates to the DRPA. The language is slightly different as it pertains to the PATCO President. To paraphrase, the General Manager of PATCO becomes the Acting President.

Chairman Simon stated that the PATCO situation is fairly simple according to the By-Laws. Mr. Rink will automatically become the President of PATCO until a permanent replacement is appointed by the Board for the DRPA CEO position.

As for the DRPA, it is our intent to get Board input and any comments to designate Mr. Hanson as interim CEO for the minimum period of 30 days. It will be accomplished by a letter of designation drawn up by the Vice Chair and himself. Chairman Simon continued that if it was that simple, it would have been done by now. But there are some specifics that need to be worked out, including the handling of items that need to be signed by both the CEO and CFO on occasion. We have both New Jersey and Pennsylvania counsel working on completing this by Friday prior to Mr. Matheussen's departure.

Commissioner DePasquale stated that he wants to ensure that, as with any position he is involved in hiring, the process is about openness and transparency. He stated that he will be unyielding on that. He added that there is a need to be open-minded about all the people who will be considered for the CEO position, so that everyone is on the same page. Chairman Simon assured Commissioner DePasquale there was no disagreement regarding that point. There will be a search externally as well as internally.

Commissioner Sasso stated that he believes that everyone can discuss Mr. Hanson's virtues. He thinks we can all agree that Mr. Hanson is the right man for the interim job. Commissioner Sasso stated the show of hands we can get the vote completed now.

Vice Chairman Nash stated that obviously we are supporting openness and transparency. He has worked with Mr. Hanson for many years, and as one can see in the reports of our bond rating

agencies, which reflect on the management of our finances, has resulted in an increase in our bond rating. Many governments have seen the opposite occur because of their financial situations. Vice Chairman Nash continued that this Authority is as strong an agency as there is in the United States. The management is as fine as any you will find in government and that is truly a tribute to Mr. Hanson's abilities and intelligence as a manager. There is no one more deserving of this position on an interim basis and we will be giving him very serious consideration for permanent appointment.

Chairman Simon added that it is our intention to also designate Jim White as Interim CFO while Mr. Hanson is Interim CEO.

With no formal action before the Board, and there being no further business, on motion duly made and seconded, the meeting was adjourned

Respectfully submitted,

Danielle L. McNichol
Corporate Secretary