

DELAWARE RIVER PORT AUTHORITY
Minutes of the July 18, 2012 Board Meeting
One Port Center, Camden, New Jersey
Wednesday, July 18, 2012, 9 a.m.

Present

PENNSYLVANIA

Governor Tom Corbett, Chair
Robert Teplitz, Esquire (Wagner)
John Lisko (McCord) (via telephone)
William Sasso, Esquire
Walter D'Alessio
Joanna Cruz, Esquire (via telephone)
Joann Bell

Officers and Chiefs

John Matheussen, CEO
Michael Conallen, Deputy CEO
Danielle McNichol, General Counsel and
Corporate Secretary
John Hanson, CFO
Toni Brown, CAO
John Rink, PATCO, General Manager
Michael Venuto, Chief Engineer

DRPA Staff

Dan Auletto, Bridge Director, WWB
Fran DiCicco, Administrative Coordinator
Ann DuVall, Executive Assistant to CEO
Brian Everly, Plaza Supervisor BFB
Sylvia Gray-Newman, Administrative Coord.
Timothy Ireland, Director, Corp. Comm.
Karen Jacobson, Assistant General Counsel
Lisa Kmiec, Assistant General Counsel
Kevin LaMarca, Director, IS
Sheila Milner, Administrative Coordinator
Robert Only, Director, Homeland Security
Wayne Quesada, Electrical Engineer
Thomas Raftery, Inspector General
Mike Reher, Sgt. Public Safety
John Rogale, Dir. Labor Contract Compliance
Bill Shanahan, Director, Government Rel.
Susan Squillace, Acting Mgr., Purchasing
John Stief, Acting Police Chief, Public Safety
Hank Trum, Director, Fleet Management BFB
Mike Voll, Cpl. Public Safety, BFB
Dawn Whiton, Administrative Coordinator
Linda Willis, Acting Purchasing Agent

NEW JERSEY

Jeffrey L. Nash, Esquire, Vice Chair
E. Frank DiAntonio
Charles Fentress
Tamarisk Jones
Denise Y. Mason

Counsel

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

Others

John Cascarano, Assistant Counsel, NJ Gov.
Authorities Unit
Kathleen Duffy Bruder, Esquire, PA
Governor's Office
Tyler Laughlin, PA Governor's Office
Julie Still, CAC

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

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

Report of the Chairman

Chairman Corbett said that he was pleased to report, as has been reported in the paper, that Pennsylvania is able to maintain two of the Sunoco refineries, the Conoco refinery and a portion of the Marcus Hook refinery. He stated he hopes someday to be able to announce maintaining the remainder of Marcus Hook. He said that these are not just Pennsylvania assets. They are regional assets of Delaware and New Jersey also.

Report of the Chief Executive Officer

CEO Matheussen thanked the Chairman and said his report stood as submitted with the highlighting of the following items. Mr. Matheussen said Phase 4 of the Walt Whitman Bridge re-decking project began and includes a new traffic pattern. Three lanes are now open to motor vehicle traffic in each direction until October when Phase 5 is expected to begin. Eastbound wide loads may again cross the bridge. Mr. Matheussen commended Mike Venuto and Dan Auletto, as they were able to capture just at the right time of the busy July 4th weekend a phase during the project where all lanes of traffic were open. He said the re-decking project is going according to plan. Mr. Matheussen said on July 2, the School of Business at Rutgers University-Camden became the first advertiser on PATCO passenger tickets. Rutgers purchased advertising space on 200,000 paper tickets, the amount PATCO passengers typically consume each month, netting PATCO \$5,000 to offset operating expenses. He said PATCO is working with other organizations interested in buying ad space on passenger tickets.

Mr. Matheussen said that he was asked to give update on the progress of the reform resolutions. He said progress is being made and there may be a need in some cases to codify actions the Board took in the second half of 2010. He thanked Corporate Communications Director Tim Ireland, General Counsel Danielle McNichol and Inspector General Tom Raftery for putting together a team of qualified key staff to work with them on completing the reform implementation by the end of 2012. Mr. Matheussen said that there have been several meetings of the team already and that the Board may be asked in the near future to designate one or two Commissioners from each state to act as Ad Hoc Committee to work with staff on the reform implementation effort. He said it is important to have Commissioners provide input with the working group and this request will be made soon.

Mr. Matheussen asked Mr. Ireland if he wanted to add anything further. Mr. Ireland confirmed work groups have been established, with a total of 13 DPRA members involved. He said he, Ms. McNichol and Mr. Ireland selected 10 people from the DRPA from different disciplines, with a goal for completion set for December 31, 2012. Mr. Ireland believes that goal is achievable, but that there are several variables that are outside of our control, including the possibility of amending the Bylaws. As bylaw amendments necessitate two Board Sessions, it would require time and planning to get things before the Board to meet the deadlines.

Mr. Ireland stated that one of the Commissioners had inquired at the last Board meeting whether the reform implementation could be completed by the end of October. The team indicated that as there may be some resolutions with contradictions, some policy changes needed and some parliamentary efforts necessary, completion by the end of October would be nearly impossible. Mr. Ireland said the core and extended teams each meet at a minimum of four times a month, or eight meetings per month, and will be on track to finish by the end of the year.

Upon completion of Mr. Ireland's comments, Mr. Matheussen introduced Mike Venuto to discuss the monthly Program Performance Report and the quarterly project on the Betsy Ross and Commodore Barry Bridge Structural Repairs projects.

Mr. Venuto said the Engineering Department tracks annual budget spending compared to project spending on a monthly basis. Engineering identifies a spending plan for the year which is tracked monthly to keep the Department on track to spend the \$104M budgeted this year, excluding federal funding. He said as of the end of May, the projected spending amount was \$42,057M and the actual spending was \$42,209M, or 101% of what was projected for spending at this time. He said he will continue to report these figures to the Committee on a regular basis.

Mr. Venuto said the quarterly presentation is on the Betsy Ross Bridge and Commodore Barry Bridge structural repair projects. The presentation speaks of the timelines of the projects, project amounts, manpower and will include photos. He said the Betsy Ross Bridge repairs are in the final stages and the Commodore Barry Bridge will be finished in another month.

Mr. Matheussen said his CEO Report was concluded.

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

Approval of June 6, 2012 DRPA Teleconference Board Meeting Minutes

The Minutes of the June 6, 2012 Teleconference Board Meeting of the Delaware River Port Authority were previously provided to the Governor of New Jersey and the DRPA Commissioners and there were no comments.

On motion duly made and seconded, the Minutes of the June 6, 2012 Teleconference Board Meeting were approved.

Approval of June 20, 2012 DRPA Board Meeting Minutes

The Minutes of the June 20, 2012 Board Meeting of the Delaware River Port Authority were previously provided to the Governor of New Jersey and the DRPA Commissioners and there were no comments.

On motion duly made and seconded, the Minutes of the June 20, 2012 Board Meeting were approved.

Receipt and Filing of the Monthly List of Payments Covering the Month of June 2012

The Monthly List of Payments covering the month of June 2012 was previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Monthly List of Payments covering the month of June 2012 was received and filed.

Report of the Audit Committee

Commissioner Teplitz stated that the Audit Committee continues to work with the Inspector General to stay on top of the Financial and Performance Audits. He said the Committee is also looking at the Resolution that created the Office of the Inspector General to make sure, with now six months of experience in his position; the Inspector General has the independence to do his job.

Commissioner Teplitz said it is his understanding that the Government Accountability Office (GAO) contacted DRPA as part of a study being undertaken on the interstate transportation authorities, and he thinks the Board would agree this is the type of contact for which the Board hired the Inspector General. He said, with concurrence of the Board, he would like to provide instructions to the staff that Mr. Raftery be the contact with the GAO and that DRPA cooperates fully with the GAO with whatever they need to do their job.

Vice Chair Nash asked about the nature of the GAO request and at this juncture he was unaware whether the GAO has been requesting general information or whether it was necessarily an audit at this point. Commissioner Teplitz said he just received the information on this matter yesterday afternoon, so the details were unclear. He said it is his belief, based on 15 years of working with the Auditor General of the Commonwealth of Pennsylvania that the GAO is not here for a social call, and it may be formal or informal, and these are auditors asking for information. He said certainly different staff members at DRPA have the ability to handle the inquiries, but in terms of the liaison with the GAO, it should be Mr. Raftery.

Vice Chair Nash asked if the GAO indicated this is an audit and John Matheussen replied that it was indicated it is a study. Commissioner Teplitz stated the GAO indicated that it is a study which could be anything. Vice Chair Nash stated DRPA should find out what they are asking before it is assumed that it is an audit.

Mr. Matheussen said he would like to provide more detail to Commissioner Teplitz and he can understand his concerns. Mr. Matheussen said his office received a phone call from a representative of the GAO last week asking to come in to see him if he had some time on how DRPA establishes toll schedules. The GAO staff member said the GAO was also planning meetings with other tolling agencies. John stated that he was not in the office when the call came in and he had his office return the call and ascertain more specifics about the nature of the visit. Mr. Matheussen said the GAO contact then sent an email briefly outlining information they are looking for. He said it was mentioned by the GAO contact that perhaps as the matter progresses, they may ask to meet with others, but they asked to meet with him to start. Mr. Matheussen said the GAO asked if DRPA had any other suggestions on agencies with whom to meet. Mr. Matheussen declined to name any other agencies. He said an effort has begun internally to examine the GAO information request and put together documents on how DRPA has done toll increases in the past, including the procedures that were relied upon at the time of the last toll increase, along with the charter that refers to the establishment of DRPA's right to toll. Mr. Matheussen said he wanted the information gathered to be prepared to meet with the GAO. He said he contacted key staff members, including Inspector General Raftery, and Commissioner

Teplitz to make certain everyone was aware of how we were proceeding. He said he is looking for everyone's input, including the Board. Mr. Matheussen said DRPA has a good story on how DRPA establishes tolls. It is important that actions, such as DRPA establishing a toll increase, are not done on a whim. Rather, DRPA establishes its toll structure in a very particular way. Mr. Matheussen said the Inspector General should be involved and he has also called on the CFO and General Counsel. Mr. Matheussen said the initial GAO request was to sit down with him. He said he is trying to be cooperative with a federal agency and will do what is appropriate to protect the interests of this agency.

Commissioner Teplitz said that he did not want to belabor the point but he feels that misses the point. If having an Audit Committee and an Inspector General is to mean anything, then when the Authority gets contacted by federal auditors, federal investigators, and other federal agencies, the Inspector General should be brought into the loop immediately so the Inspector General can report to the Audit Committee, not three days later. He said it does not matter if the GAO was coming in for an informal discussion or a formal audit, the point of having a liaison to those offices. Someone who speaks their language, someone who can make sure that we are being fully cooperative and that needs to happen. He said we can dance around what they may or may not be asking and that will not be known until the discussion happens in the room and possibly years later in a report. The contact with the Inspector General and then to the Audit Committee should be done right away and if it is not done, it is one more reform that is not implemented.

Chairman Corbett stated that he disagreed with Commissioner Teplitz's comments. He said he has one Inspector General that serves him in state government and the purpose of the Inspector General is to perform in-house investigations and look at issues within the agency it represents and is not necessarily the spokesperson to another government agencies. He does not feel the initial meeting should be solely with the Inspector General as the nature of the inquiry is not known, i.e., it could be cursory or accounting inquiry. Chairman Corbett said he would hope if it is an accounting inquiry the GAO would tell DRPA ahead of time. He said it would fall to the Executive Director to find out what the purpose of the GAO conversation is in the initial meeting, followed by a meeting with the General Counsel and he is not certain even at that point the Inspector General is the right person. He reiterated the Inspector General is internal to the DRPA and is not necessarily a liaison to other agencies; the Inspector General is an internal report. Chairman Corbett said his suggestion for the initial meeting is to follow a normal course of conduct and have the CEO and General Counsel have the initial meeting and report the DRPA will cooperate 190% with the GAO.

Commissioner Teplitz said to clarify a point, the Resolution creating the Office of the Inspector General makes clear as does the charter and position description that was approved by the Board that the Inspector General is the liaison to outside auditors. Chairman Corbett stated that it was duly noted. Commissioner Teplitz stated he is not suggesting excluding anyone with information. If the Inspector General is to do the job, he is to be the liaison to make sure the agency is fully cooperating. Chairman Corbett said he agreed and to add the Inspector General to the initial meeting. After the initial meeting, there should be a report to the Board on the GAO's initial area of inquiry and then a decision can be made as to what to do. Chairman Corbett said he did not think a vote was needed on that. The Board concurred no vote was needed to add the Inspector General to the initial meeting with the GAO, but that he would be included.

Approval of Operations & Maintenance Committee Report of June 20, 2012

The Report of the Operations & Maintenance Committee Meeting of June 20, 2012 was previously provided to all Commissioners and there were no comments.

On motion duly made and seconded, the Report of the Operations & Maintenance Committee of June 20, 2012 was approved.

Adopt Resolution Approved by Operations & Maintenance Committee of June 20, 2012

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

**DRPA-12-059 Contract No. CB-21-2011, Commodore Barry Bridge
Administration Building of Back-Up Generator
Replacement**

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

**DRPA-12-060 Contract No. BF-34-2011, Benjamin Franklin Bridge
Administration Building Domestic Water System
Replacement**

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

**DRPA-12-061 Contract No. G-25-2012, Pavement Repairs Various
Locations**

Chairman Corbett asked Mr. Venuto to explain the change order and Mr. Venuto said the change order was for the PATCO Power Cable and Pole Line Replacement. The original contract was \$28,559,305.72 and this is a change order in the amount of \$229,140.74. He stated that this project has been going on since 2009 and the Authority is in the process of completing it. He said that as the project was progressing, they found some areas that required the contractor to do other work due to age and deterioration that was not in the initial design. He said the original design was done in 2003 but due to funding issues was not put out to bid right away. Mr. Venuto mentioned when the federal government released TARP funding, this project was shovel ready and was put out to bid at that time and the Authority received \$10M in federal funds.

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

DRPA-12-062 Capital Project Contract Modifications

Unfinished Business

There was no unfinished business.

New Business

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

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

**DRPA-12-063 Consideration of Pending DRPA Contracts (Between
25,000 and \$100,000)**

Citizens Advisory Committee Update

There was no report from the Citizens Advisory Committee.

Public Comment

There were no public comments.

Mr. Matheussen said before the meeting adjourns he knows the Finance Committee, and possibly some other members of the Board, are familiar with the need to hold the date of August 1, 2012 at 9:00 a.m. for a Teleconference Board Meeting, as the first Board meeting of the month is reserved if the Authority has some business which needs to be dealt with prior to the third Wednesday of the month. He said staff is working internally on RFPs for insurance brokers and, in order to achieve the goal of naming new brokers by the time three policies expire in the first week of September, 2012, he would like to ask the Board to consider meeting telephonically on August 1. Mr. Matheussen said the Finance Committee has scheduled a meeting for the afternoon of July 31 to hear the results of staff's review of three specific RFPs for insurance. He said the Finance Committee will be prepared to bring their recommendations to the full Board on August 1 at the Teleconference Board Meeting. He thanked the Board for holding the August 1, 2012 9:00 a.m. time and date open on their calendars.

There being no further business, on motion duly made and seconded, the meeting was adjourned.

Respectfully,

Danielle L. McNichol
Corporate Secretary