

**Delaware River Port Authority
Minutes
and
Index
March Board Meeting
Wednesday, March 17, 2010**

Approval of Report of Chief Executive Officer – March 17, 2010

Approval of February Board Minutes – February 17, 2010 (previously mailed)

Approval of Operations & Maintenance Committee Report of February 17, 2010

Adopted Resolutions Approved by Operations and Maintenance Committee of February 17, 2010

**DRPA-10-011 Contract No. 35-C, PATCO Lindenwold Yard Diamond
Interlocking Rehabilitation**

**DRPA-10-012 PATCO Philadelphia Expansion Environmental Study
and Preliminary Engineering**

Monthly List of Bills – February 2010

Report of Chairman

Unfinished Business

New Business

**DRPA-10-013 Short Term Disability Coverage Mid-Year Renewal
2010 (DRPA)**

**DRPA-10-014 Extension of DRPA Guaranty to Substitute Letter of
Credit (NJEDA L-3 Communications Project)**

Adjournment

MINUTES of the regular monthly Board meeting of the DELAWARE RIVER PORT AUTHORITY held Wednesday, March 17, 2010 in the Board Room at One Port Center, Camden, NJ.

Present

PENNSYLVANIA

John Estey, Chair
Robert Teplitz (Jack Wagner)
Robert W. Bogle
John Lisko (Robert McCord)
John Dougherty
Robin Wiessmann (via phone)
Frank DiCicco

Officers & Chiefs

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

DRPA Staff

R. Binder, Director W&P
V. Bradford, Director, BFB
J. Costello, Purchasing
M. D'Alessandro, Asst. to Chairman
F. DiCicco, Administrative Coordinator
M. DiGiamberardino, Print Shop
A. DuVall, Executive Assistant to CEO
J. Egan, Project Manager, Special Projects
D. Fowler, PATCO W&P
T. Garrison, Administrative Coordinator, Customer Service/Community Relations
R. Gilbert, Manager Accounting
O. Gollon, Print Shop
S. Gray-Newman, Administrative Coordinator
G. Hollingsworth, Assistant General Counsel
D. Hunter, Manager, Corporate Communications
M. Joyce, Chief Public Safety Officer, Public Safety
J. Lotierzo, Sr. Accountant, Finance
J. Maldonado, Print Shop
D. McClintock, Police Chief, Public Safety
S. Milner, Administrative Coordinator
M. Mondile, Manager, Customer & Comm. Relations
F. O'Brien, Manager, Customer & Comm. Relations

NEW JERSEY

Jeffrey L. Nash, Vice Chair
E. Frank DiAntonio
Richard Sweeney
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:

Maura Tully, Gov. Authorities Unit
Calvin Blackshear, webcasting
Ed Hanlon
Chris Schaeffer (AECOM)
Anthony Mannino
Commissioner Ken Trujillo

DRPA Staff (Con't.)

R. Only, Director, Homeland Security & Emergency Mgmt.
O. Parker, Manager, Financial & Budget Analysis
J. Plews, Financial Analyst
J. Quinn, Director of Revenue
M. Saquella, Print Shop
W. Shanahan, Director Gov. Rel. & Grant Admin.
F. Sims, Supervisor Print Shop
C. Spicer, PATCO Assistant General Manager
J. Stephenson, Print Shop
C. Thompson, Graphic Design
J. Weber, PATCO W&P
M. Weikel, Administrative Coordinator
J. White, Director of Finance
D. Whiton, Administrative Coordinator
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. Lawless then called the roll and announced that a quorum was present.

Chairman Estey thanked Commissioner Ken Trujillo for his years of service that began in October of 2005 and indicated Commissioner Trujillo was an excellent help to the Authority on finance matters. Commissioner Trujillo has moved on to serve on the Pennsylvania Gaming Control Board.

Report of the Chief Executive Officer – February 17, 2010

Mr. Matheussen submitted his report as it stands. Mr. Matheussen, on behalf of the staff at the DRPA and PATCO, also thanked Commissioner Trujillo for his valued advice and input over the past five years. Mr. Trujillo's counsel on the Projects, Finance and Exports & Development Committee were particularly helpful.

Mr. Matheussen recognized the co-winners of the February Employee of the Month program, John Weber and David Fowler from PATCO. John is a W&P Maintainer who has been with PATCO for 21 years and Dave Fowler is also a W&P Maintainer with PATCO for 4 years. They were chosen for this honor for their adept response on February 1st relating to a damaged third rail coverboard on one of our Philadelphia subway tracks during rush hour. Their nominator complimented their "quick action, professionalism and dedication to duty" of removing 200 feet of damaged coverboard and brackets so that normal train service could be restored expeditiously and safely.

Mr. Matheussen acknowledged Jack Costello of the Authority's Purchasing Department. Jack is the winner of the Authority's 2010 Safety Slogan competition with the winning phrase, "Lead the Way, Practice Safety Today". Jack was congratulated on coming up with this vital safety message and it will be posted for the year on the Authority's safety bulletin boards at all of the facilities.

Mr. Matheussen acknowledged that the Authority is very proud to report that for the 17th year in a row, which is no small feat, due to the hard work of the below listed staff members, the Authority has been advised by the Government Finance Officers Association (GFOA) that the DRPA's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008 qualifies for a Certificate of Achievement for Excellence in Financial Reporting. This Certificate is the highest form of recognition in government accounting and financial reporting and according to the GFOA, "represents a very significant accomplishment by the Authority and its management". Mr. Matheussen thanked the following individuals: John Hanson, Jim White, Ron Gilbert, Jennifer Plews, Fritz Sims, Mike DiGiamberardini, Joel Maldonado, John Stephenson, Mark Saquella, Otto Gollon, Telete Garrison, Mike Williams, Danelle Hunter and Ed Kasuba.

Mr. Matheussen called everyone's attention to the easel and photo collage board at the front of the room. "Ben Franklin" joined PATCO staff on February 24th to help the Authority celebrate the first anniversary of the FREEDOM to Save program. At 8th and Market Street in Philadelphia in the morning and at the Woodcrest Station in Cherry Hill, New Jersey in the afternoon, commuters were given free samples from the partners who give discounts and special offers to customers who show their FREEDOM Card. The Authority currently has 150

businesses in South Jersey and Philadelphia who participate in the program, and the Authority has a special page on the PATCO website where their businesses are promoted. Mr. Matheussen complimented Cheryl Spicer, Bob Box and others involved for their hard work on this initiative.

Mr. Matheussen closed with an update on the PATCO Expansion projects. He indicated the Authority is very proud to announce that the Delaware Valley Regional Planning Commission (DVRPC) has selected both PATCO Expansion projects to be honored as the “Regional Transportation Program of the Year” at the upcoming May 20th 9th Annual Celebration of Regional Excellence. The job creation, infrastructure improvement, TOD and increased mass transit options these two significant transportation projects bring to our region are critical to the continued vitality of the Delaware Valley. To have them acknowledged in this way by DVRPC as “embodying the region’s goals for integrated transportation, land use and environmental planning as articulated in DVRPC’s Long Range Plan Connections: The Regional Plan for a Sustainable Future” is very affirming to us in our efforts.

Mr. Matheussen thanked DVRPC Executive Director Barry Seymour for this prestigious recognition. He also acknowledged the ongoing hard work of the PATCO study team on both expansion projects. He then read the below excerpt from the DVRPC notification letter: “PATCO’s rail expansion projects on both sides of the Delaware River exemplify great transportation planning by using major transportation investments as catalysts for major positive land use outcomes. The Philadelphia waterfront rail project will better link the Delaware waterfront with Center City, Philadelphia neighborhoods, and the Delaware Valley region, and will do so in a way that supports a 21st century walkable waterfront with a vibrant new mix of land uses. The South Jersey expansion will support classic walkable communities like Gloucester City and Woodbury, and create an anchor for center-based development in one of the fastest-growing parts of our region. Together, these projects embody the region’s goals for integrated transportation, land use, energy, and environmental planning, as articulated in our Long-Range Plan Connections: The Regional Plan for a Sustainable Future.”

This concludes my CEO Report.

Chairman Estey echoed congratulations to John Matheussen, Mr. Box and his team regarding the DVRPC’s selection of the two PATCO Expansion projects for this well deserved honor at the May 20th event.

Minutes of February Board Minutes – February 17, 2010 (previously mailed)

The minutes of the February 17, 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.

Approved Operations and Maintenance Committee Report of February 17, 2010

The report of the Operations and Maintenance Committee meeting of February 17, 2010 was mailed to all Commissioners and there were no comments. On motion duly made and seconded, the report of the Operations & Maintenance Committee was approved.

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

DRPA-10-011

Contract No. 35-C, PATCO Lindenwold Yard Diamond Interlocking Rehabilitation

DRPA-10-012

PATCO Philadelphia Expansion Environmental Study and Preliminary Engineering

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

Report of the Chairman

None.

Unfinished Business

None.

New Business

Item 1 – Short Term Disability Coverage Mid-Year Renewal 2010 (DRPA) – Toni Brown, Chief Administrative Officer, requested the Board to accept the renewal of DRPA's Short Term Disability (STD) coverage with Prudential Financial for a 12-month term beginning May 1, 2010 through May 1, 2011. The Authority is contractually obligated to provide Short Term Disability Insurance to active FOP and IUOE employees pursuant to their respective collective bargaining agreements. In 2007 the Authority's broker, Willis of NJ included this insurance as part of a larger package which included basic life insurance, supplemental life, accidental death or dismemberment and long term disability. With the exception of the short term disability coverage, all other insurance has a three year term, while the short term disability coverage has a two year term which is due to expire on May 1, 2010. Because our STD program has produced a 111% loss ratio, Prudential's underwriters originally called for a 76.3% premium increase. After negotiations, the projected increase was reduced to 27.38%. However, at staff's request, Willis marketed the STD coverage policy, and received only two timely responses (in addition to the quote received from Prudential). Staff recommends that we accept Prudential's renewal. Staff does plan to market the STD program in September as part of the larger insurance package with a January 1, 2011 effective date. The total premium for this year will be \$163,638, an increase of \$35,178.

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

DRPA-10-013

Short Term Disability Coverage Mid-Year Renewal 2010 (DRPA)

To answer Commissioner Bogle's question as to why there is such a high increase, Ms. Brown indicated that it was due to the very high usage.

Commissioner Fentress abstained from voting.

Item 2 – Extension of DRPA Guaranty to Substitute Letter of Credit (NJEDA L-3 Communications Project) – Richard Brown, General Counsel, reported that this Resolution relates to the L-3 high tech defense contracting facility located across the street from One Port Center. The project began in 1993 but in 2003 New Jersey Economic Development Authority determined to issue bonds in order to refinance the original construction cost for the project

along with certain property improvements. This was also the time when the original lease term for the property expired and was renewed for a 15 year term. In order to improve the marketability of the bonds and to obtain a lower interest rate, NJ EDA sought a letter of credit to secure the bonds which are paid from rental income from L-3. The Letter of Credit issuer asked that NJEDA and DRPA guarantee payment in the event that the Letter of Credit was called. NJEDA guaranteed \$10 million and the DRPA issued a guarantee for an added \$10 million provided that the DRPA guarantee would only be called in the event that the NJ EDA guaranteed was called and exhausted first. NJEDA and DRPA guarantees remain in place through the term of the bonds, which exceeds the term of the original Letter of Credit. That original LOC will expire on April 30th and NJ EDA has obtained a replacement LOC from TD Bank at a favorable cost. TD bank and EDA wish to structure the arrangement so that NJEDA will directly guarantee \$20 million to TD and DRPA would guarantee \$10 million to NJEDA to be called only if NJEDA has to pay out more than \$10 million. The size and nature of the risk to DRPA has not changed from the prior transaction, only the identity of the party to which we are extending our guarantee. In response to a question from Commissioner Teplitz, Mr. Brown agreed that accommodating the NJEDA request is beneficial to DRPA in continuing the transaction given that the DRPA guarantee will continue in any event. Mr. Brown also pointed out that the L-3 project has been a success operating as a high tech defense research facility in the City of Camden where they provide a number of well paying jobs with associated benefits to the Camden community.

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

DRPA-10-014 Extension of DRPA Guaranty to Substitute Letter of Credit (NJEDA L-3 Communications Project)

Vice-Chairman Nash abstained from voting.

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

Respectfully submitted,

John A. Lawless,
Corporate Secretary

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