

**Delaware River Port Authority
Minutes
and
Index
Board Meeting
Wednesday, February 2, 2011**

Roll Call

Chief Executive Officer Report

Approval of Report of the Audit Committee

Approval of Report of the Compensation Committee

Approval of January 5, 2011 Minutes

Approval of Operation & Maintenance Committee Report of January 5, 2011

Adopted Resolution Approved by Operations & Maintenance Committee of January 5, 2011

DRPA-11-012 PATCO Transformers for Traction Power

**DRPA-11-013 Contract No. PATCO-41-2010, PATCO Mechanical Rooms
Upgrades**

**DRPA-11-014 License and Indemnification Agreement with Intermodal
Container Corporation**

Report of Chairman

Unfinished Business

New Business

**DRPA-11-015 Consideration of Pending DRPA Contracts (between \$25,000 and
\$100,000)**

Adjournment

MINUTES of the regular bi-monthly Board meeting of the DELAWARE RIVER PORT AUTHORITY held Wednesday, February 2, 2011 in the Board Room at One Port Center, Camden, NJ.

Present

PENNSYLVANIA

John Estey, Chair (via phone)
Robert Teplitz (Wagner) (via phone)
Robert W. Bogle
John Lisko (McCord) (via phone)
John Dougherty
Robin Wiessmann (via phone)
Anthony Mannino (DiCicco)
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, Chief Engineer

DRPA Staff

F. DiCicco, Administrative Coordinator
A. DuVall, Executive Assistant to CEO
J. Egan, Project Manager, Special Projects
K. Imperatore, Director Fare Collection
K. Jacobson, Assistant General Counsel
E. Kasuba, Director of Corporate Communications
H. Korsen, Manager, Contract Administration
L. Kmiec, Assistant General Counsel
K. LaMarca, Director IS
J. Lotierzo, Sr. Accountant, Finance
C. Maroney, Manager, Special Projects
D. McClintock, Police Chief, Public Safety
S. Milner, Administrative Coordinator
R. Only, Director, Homeland Security & Emergency
Mgmt.
O. Parker, Manager, Financial & Budget Analysis
W. Shanahan, Director Gov. Rel. & Grant Admin.
C. Spicer, PATCO Assistant General Manager

NEW JERSEY

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

Counsel

C. Gibson, Archer & Greiner, NJ Counsel
A. Kirshenbaum, Duane Morris, PA Counsel

Others:

M. Tully, Gov. Authorities Unit (via phone)
E. McBride
E. Hanlon
R. Remington
C. Orlando, Brown Connery

DRPA Staff (Con't.)

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

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 in the lobby at One Port Center, and issuing proper notice to the public and news media.

Vice Chair Nash 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. Vice Chair Nash presided.

Report of Chief Executive Officer – February 2, 2011

CEO Matheussen deferred to Toni Brown to provide an update as requested by the Board on the issue of the Pollution Liability Policy. At the January 5th meeting, the Board asked Ms. Brown to work to secure an indefinite extension of the existing coverage from our current carrier, Chartis. Ms. Brown reported that policy will expire on March 26, 2011. Ms. Brown reported that the incumbent carrier, Chartis Casualty Company, was not willing to offer an indefinite extension of the coverage. Instead, it offered premiums for a one-year (\$85,964), five-year (\$227,805), and ten-year (\$429,819) policy term. Ms. Brown reported the quotes from Ace American Insurance for 1, 5, and 10-year terms from Ace. They are: 1 year - \$76,125 (\$9,839 less than Chartis); 5-years - \$179,655 (\$48,150 less than Chartis); and 10-years - \$299,355 (\$130,464). Although the premium quotes from Ace are lower than those received from Chartis, many of the terms and conditions of the coverage provided by Chartis are more favorable. For instance: the Chartis policy provides mold coverage; the Ace policy does not; the Chartis policy has more favorable terrorism coverage than the Ace policy; the continuity date for new claims filed under the Chartis policy is March 26, 2001; the continuity date for new claims filed under the Ace policy would be upon the date of inception which is March 26, 2011. Ace will not agree to provide a deductible aggregate \$200,000 “cap” on any term, but will offer a \$500,000 aggregate deductible cap on the 1, 5 and 10-year policy terms; Chartis will provide the \$200,000 aggregate deductible cap on a 1 year or a 5-year policy term only. Ms. Brown has consulted with The Graham Company, and it is her recommendation that the Authority place the pollution legal liability coverage with the incumbent, Chartis. At this point, the Authority has the option of renewing the policy for one, five, or 10 years. Staff is looking for the Board’s guidance at this point.

Commissioner Sanchez arrived.

Commissioner Bogle asked whether DRPA owns the building that is not yet redeveloped (RCA Building 8). Mr. Matheussen responded that the DRPA does not own the building. Mr. Brown was asked who does own it, and he responded that he would want to verify that but it may be either Camden Redevelopment or Camden City.

A general discussion ensued during which several Commissioners (Vice Chair Nash and Commissioner Bogle in particular) questioned why DRPA should be insuring or incurring any liability with respect to a building that DRPA does not own. Vice Chair Nash urged that the Board and staff take steps to extricate the DRPA from this situation.

Commissioner Dougherty asked for a report on how this situation arose along with copies of the various agreements under which the DRPA is obligated. Vice Chair Nash and CEO Matheussen asked that Mr. Brown undertake this effort.

Vice Chair Nash asked that Commissioner Dougherty provide a list of the information he wants.

The Board then discussed the premium quotations by the two companies for each term. Ms. Brown and Mr. Matheussen pointed out that staff has developed an RFP for insurance brokers for this pollution legal liability policy and staff has received responses and will present recommendations to the Board in the near future. Should the Board decide on a longer term renewal, say 5 or 10 years, the current broker would receive all of the commissions on that renewal. So, if the Board selects a different broker there will be no source of compensation for that new broker.

Commissioner Sanchez asked who is insured on this policy. Mr. Brown clarified that the DRPA is insured with respect to its obligations to indemnify the prior owners of the building and others. Mr. Hanson explained the history of the RCA buildings including the demolition of most of these buildings and confirmed that the currently undeveloped building is RCA Building 8. Vice Chair Nash asked that Mr. Brown create a report for the next Board meeting and Mr. Brown agreed to do so with the cooperation of outside counsel.

Vice Chair Nash asked Ms. Brown to restate the issue for the Board. She explained that staff will need Board direction regarding which proposal to accept and for what term of years. Vice Chair Nash responded that we will discuss this further in Closed Session today and then sort through this in public at the next Board meeting in two weeks, but stated that the Board wants to get the DRPA out of this.

CEO Matheussen further stated that the Board had asked to request a statement from the World Trade Center of Greater Philadelphia indicating how the continuation of in-kind support relates to the Authority's mission. CEO Matheussen summarized the statement provided by Linda Conlin, President of the World Trade Center (WTC) Mr. Matheussen also pointed out that it should be noted that there are two sections from Article 1 of the DRPA Compact with deal with trade promotion: (d) Co-operation with all other bodies interested or concerned with, or affected by the promotion, development or use of the Delaware River and the Port District; and (g) The promotion as a highway of commerce of the Delaware River, and the promotion of increased passenger and freight commerce on the Delaware River for such purpose the publication of literature and the adoption of any other means as may be deemed appropriate. Commissioner Teplitz requested that a copy of the letter be circulated to all Commissioners. Commissioner Bogle inquired as to the cost of allowing the WTC to conduct business at the DRPA. CEO Matheussen responded that the WTC has use of a cubicle and telephone and upon occasion requests the use of a conference room. The cubicle is in DRPA space that is not available to be rented so there is no real cost to DRPA. CEO Matheussen further responded that this was approved by the Board at the last Board meeting.

This concludes my CEO Report.

Report of the Audit Committee – February 2, 2011

Commissioner Teplitz stated that there was much progress at last week's meeting made on the Inspector General position. He reported that the Audit Committee is carefully reviewing the management audit report both to determine what aspects of that report should be implemented and to assist in preparing for the next Management Audit. With respect to the RFQ for the forensic audit, a Scope of Services had been drawn up which was passed out to all Commissioners.

Commissioner Teplitz deferred to CFO Hanson who then read the six items listed on the Scope of Services. Vice Chair Nash requested that the Scope of Services be forwarded to all Commissioners and Mr. Hanson said that would happen today. CFO Hanson responded to Commissioner Bogle's question regarding the \$100,000 threshold in the Scope of Services by explaining that under the By Laws, contracts valued over \$100,000 all need to go before the Board and therefore the Board has already reviewed these contracts. Commissioner Dougherty stated that true vetting of the building should be before the Board and that should include everything. CFO Hanson stated that if the Board wishes, we can add the contracts over \$100,000 to the Scope. Commissioner Sanchez stated that the Board has already reviewed the contracts over \$100,000 and the Audit Committee was trying to make the Scope both reasonable and cost efficient.

Commissioner Bogle inquired as to what the Inspector General would cost. Commissioner Teplitz stated that the committee is studying the compensation for the Inspector General with the assistance of the Hay Group. Commissioner Bogle inquired if there was a job description for this position. CFO Hanson responded that they are working on that now. He explained that much of what the Inspector General would do is currently being done by the Internal Audit Department which would be rolled into the Inspector General position. In addition to the amount budgeted for the Internal Audit Department we have budgeted \$50,000 was included in the 2011 budget because the Inspector General will do whistleblower and some other investigations that the Internal Auditor is not currently doing.

Commissioner Teplitz thanked John Hanson and John Lotierzo and requested that the Board get back to the Audit Committee within a week with their comments regarding the Scope of Services.

This concluded the Report of the Audit Committee.

Report of the Compensation Committee – February 2, 2011

There was no Report of the Compensation Committee.

Approval of January 5, 2011 Board Minutes (previously mailed)

The Minutes of the January 5, 2011 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.

Vice Chair Nash abstained.

Approval of Operations & Maintenance Committee Report of January 5, 2011

The Report of the Operations & Maintenance Committee Meeting of January 5, 2011 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. Vice Chair Nash abstained.

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

DRPA-11-012

PATCO Transformers for Traction Power

DRPA-11-013

**Contract No. PATCO-41-2010, PATCO Mechanical
Rooms Upgrades**

DRPA-11-014

**License and Indemnification Agreement with
Intermodal Container Corporation**

Report of the Chairman

Vice Chair Nash asked the Board to consider revising the PATCO Board Meeting schedule in the same way that the DRPA Board Meeting schedule was revised at the last meeting. Specifically, the March 16th evening meeting was changed to a 9 a.m. meeting to be held at One Port Center, Camden, NJ and the April 6th meeting was changed to a 6:30 p.m. meeting to be held at the Collingswood Senior Community Center, Collingswood, NJ. On motion duly made and seconded, the change to the PATCO Board meeting schedule was approved and made the action of the Authority.

Vice Chair Nash asked for the DRPA Board Meeting to remain open so the Commissioners could go into Executive Session to discuss matters relating to litigation and personnel. Vice Chair Nash stated that the Board would report about that session at the appropriate time.

Unfinished Business

New Business

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

Steve Suder informed the Board that there were five contracts for consideration. The contracts are (1) Cummins Power Systems of Bristol, PA for the purchase of two Cummins Diesel Genset Generators for the Ben Franklin Bridge Camden and Philadelphia platforms in the amount of \$65,700.00. On September 15, 2010, the Board approved Resolution DRPA-10-092 for the purchase of one Cummins Genset Generator for the Ben Franklin Bridge center span platform, which was competitively bid and publicly advertised. DRPA Bridge Operations staff has requested to standardize the generators used on all three platforms for operational, maintenance and training efficiencies; (Items (2), (3) and (4) are all Pennsylvania Contracts under Contract No. 4400003988) (2) Modern Handling Equipment Company of York, PA for the purchase of one 7,000 pound Forklift for the Commodore Barry Bridge in the amount of \$27,662.30; (3) New Holland Auto Group of New Holland, PA for the purchase of one Ford Crew Cab Pick-Up Truck for the Walt Whitman Bridge in the amount of \$31,790.00; (4) Apple Automotive Group of York, PA for the purchase of two Ford Fusion mid-size passenger vehicles for OPC Pool and Public Safety staff in the amount of \$36,104.00; and (5) Acacia Financial Group, Inc. of Marlton, NJ for financial advisory services related to the Board's consideration of delaying the July 1, 2011 toll increase in the amount of \$28,522.23.

Commissioner Teplitz inquired as to what method of procurement was used for Item 5 (Acacia Financial Group, Inc.). CEO Matheussen responded that this was an extension of the contract due to the need to provide the Board with expert guidance on the impact of the delay of the toll increase. CFO Hanson indicated that Acacia has been DRPA financial advisor and under the direction of the Board, Acacia was requested to attend the Board meetings and provide their analytical opinion on the toll increase. Mr. Hanson advised that pursuant to Board direction the Finance Department is finalizing an RFP for Financial Advisory services and staff expects to issue that soon and then will

report back to the Board. Vice Chair Nash inquired as to PFM. Mr. White responded that PFM is still working under their contract for fiscal year 2010; we have not received their invoice but expect that it will be small and may not require Board action. In answer to Commissioner Bogle's question about the term of the contract contemplated in the RFP, Mr. White indicated it was a two year contract.

Vice Chair Nash inquired on Items 2-4 as to what is the basis for buying new vehicles given our effort to be fiscally responsible. CEO Matheussen responded that the Authority has reduced the size of the fleet. Mr. Egan confirmed that the fleet has been reduced by 57 vehicles since January 2009. Mr. Matheussen further stated that the vehicles being purchased will replace vehicles that have gone beyond their useful life. He stated that the Fleet Department was created in response to the Management Audit and has assisted in making these advances in efficiency. Vice Chair Nash pointed out that the Authority should check into the new electric vehicles for short trips. CEO Matheussen indicated that the Authority has had good success replacing vehicles with hybrids where possible and that the Authority will keep electric vehicles in mind for future purchase, balancing cost consideration.

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

DRPA-11-015 Consideration of Pending DRPA Contracts (Between \$25,000 and \$100,000)

CEO Matheussen mentioned that the Authority would be coming back to the Board for the purchase of more salt because the past storms have required more salt than was budgeted, CEO Matheussen further complimented Tim Pulte, Bob Box and their staff on their departments excellent removal of snow and treatment of icy surfaces during and after the last storms. Over the past weekend, these departments completed the job of removing more snow in the attempt to provide more parking spaces in the parking lots. Vice Chair Nash concurred, as did Commissioner Bogle.

There being no further business, on motion of Vice Chair Nash the meeting was adjourned.

Respectfully submitted,

Richard L. Brown,
Corporate Secretary

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