

DELAWARE RIVER PORT AUTHORITY
Minutes of the August 19, 2013 Telephonic Board Meeting
One Port Center, Camden, New Jersey
Monday, August 19, 2013, 8:00 a.m.

Present

PENNSYLVANIA

David Simon, Esquire, Chair
(via telephone)
Kathryn Boockvar, Esquire (DePasquale)
(via telephone)
William Sasso, Esquire (via telephone)
Andrew J. Reilly, Esquire (via telephone)
Joanna Cruz, Esquire (via telephone)
Walter D'Alessio (via telephone)
Joann Bell (via telephone)

Officers and Chiefs

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

DRPA Staff

Ann DuVall, Exec. Assistant to CEO
Timothy Ireland, Director, Corp. Comm.
Kevin LaMarca, Director, IS
Sheila Milner, Administrative Coordinator
Elizabeth McGee, Administrative Coordinator
Bill Shanahan, Director, Gov't. Relations
(via telephone)
Phil Spinelli, Project Manager PATCO
Susan Squillace, Manager, Purchasing

NEW JERSEY

Jeffrey L. Nash, Esquire, Vice Chair
(via telephone)
Albert Frattali (via telephone)
E. Frank DiAntonio (via telephone)
Richard Sweeney (via telephone)
Charles Fentress (via telephone)
Tamarisk Jones (via telephone)

Counsel

Tom Ellis, Duane Morris, PA Counsel

Others

Peter Simon, Esquire, NJ Gov. Authorities Unit
Christopher Sullivan, Deputy General Counsel, PA
Office of General Counsel (via telephone)
Mike Cantu (Laz Parking/Cofiroute)
Terrance Gilmore (Laz Parking/Cofiroute)
Bill Schofield (PNC)

The Corporate Secretary announced that pursuant to the By-Laws 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.

The Corporate Secretary announced the Commissioners who were on the telephone and stated that there was a quorum. Chairman Simon called to order the Board meeting of the Delaware River Port Authority this 19th day of August, 2013. He stated that he appreciated that Commissioners and staff made themselves available at 8:00 a.m. Monday morning. Chairman Simon stated that the original intent behind this meeting was to address only issues that had immediacy and urgency and we have a slightly longer list than anticipated. Chairman Simon presided.

Approval of July 17, 2013 DRPA Board Meeting Minutes, Approval of Operations & Maintenance Committee Report of August 7, 2013, Approval of Finance Committee Report of August 7, 2013 and Approval of Audit Committee Report of July 10, 2013

The Minutes of the July 17, 2013 Board Meeting of the Delaware River Port Authority, Approval of Operations & Maintenance Committee Report of August 7, 2013, Approval of Finance Committee Report of August 7, 2013 and Approval of Audit Committee Report of July 10, 2013 were previously provided and there were no comments.

On motion duly made and seconded, the Minutes of the July 17, 2013 Board Meeting, Approval of Operations & Maintenance Committee Report of August 7, 2013, Approval of Finance Committee Report of August 7, 2013 and Approval of Audit Committee Report of July 10, 2013 were approved.

Chairman Simon asked whether Mr. Matheussen was going to address the issue regarding the PATCO escalators and elevators.

Temporary Contract/Purchase Order for Maintenance and Repair of Escalators and Elevators at PATCO Stations

Mr. Matheussen stated that it was his understanding that in the past two weeks it was discovered that we failed to renew the contract for maintenance repair of our escalators and elevators at various PATCO stations. He stated that we had a previous contract with Otis. This contract expired on July 31, 2013. There was a failure on the part of staff to recognize the upcoming date. The contract should have been put out for a competitive bid process long before it expired. We will continue to look into what happened and make certain it does not happen again. There is no question that the failure has compromised our process and more importantly the general public. Mr. Matheussen stated that many people depend on the use of elevators and escalators. He said the current status is that we have escalators in service and running in Lindenwold, Woodcrest, Haddonfield, Westmont, Collingswood, Ferry Avenue, Broadway West, with additional service on at Ashland as of late yesterday afternoon. We do not have functioning escalators at 8th and Market Street North and South, Broadway and 16th and Locust. Mr. Matheussen said we have elevators out of service at Broadway West and at 15th and 16th & Locust. We are in need of a vendor to handle the 8th and Market Street escalators as well as the elevators, including the 16th

and Market elevator. A process will be started as soon as possible for an emergency purchase order to be put in place to handle the maintenance and repair of the escalators and elevators that cannot be handled by staff. This will not exceed \$50,000. He advised the Commissioners they were sent a draft Summary Statement and Resolution electronically this morning to engage a company to provide temporary services for repair and maintenance on the escalators and elevators. He said we are currently in discussions with Otis and they indicated they will get back to DRPA/PATCO over the next couple of days on possible temporary assistance and cost. We are currently awaiting 500 necessary plastic parts coming directly from the manufacturers tomorrow, August 20, for the escalators at 8th and Market Street both North and South. We will get the escalators back in service as soon as possible.

Chairman Simon stated that what was circulated was a proposed Resolution to enter into a qualified contract with a company to do the needed emergency maintenance and repairs services on the PATCO escalators and elevators not to exceed \$50,000. He asked the Corporate Secretary if we need anything special to consider this emergency Resolution.

Ms. McNichol affirmed that statements indicated that this Resolution qualifies an emergency and requires a super majority for purposes of the vote. Chairman Simon stated that this is an emergency and needs to be addressed immediately. He asked the Corporate Secretary take a vote as to whether or not to consider this emergency Resolution.

Ms. McNichol took a roll call vote: Chairman Simon, Vice Chairman Nash and all other Commissioners voted affirmatively. Commissioner D'Alessio was no longer on the telephone. Commissioner D'Alessio provided the Chair with his proxy to vote for each of these matters. Ms. McNichol stated the Resolution passed by majority vote.

Chairman Simon directed Mr. Rink to please ensure appropriate signage directing the public to alternate accommodations and to have an up to date list of locations with out of service elevators and escalators on the website. He stated that on behalf of the Agency, he apologized to the public for their inconvenience and complimented Jonathan Latko of the CAC for alerting him and Vice Chairman Nash of this issue on Friday morning. Chairman Simon said we did not know that there was a problem of this magnitude with the elevators and escalators nor were we aware that the maintenance contract had lapsed. He said that he appreciated that the Authority was moving this forward and making it a number one priority in getting these escalators and elevators in operating order as soon as possible.

Mr. Mathuessen stated that he would ask that Mr. Ireland oversee communications so that the message is consistent to the press, public and any electronic media.

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

DRPA-13-098

Temporary Contract/Purchase Order for Maintenance and Repair of Escalators and Elevators at PATCO Stations

Adopt Resolution Approved by Operations & Maintenance Committee of August 7, 2013

Custodial Services for DRPA Bridge Facilities

Chairman Simon stated that this item is on the agenda at the request of management because of some degree of urgency.

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

DRPA-13-091 Custodial Services for DRPA Bridge Facilities

Adopt Resolutions Approved by Finance Committee of August 7, 2013

Part-Time and Temporary Toll Collectors

Commissioner Bell abstained from voting advising that her reason for abstention was personal.

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

DRPA-13-095 Part-Time and Temporary Toll Collectors

Camera & Call Box Maintenance Agreement

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

DRPA-13-092 Camera & Call Box Maintenance Agreement

**Revised Revenue Bond Resolution (DRPA-13-094)
Underwriter Selection (New Business) (DRPA-13-096)**

Chairman Simon stated that DRPA-13-094 was approved by the Finance Committee and DRPA-13-096 is New Business. He stated that General Counsel/Corporate Secretary has recused herself with respect to both of these Resolutions.

Mr. Hanson stated that these Resolutions will allow the Authority to take the next necessary steps in the comprehensive financial plan which was enacted by the Finance Committee and the full Board. He stated that these Resolutions will enable us to generate the funds to finance the Capital Plan at very low interest rates in the market if we move quickly enough, and will enable us to repay the General Fund. He stated that the Project Fund has been exhausted and the General Fund has been loaning the money to the Project Fund to support the Capital Plan. There

is approximately \$75M that needs to go back to the General Fund. Once this is completed, the Project Fund will be replenished and we will be able to take the next steps with the financial plan, including beginning to fund the OPEB liability and begin to reduce the Authority's reliance on debt financing for the Capital Program.

Chairman Simon asked Mr. Hanson to review each Resolution noting, for example, that in the Revenue Bond Resolution, the maximum amount had been changed to \$550M and there were other changes in the revised Resolution. He further asked Mr. Hanson to mention specifically what is in Resolution DRPA-13-096.

Mr. Hanson stated that the amount of the potential bonding was lowered to \$550M from \$750M, which is approximately the amount of the full Capital Plan,. He said this would be the maximum which the Authority would need to borrow in order to fund the Capital Program in accordance with the laws, rules and regulations that would apply. Mr. Hanson stated that we have reduced by \$200M the maximum amount to be bonded. He said that in addition, the Resolution was amended to create an evaluation committee which has made the recommendation for the underwriters. The committee included himself, Jim White, and two Financial Advisors from Acacia and two from PFM. The Underwriter Resolution gives the results and recommendations of the committee. The firms that are recommended are Bank of America, CitiGroup, JP Morgan, RBC Capital and Barclays as well as two regional firms, Janney and Piper Jaffray.

Chairman Simon asked if there were any questions or comments from the Commissioners. There were none. He asked if there were any comments to be added by management other than Mr. Hanson.

Mr. Matheussen stated that he wanted to make it clear that in the Resolution there is a section titled "process" for the selection of underwriters for the proposed 2103 new revenue bonds. He stated that his role is not clear in the Resolution and he did not want it to be misconstrued. Mr. Matheussen stated that the Resolution states, "The Board approved the selections by the Chief Executive Officer...." He complimented the Finance Committee and CFO John Hanson for creating the evaluation committee, who did the evaluations, including Mr. Hanson, Mr. White and four financial advisors from the two financial advisorsory firms which are used on a regular basis. Mr. Matheussen stated his role in the process, as CEO, to affirm the recommendations of the evaluation committee. Mr. Matheussen advised that he discussed the process and selection with John Hanson. Mr. Matheussen advised that he confirmed that the reform resolutions were followed, with the Inspector General having done conflict checks on the six people who were involved in the selection process. Mr. Matheussen advised that he agreed with the process and selections made by the evaluation committee without any change or alteration and recommends these selections to the Board for its final approval. Mr. Matheussen wanted to make certain that his role in the process was clear and that he was satisfied that staff had conducted themselves appropriately, along with the financial advisors, in order to bring this recommendation to the full Board.

Chairman Simon asked Mr. Matheussen if he was comfortable with endorsing and recommending the two Resolutions to the Board. Mr. Matheussen answered affirmatively and

further stated that we used a process that was very helpful; the selection committee had been scrutinized for conflicts and we used a process that was transparent.

Chairman Simon stated that it is best to take the two related Resolutions together.

Commissioner Sasso stated that he would have to abstain to the portion of the Resolution that refers to the underwriters because his law firm represents Janney Montgomery Scott. Vice Chairman Nash abstained as his firm has a public finance practice that includes some of the underwriters mentioned in the Resolution.

Commissioner Sasso and Vice Chairman Nash abstained from voting.

On motion duly made and seconded, the following Resolutions, DRPA-13-094 and DRPA-13-096, were adopted and made the action of the Authority:

DRPA-13-094	Revenue Bond Resolution
DRPA-13-096	Underwriter Selection

Unfinished Business

There was no DRPA 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 adopted and made the action of the Authority:

DRPA-13-093	Consideration of Pending DRPA Contracts (Between \$25,000 and \$100,000)
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Item 2 – Enterprise Resource Planning (ERP) Project Management Services

Chairman Simon stated that there was an email prior to the beginning of the Board meeting noting one minor change to the actual Resolution.

Mr. LaMarca stated that the change is that the pricing under this Resolution is coming from the GSA schedule, GS-35F-5461H. Chairman Simon asked if it was a typographical error and Mr. LaMarca answered affirmatively.

Mr. Matheussen stated that he had a conversation with Mr. LaMarca before the Board meeting started. He stated that he wanted to make it clear for the record, although it is not specified in the Resolution, for the period of time for services noted in the Resolution, September 16, 2013

through December 31, 2014, there will be a minimum amount of hours or FTEs that will be performed by Grant Thornton to undertake the process that will bring them to the total of \$471,200. He said we will have a full time equivalent which would be 40 hours a week of not less than one person to undertake the necessary work in the ERP project. Mr. LaMarca concurred. Mr. LaMarca stated one FTE, 40 hours per week, 160 hours per month, the contracted rate is \$190 per hour, the monthly costs would be \$30,400 and the not to exceed the full contract price of \$471,200. Mr. Matheussen stated that this would be included in the contract we negotiate with them.

Chairman Simon stated that the urgency with this Resolution is to keep the ERP Project, which is very important to the Agency, on track.

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

**DRPA-13-097 Enterprise Resource Planning (ERP) Project
Management Services**

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

Respectfully submitted,

Danielle L. McNichol
Corporate Secretary