

PHILADELPHIA REGIONAL PORT AUTHORITY

**MINUTES OF THE PHILADELPHIA REGIONAL PORT AUTHORITY
BOARD OF DIRECTORS MEETING**

DECEMBER 15, 2006

Philadelphia Regional Port Authority Board Members Present:

Chairman Brian Preski, Boise Butler, John Cuff, Frank Gillen, Thomas Kelly, Charles Marshall, James McErlane, Chad Rubin, Herb Vederman, Harry Williams

Philadelphia Regional Port Authority Board Members Absent:

Michael Rashid

Philadelphia Regional Port Authority Staff Present:

James T. McDermott, Jr., Robert Blackburn, Don Brennan, Jack Dempsey, Francis Kelly, Edward Henderson, Gregory Iannarelli, Charles Lawrence, Sean Mahoney, William McLaughlin, Donna Powell, Marian Simpson, James Walsh, Nicholas Walsh

Commonwealth of Pennsylvania:

Rep. Bill Keller, Herb Packer

Others:

Congressman Bob Borski, Michael Meehan, Chuck McDonald

The December meeting of the Board of Directors of the Philadelphia Regional Port Authority was held on December 15, 2006 at 3:30 p.m. in the office of the Philadelphia Regional Port Authority, 3460 North Delaware Avenue, Philadelphia, PA.

Chairman Preski called the meeting to order and immediately adjourned to an Executive Session.

The Public Session was reconvened and the first order of business was the approval of the September 22, 2006 meeting minutes. A motion for the approval of the minutes was made, seconded and approved.

**Philadelphia Regional Port Authority
Minutes of the Meeting of
December 15, 2006
Page 2**

Resolutions:

#2006-32 Amendment to Contracting, Procurement and Leasing Policies & Procedures

Mr. Iannarelli said the Resolution recommends three requirements to the leasing policies of the Authority, two of which have been previously addressed prior to this meeting. The first policy is to have tenants pay the proportional share of the property insurance procured by the Authority for the leased terminals. The second component would require tenants to pay a prevailing wage to its employees working on Authority owned facilities. The prevailing wage program is intended to mirror the concept of paying prevailing wages on Commonwealth public works projects. The third component is the incorporation of variable audit language to be included in leases with variable rents.

Chairman Preski added the Resolution would be brought back to the board for further consideration after the staff makes a recommendation on how to set the prevailing wages.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the “Authority”) has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1 – 697.24 of the General Assembly of the Commonwealth of Pennsylvania (the “PRPA Act”) to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 12 of the PRPA Act provides that the use and operation of port facilities and the property of the Authority shall be subject to the rules and regulations adopted from time to time by the Board of the Authority; and

WHEREAS, the staff of the Authority has recommended to the Board of the Authority that certain provisions of the Contracting, Procurement and Leasing Policies and Procedures for the Authority (Revised as of November 1999) (the “Policies and Procedures”) with respect to leases for real property of the Authority require updating; and

WHEREAS, the Board of the Authority has determined, on the basis of information provided to it by the staff to revise those provisions of the Policies and Procedures outlined on Exhibit “A” attached hereto.

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 3**

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contracting, Procurement and Leasing Policies and Procedures for the Authority be revised as set forth in Exhibit "A" attached to this Resolution.

The motion was made, seconded and approved with Mr. Charles Marshall voting no. Resolution No. 2006-32 and Exhibit "A" on file with the Authority.

**#2006-34 To Authorize the Philadelphia Regional Port Authority to Lease Pier 122
To Growmark**

Mr. Blackburn said that Growmark is an agricultural cooperative based in Illinois that leases the grain silos adjacent to Pier 122 from Conrail. Growmark approached the PRPA regarding leasing Pier 122. PRPA and Growmark have come to an agreement dependent upon the PRPA taking ownership of the pier. The Authority will see Growmark invest up to \$6Million in infrastructure improvements, requiring no initial investment from the Authority.

To protect the PRPA's interest in the development of Southport, staff has negotiated a five (5) year Rolling Earned-out (REO) period that would allow the PRPA to terminate the lease short of the 10-year term, yet within a time frame consistent with current construction projections for Southport.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the "Authority") has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1-697.24 of the General Assembly of the Commonwealth of Pennsylvania (the "PRPA Act") to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 11 (c) of the PRPA Act provides that the Authority may negotiate and execute leases for its port facilities, port-related projects, or any part thereof by approval of the majority of its Board and permits the Authority to execute contracts in furtherance of its powers and duties with respect to port facilities; and

WHEREAS, by way of Resolution No. 2004-13, the Board authorized the exercise of eminent domain on certain properties to include Pier 122; and

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 4**

WHEREAS, by way of Resolution No. 2006-07, the Board authorized entering into a settlement of the related eminent domain actions as part of a global settlement of issues between the Commonwealth of Pennsylvania, the City of Philadelphia, the Philadelphia Authority for Industrial Development, Norfolk Southern, CSX Transportation, Inc. and Consolidated Rail Corporation (the "Global Settlement"); and

WHEREAS, Growmark, Inc., desires to lease Pier 122 from the Authority to load and offload agricultural materials to support its operations located on the loop track, an adjacent facility to Pier 122; and

WHEREAS, the Global Settlement is nearing completion; and

WHEREAS, the Board of the Authority has determined, on the basis of information provided to it (which information is attached hereto as Exhibit "A" and incorporated herein by reference), to approve entering into a lease with Growmark, Inc. upon the completion of the Global Settlement consistent with the terms set forth in Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority enter into a lease with Growmark for Pier 122 incorporating the terms as outlined in Exhibit "A".
2. The Executive Director of the Authority, with the advice of its Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreement, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate the purposes of this Resolution.

The motion was made, seconded and approved with Mr. Rubin abstaining from voting. Resolution No. 2006-34 and Exhibit "A" on file with the Authority.

2006-35 Amendment to the Lease with Dependable Distribution, Inc. for Six-Year Renewal

Mr. Blackburn said previously the Board authorized staff to enter into an agreement with Dependable Distribution for a six-year renewal of their lease. Dependable Distribution, Inc. has requested an additional six-year renewal added to their Amended Lease. Mr. Blackburn stated that there would be a substantial return for the Authority with this renewal.

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 5**

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the “Authority”) has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1-697.24 of the General Assembly of the Commonwealth of Pennsylvania (the “PRPA Act”) to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 11 (c) of the PRPA Act provides that the Authority may negotiate and execute leases for its port facilities, port-related projects, or any part thereof by approval of the majority of its Board and permits the Authority to execute contracts in furtherance of its powers and duties with respect to port facilities; and

WHEREAS, by way of Resolution No. 2006-29, the Board authorized amendment of the lease by and between the Authority and Dependable Distribution Inc. for Pier 84 South (“Amended Lease”); and

WHEREAS, Dependable Distribution Inc. has requested an additional six-year renewal period be added to the Amended Lease; and

WHEREAS, the Board of the Authority has determined, on the basis of information provided to it (which information is attached hereto as Exhibit “A” and incorporated herein by reference), to approve the addition of an additional six year renewal period.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority add an additional six-year period to the Amended Lease as outlined in Exhibit “A”.
2. The Executive Director of the Authority, with the advice of its Chief counsel is hereby authorized and directed to negotiate the specific terms and conditions of the agreement, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate the purposes of this Resolution.

The motion was made, seconded and approved with Mr. Boise Butler voting no. Resolution No. 2006-35 and Exhibit “A” on file with the Authority.

#2006-37 Extension of the Contract with TransSystem Corp. for Modification to Heat and Humidity Design for Pier 40 South

Mr. Lawrence said staff has been working with TransSystems, Inc. on a design to add heat and humidity to the first floor of Pier 40 South. He added that there have been changes in the design and therefore staff is proposing to extend the contract in the amount of \$75,000. This extension would provide for the completion of the plans and specifications for a temperature-controlled space for the storage of rolled paper.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the “Authority”) has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1 – 697.24 of the General Assembly of the Commonwealth of Pennsylvania (the “PRPA Act”) to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 11(d) of the PRPA Act sets out procedures whereby such contracts may be awarded for professional services in furtherance of the powers and duties of the Authority without competitive bidding; and

WHEREAS, the Board of the Authority determined in Resolution #2006-01 to obtain the professional services of TranSystems Corp. to perform the project design and provide technical advice during the construction phase; and

WHEREAS, the staff of the Authority wishes to extend the contract with TranSystems Corp. on the basis of information provided to it (which information is attached hereto as Exhibit “A” and incorporated herein by reference); and

WHEREAS, the staff of the Authority has determined that TranSystems Corp. (the “Contractor”) has the requisite expertise and capacity to provide the services herein described.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority enter into an agreement with the Contractor to perform the professional services described in “Exhibit “A”. The agreement shall provide for total payments to the Contractor for design services, inclusive of all expenses, for a maximum amount of \$75,000.

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 7**

2. The Executive Director of the Authority, with the advice of its Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreement, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate the purposes of this resolution.

The motion was made, seconded and approved. Resolution No. 2006-37 and Exhibit "A" on file with the Authority.

#2006-38 Philadelphia Regional Port Authority Audit for 2005-2006

Mr. Marshall said the audit was delivered to the Audit Committee with no exceptions.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the "Authority") has been authorized under Section 6 of the Act of July 10, 1989, P.L. 291, 55 P.S. Sections 697.1 – 697.24 of the General Assembly of the Commonwealth of Pennsylvania (the "PRPA Act") to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 11(d) of the PRPA Act sets out procedures whereby such contracts may be awarded for professional services in furtherance of its powers and duties of the Authority without competitive bidding; and

WHEREAS, the Authority contracted with Zelenkofske Axelrod, LLC, the successful vendor of the Request for Proposal to conduct financial audits for the PRPA; and

WHEREAS, the Board of the Authority has determined that on the basis of information provided by its Audit Committee (see attachment) and staff to approve the Audited Financial Statement and Management Letter prepared by Zelenkofske Axelrod for Fiscal year 2005-2006.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority approve the Financial Audit Report and Management Letter prepared by Zelenkofske Axelrod for Fiscal Year 2005-2006.

The motion was made, seconded and approved. Resolution No. 2006-38 on file with the Authority.

#2006-39 To Retain International Marketing Representatives to Promote the Philadelphia Regional Port Authority's Facilities and Services

Mr. Blackburn said the international marketing representatives are an essential component to the PRPA's Marketing Department. They are the Port's eyes and ears around the world, providing the PRPA with good cargo leads. They are strategically located in six countries that have a healthy trade relationship with the Port of Philadelphia. They are all very professional, do an excellent job, and are well worth the investment.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority has been authorized, under Section 6 of the Act of July 10, 1989, P.L. 291, 55 P.S. Sections 697.1 – 697.24 of the General Assembly of the Commonwealth of Pennsylvania (the "PRPA Act") to make and enter into contracts with respect to port facilities, as such are defined in the PRPA Act, and generally in furtherance of its purposes as stated in the PRPA Act; and

WHEREAS, **Section 11(d)** of the PRPA Act sets out procedures whereby such contracts may be awarded for professional services in furtherance of the powers and duties of the Authority without competitive bidding; and

WHEREAS, 2(a) (8) of the Act sets forth PRPA's mission to provide effective marketing to maintain and attract new business for regional port activities and to stimulate international trade; and

WHEREAS, the Board of the Authority has determined on the basis of information provided by its staff that there exists a need for International Marketing Representatives to provide effective marketing of PRPA's facilities in said international markets; and

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 9**

WHEREAS, the Board of the Authority has determined on the basis of information provided by its staff, to secure International Marketing Representatives to promote PRPA's facilities and services; and

WHEREAS, the Board of the Authority has determined that a budget to retain International Marketing Representatives in said regions is not to exceed \$305,000.00 (being the total amount of all the contracts with projected services added therein) as shown in Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED:

1. That the Executive Director of the Authority, with the advice of its Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreement by which the services shall be provided as noted above, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate such agreements.

The motion was made, seconded and approved. Resolution No. 2006-39 and Exhibit "A" on file with the Authority.

#2006-40 Revised Intermodal Program

Mr. Mahoney said in the past the PRPA provided a \$25.00 per container incentive for carriers. He added that as a result of additional Commonwealth budget support all containerized cargo loaded to or discharged from vessels calling the Port's facilities and utilizing a rail intermodal move will now be eligible for a \$50.00 incentive.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the "Authority") was established under Section 6 of the Act of July 10, 1989, P.L. 55 P.S., Sections 697.1-697.24 of the General Assembly of the Commonwealth of Pennsylvania (the "PRPA Act") to promote the health, safety, employment, business opportunities and general welfare of the Commonwealth of Pennsylvania; and

WHEREAS, Section 2(a) sets forth long-term economic health of the Commonwealth, requires access to waterborne transportation on the Delaware River in conjunction with other forms of transportation; and

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 10**

WHEREAS, the facilitation of an enhancement of trade through the facilities of the Authority is essential to continued development of business and commerce in the Commonwealth; and

WHEREAS, the establishment of an Intermodal Incentive Program to encourage waterborne transportation in conjunction with rail movement is designed to bring additional cargo volumes through the Commonwealth; and

WHEREAS, funding for this program will come from an appropriation to the Authority from the Department of Community and Economic Development; and

WHEREAS, the Board of the Authority has determined on the basis of the information provided by its staff as set forth in Exhibit "A" attached hereto and incorporated by reference, to establish an Intermodal Incentive Program.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Executive Director has the discretion and is authorized to administer the Intermodal Incentive Program consistent with the Program as outlined in Exhibit "A".
2. The Executive Director of the Authority, with the advice of its Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreements by which the services shall be provided as noted above, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate such arrangements.

The motion was made, seconded and approved. Resolution No. 2006-40 and Exhibit "A" on file with the Authority.

#2006- 41 Amendment to the Holt Lease for a Portion of Pier 98 Annex

Mr. Blackburn said to alleviate congestion at Packer Avenue Marine Terminal, due to an increase in steel and container traffic, the Authority agreed to license to Astro Holdings, Inc. three (3) acres at Pier 98 Annex.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the "Authority") has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1 –

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 11**

697.24 of the General Assembly of the Commonwealth of Pennsylvania (the “PRPA Act”) to make and enter into contracts for the leasing, management and operation of port facilities, as such are defined in the PRPA Act; and

WHEREAS, Section 11(c) of the PRPA Act provides that the Authority may negotiate and execute leases of its port facilities, port-related projects, or any part thereof by approval of the majority of its Board and permits the Authority to execute contracts in furtherance of its powers and duties with respect to port facilities; and

WHEREAS, the Board of the Authority has determined, on the basis of information provide by the staff of the Authority, to amend the license by and between the Authority and Astro Holdings, Inc. for a portion of Pier 98 Annex (the “License”).

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority amend the License incorporating the terms as outlined in Exhibit “A attached to this Resolution (the “Amended License”).
2. The Executive Director of the Authority, with the advice of its Chief Counsel is hereby authorized and directed to negotiate the specific terms and conditions of the Amendment to the License and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate such arrangements.

The motion was made, seconded and approved. Resolution No. 2006-41 and Exhibit “A” on file with the Authority.

#2006-42 To Accept Funding and to Contract for Girard Point Rail Unloading Project

Mr. Henderson said that SJA Construction, Inc. owns a 26-acre parcel at Girard Point. They have asked the PRPA to work with them in obtaining a \$1.4 Million grant from the Department of Community & Economic Development Business Retention and Expansion Program. SJA has put \$6.6 Million into that site and require a new rail loading site to enhance their concrete operation site. This Resolution is to allow PRPA to enter into an interagency agreement to coordinate the grant for SJA.

Additionally, PRPA and SJA will work out a reimbursement agreement as was done in the past with similar grants.

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 12**

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority has been authorized, under Section 6 of the Act of July 10, 1989, P.L. 291, 55 P.S. Section 697.1, et seq. of the General Assembly of the Commonwealth of Pennsylvania (the “PRPA Act”) to promote employment and business opportunities for the purpose of advancing regional port facilities and port related projects in furtherance of cooperative state efforts; and

WHEREAS, the Commonwealth of Pennsylvania, Department of Community and Economic Development (“DCED”) administers a Business Retention and Expansion Program; and

WHEREAS, SJA Construction, Inc. requested funding from DCED to construct a new rail car unloading system at Girard Point within the Port District; and

WHEREAS, DCED requires local sponsorship when funding private projects; and

WHEREAS, the development of a new rail car unloading system at Girard Point would enhance the Port of Philadelphia; and

WHEREAS, the Board of the Authority based upon the information provided by staff and contained in Exhibit “A” attached hereto and incorporated by reference authorizes the Authority to act as local sponsor on behalf of SJA Construction, Inc. for the construction of a new rail car unloading system at Girard Point.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority hereby authorizes its staff to execute the necessary agreements with DCED to act as local sponsor.
2. That the Authority hereby authorizes its staff to execute the necessary agreements with SJA Construction, Inc.
3. The Executive Director of the Authority, with the advice of its Chief Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreements and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate such arrangements.

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 13**

The motion was made, seconded and approved. Resolution No. 2006-42 and Exhibit "A" on file with the Authority.

#2006-43 Authorization to Retain Borski Associates, LLC

Mr. McLaughlin said the PRPA retains the services of former United States Representative Robert A. Borski to represent it primarily to the appropriating agencies in the Federal government and to assist in its on-going effort to obtain federal assistance to strengthen the Authority's infrastructure. He added that Mr. Borski does an excellent job on behalf of the Authority, and with the new majority in the Congress, expects Mr. Borski to make an even stronger showing in the coming year.

The motion was made, seconded as follows:

WHEREAS, the Philadelphia Regional Port Authority (the "Authority") has been authorized under Section 6 of the Act of July 10, 1989, P.L. 55 P.S. Sections 697.1 – 697.24 of the General Assembly of the Commonwealth of Pennsylvania (the "PRPA Act") to make and enter into contracts in furtherance of its purposes; and

WHEREAS, Section 11(d) of the PRPA Act sets out procedures whereby such contracts may be awarded for professional services in furtherance of the powers and duties of the Authority without competitive bidding; and

WHEREAS, the Board of the Authority has determined to secure the services of Borski Associates to represent the Authority on matters relating to federal appropriations in the areas of transportation, infrastructure and homeland security; and

WHEREAS, the staff of the Authority has determined that Borski Associates has the requisite expertise and capacity to provide the services herein described.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Authority enter into an agreement with Borski Associates to perform the services described in Exhibit "A", inclusive of all such services, supplies and materials as may be necessary or desirable with respect thereto, but in any event such agreement shall provide for total payments to Borski Associates, inclusive of all expenses for which Borski Associates is to be reimbursed by the Authority, to be not greater than the amounts described in Exhibit "A" on a one-year basis not to exceed \$6,250.00 per month from January 18, 2007 through December 31, 2007

**Philadelphia Regional Port Authority
Minutes of the Board Meeting
December 15, 2006
Page 14**

- 2 The Executive Director of the Authority, with the advice of its Chief Counsel, is hereby authorized and directed to negotiate the specific terms and conditions of the agreement by which the services shall be provided as noted above, and the Executive Director is hereby authorized and directed to execute, acknowledge and deliver on behalf of the Authority any agreements, documents or other instruments as may be necessary to effectuate such arrangements.

The motion was made, seconded and approved. Resolution No. 2006-43 and Exhibit "A" on file with the Authority.

Chairman Preski said Resolution 2006-44 was removed from the Agenda.

Update: Pier 74

Mr. McDermott said additional capital funding is needed to complete the paper storage warehouse project. The Commonwealth originally allocated \$12Million for this project. This amount was reduced by \$3.95 Million for site acquisition from the Delaware River Port Authority and \$2.5Million due to unforeseen, but necessary, site improvement costs. Additionally, escalation of construction costs has increased the total cost estimate to \$19.5Million, hence, the need for additional funds. The PRPA has been in conversation with the Governor's Office and expects a resolution shortly. Turner Construction was awarded the bid and the contract process is moving forward.

He added that the PRPA cargo stats from October 2006 year-to-date show an increase of 21% overall.

Chairman Preski complimented the board members for their continuing efforts to enhance the Port. He reminded them that 2007 will bring new challenges and he looked forward to continuing the progress already made.

There being on further business to come before the board the meeting was adjourned.

Respectfully Submitted,

Marian Simpson
Secretary to the Board

