

**MINUTES OF A REGULAR MEETING  
of the  
Port of Pittsburgh Commission  
September 27, 2007**

A regular meeting of the Board of the Port of Pittsburgh Commission was held in the A. E. Hunt Conference Room on the 23rd floor of the Regional Enterprise Tower. Because a quorum was not present, the attendees functioned as a committee.

In attendance were Commissioners:

Wm. Brown	Craig
McNees	Preston
Scholl	Woodward

Staff present included: James McCarville, Executive Director of the Port of Pittsburgh Commission; Mary Ann Bucci, Marketing Director; and J.D. Fogarty, Development Director. Others in attendance included Ron Brown, representing counsel, Grogan Graffam; Kate VanAuken, PennPORTS; Sam Stephenson and Jeff Vargas from Terry & Stephenson, LLP; and Jeff Benedict from the Corps of Engineers. Gloria Ralston, Assistant Secretary of the Port of Pittsburgh Commission, acted as Recording Secretary for the meeting.

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Chairman McNees called the meeting to order at 9:22 AM.

**Agenda Item 1. Welcome**

The chairman welcomed the assembled group and introduced Kate VanAuken from PennPORTS; Jeff Benedict from the Corps of Engineers; Jim Litzinger from newly-appointed Commissioner Jane Orié's office; and Sam Stephenson and Jeff Vargas from the accounting firm of Terry & Stephenson.

**Agenda Item 2. Old Business**

*Agenda Items 2. A. – Minutes of August 14, 2007 meeting.*

Tabled.

**Agenda Item 3. New Business**

*Agenda Item 3. A. — Audit Report*

Commissioner Brown announced that the audit was reviewed by committee and accepted with a few cosmetic changes. He also reported that Sam Stephenson would explain GASB 45 and other accounting pronouncements and that the firm of Terry & Stephenson was being absorbed by the larger firm, Parente Randolph.

Taking the floor, Sam Stephenson introduced Jeff Vargas as the manager of the Commission's audit engagement. First of all, Terry & Stephenson did issue a clean opinion. Calling everyone's attention to the Statement of Net Assets, Mr. Stephenson pointed out only two items that changed materially with everything else remaining fairly consistent. The changes were the increase in temporary investments attributable to the excess in revenue over expenditures and the increase in capital assets, net of related debt, which is due almost entirely to depreciation. On the Statement of Activities, the increase in the change in net assets is directly attributable to the increase in state appropriation coupled with the cutback in costs to operate the river shuttle.

The only significant change in the footnotes was in Note E – Deferred Costs. This refers to the SmartLock patent and it was updated to reflect current status. All other disclosures in the footnotes were updated to reflect balances as of June 30, 2007.

Mr. Stephenson addressed the various Governmental Accounting Standards Board (GASB) pronouncements that were issued in 2007 and how they may or may not affect the Commission. The first, GASB 45, is a pronouncement dealing with the reporting of post-employment liability and is of particular interest to the Comptroller's office. Terry & Stephenson has provided the Comptroller's office with contact information so that they can avail themselves of the same technical expertise in making their evaluation on the impact on the Commission. Terry & Stephenson feels that there will be no impact on the financial statement as a result of this pronouncement since the Commission's employees are more closely defined as employees of the Commonwealth than employees of the Commission. The liability follows the entity that is legally responsible for the employees; therefore, this liability would be reported on the Commonwealth's books or the books of the Commonwealth's Plan (SERS). Of the remaining six new pronouncements, it is felt that none will have any direct effect on the Commission's June 30, 2008 financial statements.

The audit committee also discussed the Ferchill deal with Terry & Stephenson and have settled on what the accounting on that transaction will be based on the documents reviewed to date. In conclusion, Mr. Stephenson announced that their firm is being acquired by Parente Randolph, LLC as of October 1, 2007.

*(Because there was no quorum, information was provided on the following agenda items in anticipation of future action but no votes were recorded at the meeting.)*

Agenda Item 3. B.— Resolution to Revise Budgets

The budgets for FY078 and FY0809 and the Revolving Loan Fund have new beginning balances as a result of the audit.

Agenda Item 3. C.— Resolution Commending James L. Smith, III

Jim Smith has been on the Board of the Port of Pittsburgh Commission since its inception and has also served as its Treasurer for multiple terms. His term has expired and the President Pro Tempore has appointed Senator Jane Clare Orie to the Board. A resolution was developed to commend Mr. Smith's service and a breakfast or luncheon in his honor is being considered.

Agenda Item 3. D.— Report of the Nominating Committee

Commissioner Brown, representing the Nominating Committee, presented the following slate of officers for consideration:

V. Chairman: Peter Stephaich  
Secretary: Max Janairo  
Treasurer: Andy Quinn

Agenda Item 3. E.— Meeting Calendar

The meeting calendar under consideration is as follows:

Friday, November 30, 2007 – possible off-site luncheon meeting – 12:15 PM  
Friday, March 21, 2008 – 12:15 PM  
Friday, June 6, 2008 – 12:15 PM  
Friday, September 12, 2008 – 12:15 PM  
Friday, December 5, 2008 – 12:15 PM

Agenda Items 3. F., G, & H.— Directors' Reports

The Executive Director called everyone's attention to the End-of-Year Report which had been included in the pre-meeting packet of materials for review. The reports of the Executive, Marketing and Development Directors were also circulated before the meeting. All of the reports support the Commission's changing role in the region's economic future.

Highlights of the Executive Director's report include the passage of WRDA, the issuance of the SmartLock patent, and the current status of river information services from the perspectives of the Corps of Engineers, PIANC and the Port of Pittsburgh Commission. Finally, the Executive Director announced that USACE headquarters has agreed with the stakeholder recommendation against the two for three construction option for Emsworth, Dashields and Montgomery Locks & Dams.

The Marketing Director reported on the very successful lock & dam tour and press conference that was convened at Braddock for Senator Casey. Supplemental grants for maritime security have been announced along with a new plan for applying for, and distributing, the funds. Under this new plan the Port of Pittsburgh Commission will assume the role of fiduciary agent. For its work, the Commission may retain a maximum of three percent of the award allocation. Commissioner Craig inquired about the make-up of the Area Maritime Security Committee and was informed that it was co-chaired by Cmdr. Wischmann of the Coast Guard and Bob McCaughan, Chief of Pittsburgh's EMS. The area under the Committee's jurisdiction is the Port of Pittsburgh Coast Guard District which includes parts of W. Virginia and Eastern Ohio along with all of the Port of Pittsburgh legislative district.

The Commission, in association with the Corps of Engineers, will present "A Piece of the Lock" at Emsworth on October 12. This program will be similar to the one entitled "What Lies Beneath" that was presented at Braddock last summer. There will be morning and afternoon tours with a luncheon in between.

The Marketing Director is the chair of the Maritime Club's Annual Holiday Party which will be held at Bella Sera's on Friday, December 7. The Commission will be sponsoring a table.

The Development Director reported that the principal bond documents for the Ferchill deal have been forwarded for review by the Attorney General after considerable negotiations between the parties involved.

In the next thirty days the Commission expects to apply for approximately \$4 million in grants over a four-year period to help structure a program to help towing companies retrofit their engines with cleaner burning technologies. It is anticipated that a partial match for the grant funds may come from the Commission's Revolving Loan Fund.

At the request of Commissioner Craig, the Development Director convened a meeting of city and port district personnel who share an interest in the control of riverfront activities with docking and mooring issues being of specific importance. The city solicitor drafted an ordinance in this regard and it will be circulated and reviewed by relevant parties. Commissioner Scholl asked what the Commission's role was in regulating the waterfront. The Chairman replied that the Commission will facilitate the meetings of the interested parties but in no way would be involved in the "policing" of the waterfront. Commissioner Woodward strongly recommended that the Corps of Engineers legal department be included in the meetings so that the rights of the federal waterway as well as the city's rights are represented. The Development Director informed the group that the city's finance director is also the wharf master, a dual role which has existed since the 1920s.

Commissioner Preston (state representative) commended the Commission on its successful growth into a position of trust within the region's maritime community. Initially, the establishment of the Commission was a point of concern for waterway operators who feared government interference and regulation. Now, however, the Commission has proven that it works for the benefit of these waterway interests and has proven itself as a place they can turn to in confidence for technical expertise and support.

The Development Director attended the Chamber of Commerce-sponsored legislative reception in Washington, DC and visited the offices of the port district's legislators to discuss funding for locks & dams and the impact on the region's economy. It has become apparent that these visits are having a cumulative effect since the legislators were already well-versed on the subject and discussed the region's needs knowledgeably.

In other areas of interest, the Wellington project is still viable and may close in the next couple of months. The Regatta has not found a home for 2008 since Point State Park will not be available. The RIDC is interested in partnering with the Commission on several projects. Finally, collateral is still being reviewed for another loan to Castriota Metals & Recycling.

### Agenda Item 3. I.— Committee Reports

No reports.

The Executive Director reminded the Commission members to review the articles that were mailed to them prior to the meeting. The articles covered several topics that will be relevant to the waterway industry well into the future. These include the safety of the Delta Queen; mussels in the Ohio River which can have an impact on dredging and river construction; and Transportation Worker Identification Cards (TWIC). Also, the Commission is sponsoring the upcoming DVD edition of the "Mon, the A1 and the O" with a taped introduction. Finally, the coordination of the US activity relative to SmartRivers has been successfully turned over to PIANC and the next meeting will be on the Danube in 2009.

Agenda Item 3. J.— PennPORTS

No report.

Agenda Item 4. Other items.

The chairman asked for a motion of the committee to approve the discussion on Agenda Items 3.B., 3.C., 3.D and 3.E. for ratification by a majority of the Board.

Motion to approve the discussion on Agenda Items 3.B. (Budget Revision), 3.C. (Commendation of James Smith), 3.D. (Election of Officers), and 3.E. (Acceptance of Meeting Calendar) and to present that discussion in electronic or fax form to the Board for ratification by majority vote.

Upon motion by Commissioner Brown (Commissioner) Preston, it was the unanimous decision of the committee to proceed with voting as described above.

With no further business coming before the committee, the meeting adjourned at 10:15 AM.

Respectfully submitted,

Gloria A. Ralston, Assistant Secretary  
Port of Pittsburgh Commission