1. Approval of the Minutes of the Regular and Special Meetings of November 17, 2016

2. Financial Report

3. Resolutions

I. Pension Committee Review

A. Termination of Southern Sun Asset Management as Investment Manager and Appointment of The Vanguard Group as Investment Manager

II. Administration Committee Review

A. Purchase from American International Group (AIG) and C. V. Starr & Co., Inc. of Directors and Officers Liability Insurance

B. Purchase from American International Group (AIG) and XL/Catlin of Cyber Liability Insurance

C. Award of Consultant Services Contract Pursuant to a Request for Proposals

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A. Items for Consideration

1. Finding of Special Opportunity Approving Use of a Request for Proposals for Lease of the Perkasie Railroad Passenger Station in the Borough of Perkasie, Bucks County

2. Memorandum of Agreement By and Between SEPTA and SMART/United Transportation Union, Local 1594
Agenda
December 15, 2016

B. Various Procurements
C. Sole Source Procurement
D. Change Orders

4. Report of General Manager
RESOLUTION

re

TERMINATION OF SOUTHERN SUN ASSET MANAGEMENT AS INVESTMENT MANAGER AND APPOINTMENT OF THE VANGUARD GROUP AS INVESTMENT MANAGER

WHEREAS, on February 24, 2011 the Pension Committee of the Board revised the Statement of Investment Policy and Objectives and Operating Guidelines ("Policy Statement") which governs the investment of the funds of the pension plans of SEPTA; and

WHEREAS, the Policy Statement provides investment guidelines and investment return expectations for all investment managers; and

WHEREAS, the Policy Statement contains monitoring procedures for the Pension Committee to utilize in its review of the performance of each investment manager; and

WHEREAS, at the Pension Committee Meeting that was held on February 25, 2016, PFM Advisors, SEPTA's Pension Plan Consultant, reviewed the performance of Southern Sun Asset Management ("Southern Sun") with the Pension Committee, and the Pension Committee voted to place Southern Sun on the Watch List
pursuant to criteria outlined in the plan's Policy Statement; and

WHEREAS, at a meeting that was held on October 25, 2016, representatives of Southern Sun were interviewed by the SEPTA staff and PFM Advisors and answered questions related to the performance of the fund and other relevant events; and

WHEREAS, at the November 17, 2016 Pension Committee Meeting, PFM Advisors updated the Pension Committee on Southern Sun's investment performance relative to its peer group and benchmark index; and

WHEREAS, based upon the aforementioned interview and the updated performance measures and discussion, PFM Advisors recommended and the Pension Committee agreed to terminate the investment management contract with Southern Sun for its small cap fund; and

WHEREAS, at that same Pension Committee Meeting, PFM Advisors presented to the Pension Committee performance data and investment manager information for several small cap index funds as a replacement for Southern Sun; and

WHEREAS, as a result of such presentation and after discussion of the merits of each index fund, PFM Advisors recommended and the Pension Committee agreed to appoint The
Vanguard Group and its S&P 600 Small Cap Index Fund as investment manager with respect to the investment of SEPTA's pension funds, with initial funding to be determined by the Pension Committee.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of SEPTA's investment management contract with Southern Sun Asset Management for its small cap fund, and designates and appoints The Vanguard Group and its S&P 600 Index Fund as a Manager of SEPTA's investments.

FURTHER RESOLVED, that the Board hereby authorizes the proper officers of SEPTA (i) to execute and deliver all documents that will enable SEPTA to terminate its investment contract with Southern Sun Asset Management and enter into an investment management agreement with The Vanguard Group for its S&P 600 Index Fund; (ii) take such action necessary to transfer the assets currently being managed by Southern Sun Asset Management to fund the Vanguard S&P 600 investment as approved by the Pension Committee; and (iii) to do any and all other things that may be necessary in order to effectuate this Resolution.
RESOLUTION

re

PURCHASE FROM
AMERICAN INTERNATIONAL GROUP (AIG) AND C. V. STARR & CO., INC.
OF DIRECTORS AND OFFICERS LIABILITY INSURANCE

WHEREAS, SEPTA's current directors and officers ("D&O") liability insurance policies with American International Group (AIG) and C. V. Starr & Co., Inc. ("Starr") will expire on December 31, 2016, with expiring annual premiums of $186,370 and $72,500, respectively; and

WHEREAS, one of the insurance policies is a primary layer of $10 million which covers director and officers and the entity, SEPTA, with SEPTA entity coverage subject to $5 million sublimit; and

WHEREAS, the other insurance policy is an excess layer of $10 million which covers directors and officers; and

WHEREAS, the reason for the dual layer insurance program is to insure that the cover afforded to directors, officers and Board members remains undiluted by any claims brought against them individually and against SEPTA; and
WHEREAS, both layers provide coverage for wrongful acts, errors and omissions that could result from any matter claimed against directors, officers and Board members solely due to their status or due to their official acts; and

WHEREAS, last year SEPTA also placed the primary layer of its Cyber Liability Insurance coverage in the amount of $5 million with AIG; and

WHEREAS, during the September 2016 meeting of the Risk Management Advisory Committee ("RMAC") it was discussed to pursue a flat rate premium with the current D&O carriers, and if the incumbent carriers were to pursue rate increases, Aon would market the program extensively; and

WHEREAS, AIG and Starr quoted coverages with the same terms and conditions as the expiring program, with AIG offering a flat rate premium of $186,370 for the primary D&O layer provided that the primary layer of Cyber Liability coverage is once again purchased from AIG, and Starr offering a quote of $70,000 (reduced by $2,500 from last year) for the excess D&O layer; and

WHEREAS, staff, with the concurrence of the RMAC, requested that the General Manager recommend that the Board authorize SEPTA to purchase D&O liability insurance (i) from AIG a primary
layer of $10 million with a self-insured retention of $200,000 except for employment practices liability (which will have a $500,000 self-insured retention); and (ii) from Starr an excess layer of $10 million, under the terms and conditions as set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to purchase (i) from American International Group (AIG) a primary layer of directors and officers liability insurance in the amount of $10 million; and (ii) from C. V. Starr & Co., Inc. an excess layer of directors and officers liability insurance in the amount of $10 million, for one-year terms effective December 31, 2016, both of which will be under the terms and conditions set forth within the pertinent staff summary.

FURTHER RESOLVED, that the total annual prepaid premiums for the policies with American International Group (AIG) and C. V. Starr & Co., Inc. will not exceed $186,370 and $70,000,
respectively, along with a $600 policy fee, for a total combined annual premium of $256,970.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee and other proper officers of SEPTA to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be necessary and proper in order to effectuate the purpose of this Resolution.
RESOLUTION

re

PURCHASE FROM AMERICAN INTERNATIONAL GROUP (AIG) AND XL/CATLIN
OF CYBER LIABILITY INSURANCE

WHEREAS, in today's hi-tech corporate environment, companies are constantly faced with the threat of "Cyber Liability" when conducting business online and receive, disseminate and/or store personal information on their computer database systems; and

WHEREAS, in the event personal information is publicly disclosed by either unlawful act or mistake, the company could face legal exposure for breaching individual privacy rights, infringing upon or misappropriating intellectual property or violating other laws; and

WHEREAS, while SEPTA currently maintains data protection and security protocols in order to protect against cyber-attacks and other unlawful access to personal information, occasionally it has been found that even the most stringent of IT protocols can sometimes be compromised and are insufficient to protect a company against such intrusions; and
WHEREAS, the purchase of Cyber Liability Insurance provides SEPTA with an additional level of protection in the event SEPTA's existing protocols are somehow breached and personal information disclosed; and

WHEREAS, SEPTA's expiring Cyber Liability Program was underwritten in two layers, the first with American International Group (AIG) providing $5 million of primary coverage with a $100,000 per occurrence self-insured retention (SIR) at an annual premium of $86,973, and the second layer with XL/Catlin providing $5 million in excess coverage at an annual premium of $60,880, with both policies being for one-year terms effective December 31, 2015, for a combined annual premium (including a $600 policy fee) of $148,453; and

WHEREAS, in addition thereto, the expiring primary and excess programs incorporate Payment Card Industry Data Security Standards (PCI-DSS) coverage in the amount of $500,000; and

WHEREAS, during the September 2016 Risk Management Advisory Committee (RMAC) meeting, it was discussed that Aon pursue the incumbent carriers due to the extensive marketing that occurred last year during the inception of this program, which was aimed toward seeking flat premiums and broadening coverage, while mitigating any growing risk of cyber liability; and
WHEREAS, the total annual premium for the primary and excess coverages quoted by AIG and XL/Catlin is the same as the expiring policies ($148,453) and provides for $10 million in coverage less the SIR of $100,000, with both policies providing for defense and indemnity coverage for any legal liability claims alleging SEPTA's failure to safeguard its computer networks and/or personal identifiable information; and

WHEREAS, both the primary and excess layers are eliminating the $500,000 PIC-DSS sublimit and are replacing it with the full program limit of $10 million; and

WHEREAS, said policies will also provide Breach Response Expense coverage for costs incurred to respond and handle a breach of personal identifiable information claim, including the forensics investigation, legal costs, notification costs and offering of credit monitoring services, as well as regulatory coverage if the claim is brought on by either the Federal Trade Commission (FTC) or state agency; and

WHEREAS, the RMAC and Office of General Counsel requested that the General Manager recommend that the Board authorize SEPTA to bind the primary layer of Cyber Liability Insurance in the amount of $5 million with AIG, and the $5 million excess layer of coverage with XL/Catlin, under such terms and
conditions as set forth above and more fully described in the pertinent staff summary, at a combined total annual program cost (including a $600 policy fee) not to exceed $148,453; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to renew and place Cyber Liability Insurance with (i) American International Group (AIG) for $5 million in primary coverage with a $100,000 per occurrence self-insured retention, at an annual premium not to exceed $86,973; and (ii) XL/Catlin for $5 million in coverage in excess of $5 million, at an annual premium not to exceed $60,880, with both policies being for one-year terms commencing December 31, 2016.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee and other appropriate officers to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be necessary and proper in order to effectuate the purpose of this Resolution.
RESOLUTION

re

AWARD OF A CONSULTANT SERVICES CONTRACT PURSUANT TO A REQUEST FOR PROPOSALS

WHEREAS, SEPTA, which has need for the consulting services as described below, has advertised and solicited proposals from firms wishing to propose; and

WHEREAS, SEPTA staff has requested that the General Manager recommend that the Board authorize the award of a contract to the firm listed below because said firm was the successful proposer in the areas for which the request for proposals was issued; and

WHEREAS, the General Manager recommended that that the Board authorize the award of the contract.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorize SEPTA to award subject to the following conditions and the General Manager to execute the following conditions and the General Manager to execute the following contract, in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and contingent
upon and subject to the proposers satisfactorily meeting all requirements of the terms and conditions of the relevant request for proposals, including the provision of any insurance certificates and full compliance with any applicable Disadvantaged Business Enterprise (DBE) requirements.

1. To TJC Strategic Advisors, LLC / Wanner Associates, Inc., for a total contract amount not to exceed $600,000; to Long Nyquist & Associates / Emerald Strategies, for a total contract amount not to exceed $540,000; and to Paul Dlugolecki / S.R. Wojdak & Associates, LP, for a total contract amount not to exceed $420,000, for the provision of State Legislative Consultant Services, to be performed over a period of five years scheduled to commence in January 2017, as described in the staff summary on this subject, Request for Proposals No. 16-00173-JVL - State Legislative Consultant Services.
RESOLUTION

re

AUTHORIZATION TO EXECUTE CONSULTANT AMENDMENT

WHEREAS, additional work is required to complete the project identified below; and

WHEREAS, staff reviewed the additional work and the General Manager recommended that the Board authorize SEPTA to enter into the amendment for the additional work.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and the General Manager or his designee to execute the consultant amendment identified below in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and to any applicable Disadvantaged Business Enterprise requirements:

1. To AECOM, for Amendment No. 8, which provides for additional Phase A2 design-related work for the Elwyn to Wawa Restoration of Service Project, at an increase in cost not to exceed $1,598,495.47 bringing the total contract price,
including all amendments to date, to an amount not to exceed $15,364,035.47.
RESOLUTION

re

FINDING OF SPECIAL OPPORTUNITY APPROVING USE OF A REQUEST FOR PROPOSALS FOR LEASE OF THE PERKASIE RAILROAD PASSENGER STATION IN THE BOROUGH OF PERKASIE, BUCKS COUNTY

WHEREAS, pursuant to Section 1741(a)(24) of SEPTA enabling act, the Public Transportation Law, the Authority may determine a finding of special opportunity ("FOSO") with respect to prospective real estate related matters; and

WHEREAS, FOSO’s are exempt from the competitive bidding process in favor of solicitation via a Request for Proposals, which allows for the negotiation of terms and conditions of the transaction; and

WHEREAS, SEPTA’s Perkasie Station ("Station") was built in 1892 by the Reading Railroad on the Bethlehem Branch and is located at 50 South 7th Street in the Borough of Perkasie ("Borough"), Bucks County, and has been inactive for revenue service since 1984; and

WHEREAS, the Station building is comprised of approximately 1,377 usable square feet and a total site of approximately 18,000 square feet, which includes 15 parking spaces; and
WHEREAS, SEPTA has leased the Station to Roger Styles (d/b/a Imblues Company) since 1981 as part of SEPTA's Lease and Maintain Program, and is presently in holdover status, and Mr. Styles has agreed to vacate the Station by June 30, 2017; and

WHEREAS, in 2011 the Borough performed an engineering audit of the Station building and determined it would require approximately $150,000 in work to return it to a viable commercial retail facility, which is currently under review by the EM&C Division; and

WHEREAS, it is essential for SEPTA to take a qualitative approach to the selection of a new tenant for the Station that evaluates the experience, financial ability and proposed usage as is compatible with the direction of the Borough's ongoing town renewal; and

WHEREAS, SEPTA desires to pursue a Request for Proposals for the lease of the Station which will be prepared and issued in July 2017; and

WHEREAS, the Request for Proposals will specify a scope of effort requiring those responding to perform minimum site-specific repairs and improvements and to indemnify SEPTA, and proposers will also be required to reflect the extent and
schedule of proposed additional repairs and ongoing maintenance, a proposed security program and respective minimum rental; and

WHEREAS, the Request for Proposals will also reflect a minimum lease term and may allow single or multi-year option period(s) to satisfy lending requirements which may be necessary for tenant funding of repairs and improvements, with rent relief being awarded for pre-approved tenants improvements to the structures in accordance with SEPTA's current policy, when appropriate; and

WHEREAS, evaluation of proposals will be performed by committee on a prioritized, weighted basis in conformance with SEPTA's Procurement Manual procedures; and

WHEREAS, solicitation and negotiations of competent lease proposals will best serve SEPTA's mission as a public transportation provider and will present a desirable fiscally and operationally sound alternative to the bid process; and

WHEREAS, staff requested that the General Manager recommend that the Board approve a FOSO based upon the information presented in the pertinent staff summary, to enable the issuance of a Request for Proposals for lease of the Station; and

WHEREAS, the General Manager made the recommendation to the Board.
NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a Finding of Special Opportunity pursuant to Section 1741(a)(24) of the Public Transportation Law, and thereby authorizes SEPTA to issue a Request for Proposals for the lease of the Perkasie Railroad Passenger Station as set forth above and more fully described within the pertinent staff summary.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be deemed necessary and proper in order to effectuate the purpose of this Resolution.
RESOLUTION

re

MEMORANDUM OF AGREEMENT BY AND BETWEEN SEPTA AND SMART/UNITED TRANSPORTATION UNION, LOCAL 1594

WHEREAS, negotiations between representatives of SEPTA and SMART/United Transportation Union, Local 1594 ("Union") have resulted in a proposed Memorandum of Agreement which governs the terms and conditions of employment of the bargaining unit employees whom the Union represents; and

WHEREAS, SEPTA staff has communicated to the Board the terms of the proposed Memorandum of Agreement and the terms are summarized within the pertinent staff summary; and

WHEREAS, the appropriate members of the Union have ratified the Memorandum of Agreement; and

WHEREAS, the General Manager recommended that the Board approve and ratify the proposed Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves and ratifies the proposed Memorandum of Agreement by and between SEPTA and SMART/United Transportation Union, Local 1594, which governs the terms and conditions of employment of
the bargaining unit employees whom the Union represents.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee and other proper officers of SEPTA to take all necessary and proper action including, but not limited to, amending agreements with the providers of medical, prescription and dental benefits and life insurance, in order to implement the terms and conditions of the Memorandum of Agreement and to do all other acts necessary and proper to effectuate this Resolution.
RESOLUTION
Re

AUTHORIZATION TO AWARD CONTRACTS FOR VARIOUS PROCUREMENTS

WHEREAS, SEPTA advertised and invited bids for the supplies identified below; and

WHEREAS, the firms listed below were the lowest responsive and responsible bidders to the invitation for bids; and

WHEREAS, staff requested that the General Manager recommend that the Board authorize SEPTA to award the contracts identified below; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and for the General Manager or his designee to execute the contracts identified below in form approved by the Office of General Counsel, subject to and contingent upon the concurrence of the funding agencies, if required, and contingent upon and subject to the vendors satisfactorily meeting all requirements of the bid terms and
specifications, including full compliance with any applicable Disadvantaged Business Enterprise requirements:

1. To Stouch Lighting, Inc., for the purchase of LED lighting tubes for lighting improvements to be installed at Broad Street Subway (BSS) and Market-Frankford Subway Elevated (MFSE) stations throughout the Authority, with delivery of material within four weeks of issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed $569,688.04, Sealed Bid No. 16-00227-ATAZ - LED Lighting Tubes.

2. To George Young Company, for the rigging, installation and receipt of DC/AC inverters furnished by SEPTA into designated locations on the Broad Street Subway (BSS) and Market-Frankford Subway Elevated (MFSE) Lines, with services to be performed over a period of 550 calendar days after issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed $267,850, Sealed Bid No. 16-00226-AJEB - Rigging/Transportation of DC/AC Inverters.

3. To Pennsylvania Northeastern Railroad, LLC, for the removal and disposal of all steel rail and other track materials
from SEPTA's railroad right-of-ways on the Bethlehem and Fox Chase/Newtown Branches, with services to be performed over a period of six months scheduled to commence in December 2016, as described in the staff summary on this subject, for a total contract amount not to exceed $282,275.
RESOLUTION

re

AWARD OF A CONTRACT FOR SOLE SOURCE PROCUREMENT

WHEREAS, SEPTA has need for the supplies and services described below and those supplies and services are available only from the firm listed below; and

WHEREAS, staff reviewed the cost of the supplies and services and the General Manager recommended that the Board authorize SEPTA to award the contract.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and the General Manager or his designee to execute the contract identified below, in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and contingent upon and subject to each vendor/contractor satisfactorily providing any required bonds, insurance certificates and/or other documents, and complying with any applicable Disadvantaged Business Enterprise requirements:
1. To Northrop Grumman Systems Corporation, for the provision of maintenance and software support services for the Command Point Computer Aided Dispatch (CAD) System, with services to be performed over a period of five years (with renewal exercised annually contingent upon approval of funding) effective retroactively from August 22, 2016 through August 21, 2021, as described in the staff summary on this subject, for a total contract amount not to exceed $618,208.
RESOLUTION

Re

AUTHORIZATION TO EXECUTE CHANGE ORDERS

WHEREAS, additional work is required to complete the projects identified below; and

WHEREAS, staff reviewed the cost of the additional work and the General Manager recommended that the Board authorize SEPTA to order the additional work.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and the General Manager or his designee to execute the change orders/amendments identified below in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and to any applicable Disadvantaged Business Enterprise requirements:

1. To Carr & Duff, Inc., for Change Order No. 1, which provides for additional construction-related work on the Doylestown Substation Emergency Transformer Replacement Project, at an increase in cost not to exceed $172,537, bringing the
total contract price, including this change order, to an amount not to exceed $1,611,299.

2. To Weissco Power, LLC, for Change Order No. 2, which provides for additional construction-related work on the rebid UPS Replacement Project at 1234 Market Street & Jefferson Station Project, at an increase in cost not to exceed $13,795, bringing the total contract price, including all change orders to date, to an amount not to exceed $207,567.73.

3. To ABC Construction Co., Inc., for Change Order No. 1, which provides for additional construction-related work on the 61st & Pine Bus Loop Improvements Project, at an increase in cost not to exceed $227,818, bringing the total contract price, including this change order, to an amount not to exceed $800,038.

4. To Electronic Data Magnetics, Inc., for Change Order No. 2, which provides for a reallocation of funds (totaling $174,900) to increase the quantities of magnetically encoded Transpasses and Trailpasses and decrease the quantity of magnetically encoded Schoolpasses in conjunction with the Key Program, at a net change in cost of zero dollars ($0), with the
5. To Walsh Construction II, LLC, for Change Order No. 3, which provides for additional construction-related work and credits on the Crum Creek Viaduct Replacement Project - Bridge No. 11.87, at a net increase in cost not to exceed $412,441, bringing the total contract price, including all change orders to date, to an amount not to exceed $55,930,038.

6. To Edward J. Meloney, Inc., for Change Order No. 2, which provides for additional mechanical construction-related work on the 69th Street West Terminal Improvements Project, at an increase in cost not to exceed $148,026, bringing the total contract price, including all change order to date, to an amount not to exceed $1,124,402.

7. To Mulhern Electric Company, Inc., for Change Order No. 1, which provides for additional construction-related work on the Frankford Transportation Building Project, at an increase in cost not to exceed $248,860, bringing the total contract price, including this change order, to an amount not to exceed $740,570, provided that with the Board's approval of this change order, the Board authorizes the resetting of prior authorized
cumulative change order amounts to zero dollars ($0) and the establishment of a new cumulative change order threshold of 10% or $500,000, whichever is first reached, pursuant to the Resolution adopted by the Board on May 22, 2008, which Resolution authorized a "Delegation of Authority for Change Orders, Amendments and Agreements".