

10650. RESOLUTION 13-15 – AUTHORIZATION OF THE PURCHASE AGREEMENT FOR THE SALE OF THE M/V CAPE MAY

WHEREAS, The Delaware River and Bay Authority (the “Authority”) is a bi-state agency created by Compact for the purpose of developing the areas in Delaware and New Jersey bordering the Delaware River and Bay for transportation, port and terminal purposes; and

WHEREAS, the Authority is the operator of the Cape May-Lewes Ferry and owner of the M/V Cape May; and

WHEREAS, the Budget and Finance Committee, at a meeting on July 2, 2007, following the recommendation of the then Acting CFO, authorized the declaration of the M/V Cape May as surplus property in accordance with the Authority’s Real Property and Tangible Assets Disposition Policy (the “Policy”); and

WHEREAS, Resolution 10-36 recognized the unique nature and value of the property involved and the limited number of parties interested in the purchase of the M/V Cape May, and waived the requirement to effectuate the sale of the M/V Cape May by use of a nationally recognized, professional licensed and operated auction; and

WHEREAS, the Authority has continually sought to market and pursue the sale of the vessel unsuccessfully since such declaration; and

WHEREAS, the Authority continues to incur expenses related to storing the M/V Cape May; and

WHEREAS, the Authority has received and discussed credible indications of interest regarding the potential acquisition of the vessel and has discussed a range of value which the Authority deems as appropriate for any such sale, in view of current market conditions; and

WHEREAS, the Budget and Finance Committee in light of the exigent circumstances associated with the historical effort to sell the vessel, the ongoing costs to maintain such, the deteriorating condition and value of the M/V Cape May recommends the sale of the vessel.

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby authorizes the sale of the M/V Cape May and the Chairman, Vice Chairman and Executive Director are hereby authorized, with the advice of counsel, to finalize the terms and conditions of the sale and purchase agreement (“Purchase Agreement”), based on price and such other terms as are deemed to be in the best interest of the Authority, and to execute and deliver such Purchase Agreement and any other letters, bills of sale or other documents which the Chairman, Vice Chairman and Executive Director shall deem necessary and/or appropriate in connection with finalizing the sale of the M/V Cape May.

A motion to approve Resolution 13-15 was made by Commissioner Lowe, seconded by Commissioner Smith, and approved by a roll call vote of 9-0.

Resolution 13-15 Executive Summary Sheet

Resolution: Authorization of the Purchase Agreement for the sale of the M/V Cape May

Committee: Budget & Finance

Committee Date: March 19, 2013

Board Date: March 19, 2013

Purpose of Resolution:

Formally authorizes sale of the M/V Cape May.

Background for Resolution:

The Authority constructed the M/V Cape May in 1985. A 2007 review and analysis of operating losses of the Cape May Lewes Ferry resulted in a recommendation to reduce the fleet. In July 2007, M/V Cape May was declared no longer necessary to Ferry Operations and the Authority attempted to dispose of the asset in accordance with the Authority's Real Property and Tangible Assets Disposition Policy. After the Authority was not successful in disposing of the M/V Cape May in this manner, Resolution 10-36 recognized the unique nature of the asset and authorized the direct sale of the M/V Cape May based upon its then-appraised value. A broker was retained to help effectuate this sale. During 2010 and 2011, there were several interested parties, but no sale materialized. Even though the M/V Cape May has not been used for passenger service since September 2009, dry dock expenses have been incurred to keep the vessel Coast Guard Certified in the hopes of maximizing the sale price. There have been no parties expressing interest in the M/V Cape May since March 2012. The appraised value of the M/V Cape May continues to decline. Sale of the M/V Cape May as approved by the Budget and Finance Committee is necessary to stop continued losses.