

MINUTES OF MEETING
THE DELAWARE RIVER AND BAY AUTHORITY
Tuesday, November 15, 2011
James Julian Boardroom
Delaware Memorial Bridge Plaza
New Castle, Delaware 19720

The meeting convened at 12:34 p.m. with Chairperson Lowe presiding.

The opening prayer was given by Commissioner Dorn, followed by the Pledge of Allegiance led by the Executive Director.

Board Secretary Pankok announced that a notice of the meeting had been distributed to the offices of the Governor of New Jersey and the Governor of Delaware, to appropriate staff members and consultants, to the press in both States and to any other individuals who had indicated an interest in receiving a copy of the meeting notice.

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Commissioners from Delaware

Commissioners from New Jersey

PRESENT

William E. Lowe, Chairperson
Richard W. Downes
Scott A. Green
Samuel E. Lathem
Terry C. Murphy (conferenced)
Gary F. Traynor

James N. Hogan, Vice-Chairperson
Edward W. Dorn
Niels S. Favre
Ceil Smith
Douglas Van Sant

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Chairperson Lowe called for the acceptance of the Agenda.

Commissioner Lathem motioned to accept the Agenda, seconded by Commissioner Van Sant, and the motion carried by a voice vote of 11-0.

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10453. APPROVAL OF THE OCTOBER 18, 2011 MINUTES

Commissioner Downes motioned to approve the October 18, 2011 minutes, seconded by Commissioner Van Sant, and unanimously approved by a voice vote of 11-0.

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10454. EXECUTIVE DIRECTOR'S REPORT

The Executive Director noted that, in the spirit of saving time, he will dispense of the reading of his report but that it will be filed with the permanent records of the Authority.

Delaware Memorial Bridge

In October, total traffic decreased 3.8%, non-commercial traffic decreased 4.1%, and commercial traffic decreased 2.3%, compared to October 2010. When compared to the 3-year average, total October traffic increased 1.2%. Year-to-date total traffic decreased 1.8%, non-commercial traffic decreased 2.0%, and commercial traffic increased 0.1%, compared to the previous year. When compared to the 3-year average, year-to-date total traffic decreased 1.9%.

E-ZPass traffic for October represented 65.1% of the total overall traffic as compared to 62.7% for the previous year. Year-to-date total electronic traffic represented 63.4%, an increase of 2.3% from 2010.

The Police Department participated in the Drug Enforcement Agency’s National Drug Take Back Event. This national take-back day provided an opportunity for the public to surrender expired, unwanted, or unused pharmaceuticals and other medications to law enforcement officers for proper disposal. As previously this year, the collection sites were manned by Authority Police at our New Castle County Airport Terminal, Cape May Terminal, and Lewes Terminal. Approximately 278 pounds of were collected.

Cape May Lewes Ferry

In October, vehicle traffic increased 4.9%, passenger traffic increased 7.4%, and fare revenues increased 5.8%, compared to October 2010. Year-to-date vehicle traffic decreased 7.2%, passenger traffic decreased 7.3%, and fare revenues decreased 6.7%, compared to the same period in 2010. Compared to the 3-year average, year-to-date vehicle traffic decreased 3.4%, passenger traffic decreased 1.3%, and fare revenues decreased 2.4%.

In October, CMLF food and beverage revenues increased 10.8% and retail revenues increased 13.7% compared to October 2010. Year-to-date food and beverage revenues decreased 0.2% and retail revenues decreased 5.0% compared to the same period in 2010. When compared to the 3-year average, year-to-date food and retail revenues decreased 15.6%.

Another very successful New Jersey Wine Growers Association Wine Festival was held at the Cape May Terminal over the weekend of October 08-09. 21 New Jersey wineries participated, as well as other local vendors, offering cheese, crafts, food, pottery, produce and other items. The event was well-organized and very well-attended with approximately 10,000 guests enjoying wine tastings and live music during the two-day festival. The weather was excellent for both days. The Cape May terminal food court, gift shop and Rock Pile Bar & Grill all recorded strong sales, exceeding last year by \$5,500.

Employee Happenings

Permanent Full-time staffing levels at the end October:

Authorized Positions	418
Positions Filled	362
Positions Filled (on LTD)	7
Total Positions that are Vacant	49
Vacant Positions in Process to fill	7

Without objection, the report was ordered filed with the permanent records of the Authority.

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10455. DELAWARE RIVER AND BAY AUTHORITY – TRAFFIC AND REVENUE SUMMARY.

The Chief Financial Officer (CFO) presented a chart showing Actual versus Projected Revenues for the Delaware Memorial Bridge, the Cape May-Lewes Ferry, Airports, Three Forts Ferry Crossing, and Food Services for the month of October.

Without objection, the chart was ordered filed with the permanent records of the Authority.

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10456. DELAWARE RIVER AND BAY AUTHORITY – STATEMENT OF INCOME AND EXPENSE.

The CFO presented charts showing statements of income and expenses for the month of October with comparisons to the same periods last year.

Without objection, the chart was ordered filed with the permanent records of the Authority.

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10457. DELAWARE RIVER AND BAY AUTHORITY – OPERATING EXPENSE BY DIVISION.

The CFO presented a chart for October showing expenses by division for the quarter to date vs. the projected quarter and for year to date vs. total budget.

Without objection, the chart was ordered filed with the permanent records of the Authority.

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10458. DELAWARE RIVER AND BAY AUTHORITY – CAPITAL IMPROVEMENT PROGRAM.

The CFO presented a chart for the month of October showing the capital budget for crossing and economic development projects and dollars committed to date for the projects. The chart also includes cash expenditures spent to date for the committed projects.

Without objection, the chart was ordered filed with the permanent records of the Authority.

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10459. DELAWARE RIVER AND BAY AUTHORITY – CASH POSITION (MARKET VALUE) AS OF OCTOBER, 2011.

The CFO presented a chart indicating the cash fund balances for the entire Authority.

Without objection, the chart was ordered filed with the permanent records of the Authority.

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10460. PUBLIC COMMENT ON ACTION ITEMS.

The Executive Director noted the following action items that were being considered and asked for public comment.

- Contract PA-11-01 Misc. Vessel Improvements- Seat Replacement- CMLF Vessels (Tabled 10/18/2011)
- Contract Close-out DMB-10-02 Repainting West Girder Spans- Second St, DMB
- Resolution 11-46 Authorizes a Contract with Brown Advisory for Professional Investment Mgmt and Financial Advisor Services
- Resolution 11-47 Assignment of Lease and Release of ITT Industries Asset Mgmt., New Castle Airport

There were no public comments.

10461. CONTRACT - MISCELLANEOUS VESSEL IMPROVEMENT- SEAT REPLACEMENT-CMLF VESSELS - CONTRACT #PA-11-01

The COO noted that Contract #PA-11-01 was tabled last month but was moved from the Projects Committee today to be considered by the full Board. The Bid is for replacement of vessel seating for the Cape May and Lewes Ferry's. A public Bid Opening was held on October 5, 2011 in which one (1) bid was submitted. The recommendation by the COO and the Projects Committee is to award only the Base Bid of \$658,328.26 to Beurteaux Pty Ltd of Australia, pending Coast Guard approval.

A motion to reconsider Contract #PA-11-01 that was tabled last month was made by Commissioner Van Sant; seconded by Commissioner Favre and approved by a vote of 11-0.

A motion to award Contract #PA-11-01 to the aforementioned firm in the amount of \$658,328.26 for the Base Bid only was made by Commissioner Van Sant, seconded by Commissioner Favre. With Commissioner Hogan voting no, the motion carried with a roll call vote of 10 yes and 1 no.

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10462. CONTRACT CLOSE-OUT – REPAINTING WEST GIRDER SPANS – SECOND STRUCTURE, DMB; CONTRACT DMB-10-02

On November 1, 2010 Contract No. DMB-10-02, Repainting West Girder Spans – Second Structure, was awarded to Allied Painting, Inc. of Cherry Hill, New Jersey for the bid price of \$1,901,800.00.

During the contract period Change Order No. 1 was approved for the project.
Subtract: \$1,558.00.

It is recommended that the Authority accept the project and make final payment to the contractor. The total price for this project is \$1,900,242.00.

A motion to close out Contract #DMB-10-02 was made by Commissioner Downes, seconded by Commissioner Van Sant, and approved by a voice vote of 11-0.

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10463. CHAIRPERSON’S CALL FOR RESOLUTIONS BEFORE THE BOARD

RESOLUTION 11-46 – AUTHORIZES A CONTRACT BETWEEN THE AUTHORITY AND BROWN ADVISORY TO PROVIDE PROFESSIONAL INVESTMENT MANAGEMENT AND FINANCIAL ADVISOR SERVICES

WHEREAS, The Delaware River and Bay Authority (the “Authority”) is a bi-state Authority of the State of Delaware and the State of New Jersey created by Compact that owns, operates and controls the Delaware Memorial Bridge, Cape May-Lewes Ferry and five (5) regional airports; and

WHEREAS, the Authority desires to procure professional investment management and financial advisor services (“Services”) with an initial term of three (3) years with one (1) optional one-year renewal, such renewal to be authorized by the originating committee with the consent of the Chairperson and Vice Chairperson of the Board of Commissioners; and

WHEREAS, the Authority publicly advertised and issued a Request for Proposal (“RFP”) for the required Services in compliance with Resolution 98-31, as amended by Resolution 09-52, which governs the procedure for the procurement of professional services; and

WHEREAS, the Authority received and evaluated two (2) proposals pursuant to the aforementioned requirements; and

WHEREAS, the Authority short-listed both firms and conducted oral interviews; and

WHEREAS, Brown Advisory (“Brown”) was designated first on the preference list; and

WHEREAS, the Authority negotiated for services at compensation determined to be fair and reasonable with Brown, and in making such determination, conducted an analysis of the cost of the services in addition to considering the scope and complexity; and

WHEREAS, the estimated budget for such services is five hundred thousand dollars (\$500,000) annually with a not to exceed limit of one million five hundred thousand dollars (\$1,500,000) for the initial three (3) year period and a not to exceed limit of five hundred thousand dollars (\$500,000) for the one (1) year optional renewal period; and

WHEREAS, the Budget & Finance Committee reviewed the recommendation and concurs with the evaluation.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of a Services Agreement with Brown to provide such Services for the Authority and to have such Agreement, with the advice and consent of Counsel, executed by the Chairperson, Vice-Chairperson and Executive Director.

A motion to approve Resolution 11-46 was made by Commissioner Favre, seconded by Commissioner Green, and approved by a roll call vote of 11-0.

Resolution 11-46 Executive Summary Sheet

Resolution: Authorizing the Authority to enter into an agreement with Brown Advisory for professional investment management and financial advisor services.

Committee: Budget & Finance

Committee/Board

Date: November 15, 2011

Purpose of Resolution:

To authorize an agreement with Brown Advisory to provide professional investment management and financial advisor professional services.

Background for Resolution:

The proposed Resolution meets the requirements of Resolution 98-31, as amended by Resolution 09-52, to procure and award professional services.

The Authority received and evaluated two (2) written proposals and conducted oral interviews with both of the following firms:

Brown Advisory
The PFM Group

Brown Advisory was the first ranked firm following the oral interviews. The Authority reviewed their rate schedules and negotiated a rate that the Authority determined was fair and reasonable.

The not to exceed limit on this Agreement for the initial three (3) year term is one million five hundred thousand dollars (\$1,500,000). The not to exceed limit for the optional one (1) year renewal is five hundred thousand dollars (\$500,000). Payments to Brown Advisory will be made according to the rate schedules submitted.

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RESOLUTION 11-47 - ASSIGNMENT OF LEASE AND RELEASE OF ITT INDUSTRIES ASSET MANAGEMENT, INC. AT NEW CASTLE AIRPORT

WHEREAS, The Delaware River and Bay Authority (the "Authority") is the operator of the New Castle Airport; and

WHEREAS, ITT Industries Asset Management, Inc., a subsidiary of ITT Corporation (formerly known as ITT Industries, Inc.) ("ITT") entered into a Lease dated March 6, 2003 (the "Lease") for space at New Castle Airport; and

WHEREAS, ITT assigned the Lease to Exelis Inc. ("Exelis") pursuant to a Master Assignment and Assumption of Lease dated as of October 25, 2011; and

WHEREAS, the Authority determined that the assignment Landlord satisfied the purposes of the Delaware-New Jersey Compact, 17 Del. C. § 1701 *et. seq.*, and enhanced the sound economic development of the State of Delaware and consented to the assignment on October 28, 2011; and

WHEREAS, Exelis has expressly agreed to assume all obligations and liabilities of ITT under the Lease from and after the date of the assignment and ITT desires to be released from any further liability under the Lease; and

WHEREAS, the Authority has determined that Exelis has comparable financial resources to ITT and desires to enter into an agreement releasing ITT from any liability arising from the Lease after the date assignment to Exelis.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of a release agreement and, with the advice and consent of counsel, to have such agreement executed by the Chairperson, Vice Chairperson and the Executive Director.

A motion to approve Resolution 11-47 was made by Commissioner Green, seconded by Commissioner Smith, and approved by a roll call vote of 11-0.

Resolution 11-47 Executive Summary

Resolution: Authorizing the Assignment of Lease and Release of ITT Industries Asset Management, Inc at New Castle Airport.

Committee: Economic Development

Committee Date: November 15, 2011

Board Date: November 15, 2011

Purpose of Resolution: To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a Lease Assignment and Release for ITT Industries Asset Management, Inc. at the New Castle Airport.

Background for Resolution: ITT Industries Asset Management, Inc. currently leases 25% of a hangar facility at the New Castle Airport. The lease is not due to expire until February 28, 2013.

The company has recently gone through a corporate restructuring. ITT has assigned the lease to Exelis, Inc. pursuant to a Master Assignment and Assumption of Lease dated October 25, 2011. The Authority has been asked by ITT to consent to the assignment and to release ITT from further obligations as required by our standard lease agreement. Staff and counsel have reviewed the request and see no areas of concern.

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10452. COMMISSIONERS PUBLIC FORUM

Chairperson Lowe called for comments from the public and the Commissioners.

Mr. Doug Smithson, CEO, Big Sky, and member of Wells Fargo Advisors, spoke. He gave an overview of his involvement leasing properties at Millville Airport. He stated that, in 2010, he was negotiating for additional space at the airport when the Commissioners, after an RFP process, awarded him the lease. Mr. Smithson said he received the Lease Agreement early this year; however, there were discrepancies in it that haven't been corrected.

Chairperson Lowe thanked Mr. Smithson for his comments and that he will look into the matter and get in touch with him.

There were no other comments.

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There being no further business, a motion to adjourn was made by Commissioner Downes, seconded by Commissioner Murphy, and unanimously carried.

The meeting was adjourned 12:45 p.m.

Respectfully submitted,

THE DELAWARE RIVER AND BAY AUTHORITY

Thomas A. Pankok
Secretary