

**DELAWARE RIVER AND BAY AUTHORITY**  
**BUDGET & FINANCE COMMITTEE MEETING**  
**Tuesday, July 19, 2016**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was held on Tuesday, July 19, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

**PRESENT**

Committee Chair Downes  
Commissioner Carey  
Commissioner Lathem

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green  
Frank Minor  
Victor Ferzetti  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Michelle Hammel  
TJ Murray  
Joe Larotonda  
Jim Salmon

Commissioners from New Jersey

Committee Vice-Chair Wilson  
Commissioner Smith, Committee Member  
Commissioner Dorn

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Invited Guests

Jim Dugan, Brown Advisory  
Nicholas Taylor, Brown Advisory, London Office

Prior to the start of the Budget & Finance Committee meeting, Authority Chair Lowe congratulated Commissioner Downes on his re-appointment by Delaware Governor Markell to serve as Commissioner for another five (5) year term.

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:06 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Budget & Finance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Downes called for a motion to accept the Budget & Finance Committee Minutes from June 21, 2016. Commissioner Wilson made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Investments: Brexit

The Chief Financial Officer (CFO) introduced Mr. Jim Dugan and Mr. Nicholas Taylor from Brown Advisory. Mr. Taylor participated via phone from Brown Advisory's London office. The CFO requested Brown Advisory provide an update related to the recent referendum, held in the UK on June 23<sup>rd</sup>. The outcome of the referendum resulted in the decision for the UK to leave the European Union and known as "Brexit." Mr. Taylor and Mr. Dugan presented both the political and economic implications of the referendum. It was noted that the overall, impact to the Authority Operations and Finances should be negligible. The CFO reminded the Committee of the importance of maintaining diversification in Authority portfolios as diversification and is a goal for the Pension and OPEB Plans. Brown Advisory will continue to monitor for any potential future impact. The Committee thanked Brown Advisory for their presentation and there were no questions.

4. Resolutions:

- RESOLUTION 16-25 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

The Chief Financial Officer (CFO) reviewed the Over \$25,000 List. After discussion, Commissioner Smith made a motion, Commissioner Wilson seconded, and the Committee recommended forwarding Resolution 16-25 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the July meeting later today.

5. Miscellaneous:

- Mid-Year Financial Review

The CFO and Director of Finance (DOF) presented and discussed the 2016 Mid-Year review of Traffic, Revenue, and Expenditures ending June 30, 2016. The following information was presented.

- ) Traffic Comparison – 2016 Actual vs 2015 Actual
- ) Revenue Comparison – 2016 Adopted vs 2016 Actual
- ) Revenue Comparison – Actual 2015 vs Actual 2016
- ) Adopted Revenues vs Projected Year End Revenues
- ) Expenditure Comparison by Division
- ) Expenditure Comparison by Category

Authority Chair Lowe questioned the impact of the loss of service of M/V Delaware. The DOF reported that the analysis was completed as of June 30, 2016, and the Ferry totals do not reflect any reduction in Ferry services. The CFO noted that the gains in the first half of the year have been eroded by the loss of service; however, the fact that the numbers are basically flat shows there is underlying strength as compared to the last ten (10) years. The CFO added that expenses are controlled and revenue at the Delaware Memorial Bridge has been stronger. The 3.68% increase in Bridge traffic and 3.63% increase in CMLF traffic (as of June 30<sup>th</sup>) are positive indicators.

6. With no further business to discuss, Commissioner Wilson made a motion to adjourn and the Budget & Finance Committee adjourned at 9:42 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**ECONOMIC DEVELOPMENT COMMITTEE MEETING**

**Tuesday, July 19, 2016**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee was held on Tuesday, July 19, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

**PRESENT**

Commissioner Carey, Committee Member  
Commissioner Downes, Committee Member  
Commissioner Lathem

Commissioners from New Jersey

Commissioner Smith, Committee Member  
Commissioner Dorn  
Commissioner Wilson

Chairperson Lowe

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton – DE

Phil Norcross - NJ

Governors' Representatives

Scott Perkins - DE

Michael Collins – NJ

Staff

Scott Green  
Frank Minor  
Victor Ferzetti  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Michelle Hammel  
Travis Crawford  
TJ Murray  
Jim Salmon

1. In the absence of the Committee Chair and Vice-Chair, Commissioner Smith served as Acting Committee Chair and welcomed the Economic Development Committee and opened the meeting at approximately 9:42 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Economic Development Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Acting Committee Chair Smith called for a motion to accept the Economic Development Committee Minutes from May 17, 2016. The Economic Development Committee had no action or discussion items for June and did not meet. Commissioner Downes made a motion, Commissioner Carey seconded, and the Committee Minutes were accepted.

3. Action Items:

- RESOLUTION 16-26 – LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND HOUSE OF PRINT, LLC

The DED reviewed the terms of the Lease Termination Agreement at the Cape May Airport, noting that House of Print has closed their business due to medical conditions. The Agreement stipulates that all outstanding balances for rental payments be paid in full. After discussion, Commissioner Downes made a motion, Commissioner Carey seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the July meeting later today.

- RESOLUTION 16-27 – AUTHORIZES A LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND VICTORIA'S BOOKSTORE & CAFÉ, INC./EARLE MCCARTNEY, LLC AT THE CAPE MAY AIRPORT

The DED reviewed the terms of the Lease Agreement, noting the Agreement was originally approved under Resolution 16-03 as Victoria Clayton, Inc.; however, the parties requested to change the Lessee structure to reflect Victoria's Bookstore Inc./Earle McCartney, LLC. After discussion, Commissioner Downes made a motion, Commissioner Carey seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the July meeting later today.

4. Discussion:

Resdel Update:

The Chief Financial Officer (CFO) reported that he, staff and representatives from Cape May County have been in discussions with Resdel. Resdel is a long-time tenant with a hold-over Cape May County ground lease located at the Cape May Airport since the 1950's. This tenant has been paying an annual ground lease of \$350. The Authority would like to re-locate this business to the back of the industrial park in order to open the area to new business. The estimated cost to relocate Resdel would be approximately \$170,000 for site prep, utilities and buy out of the remaining lease. The County is interested in retaining this business since it employs 13-15 people. The CFO reported that the following breakdown has been proposed to Resdel and the County: The County would contribute \$75,000 to buy out the remaining lease; the Authority would complete site prep with utilities at a cost of approximately \$60,000; and Resdel would pay as an improvement lease in addition to the fair market value of a new ground lease. The Executive Director reported that the company is operating against a Notice of Termination with an April 1, 2017 deadline. Authority Chair Lowe questioned whether there was any

flexibility with the date and the ED reported that there could be flexibility if an agreement could be reached. Delaware General Counsel added that the CFO has put together a fair and reasonable good faith effort and is a very generous approach. The CFO reported that no action would be necessary at this time, discussions are still on-going and it is hoped that some agreement can be reached and reported back in September.

Skyways Update:

The CFO reported that he has been in discussions over the last two (2) years with the owners of the 7-acre hotel parcel located at ILG. The property is underperforming and the lease is an old hold-over New Castle County lease. The ground lease generates approximately \$70,000 annually. Discussions have included a possible buy-out of the value of the 30-year lease. The Authority would like to acquire and control this parcel for future development to generate more income to the airport. Commissioner Downes questioned what the tenant's master plan included and suggested the burden be placed on the tenant to develop the parcel. The Committee began a lengthy discussion of how to and who should develop the parcel. The Executive Director (ED) clarified that this is a beneficial opportunity for the Authority to acquire property that is immediately contiguous to the terminal for future options. Commissioner Downes questioned what would happen to the current businesses.

5. Acting Committee Chair Smith requested an Executive Session, closed to the public to discuss matters of a confidential nature. Commissioner Carey made a motion, Commissioner Smith seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

) LONG RANGE PLANNING

6. With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Downes, seconded by Commissioner Carey, and the Session was opened to the public.

7. With no further business to discuss, a motion to adjourn was made by Commissioner Carey, and the Economic Development Committee adjourned at 10:30 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**AUDIT & GOVERNANCE COMMITTEE MEETING**

**Tuesday, July 19, 2016**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Audit & Governance Committee was held on Tuesday, July 19, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Carey  
Commissioner Downes, Committee Member  
Commissioner Lathem, Committee Member

Vice-Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green  
Frank Minor  
Victor Ferzetti  
Vince Meconi  
Gerry Owens  
Charlotte Crowell  
Michelle Hammel

Commissioners from New Jersey

Committee Chair Wilson  
Commissioner Smith, Committee Member  
Commissioner Dorn

Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

1. Committee Chair Wilson opened the Audit & Governance Committee meeting at 10:31 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Audit & Governance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Wilson called for a motion to accept the Audit & Governance Committee Minutes from May 17, 2016. Commissioner Smith made a motion, Commissioner Lathem seconded, and the Committee Minutes were accepted.

3. Committee Chair Wilson requested an Executive Session, closed to the public to the public to discuss matters of a confidential nature. A motion was made by Commissioner Smith, seconded by Commissioner Carey, and the Session was closed.

The following matters of a confidential nature were discussed:

) GOVERNANCE AND COMPLIANCE PLANNING

With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Lathem, seconded by Commissioner Smith, and the Session was opened to the public.

With no further business to discuss, Commissioner Lathem made a motion to adjourn, and the Audit & Governance Committee adjourned at 11:07 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**PERSONNEL COMMITTEE MEETING**

**Tuesday, July 19, 2016**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was scheduled on Tuesday, July 19, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Lathem  
Commissioner Carey, Committee Member  
Commissioner Downes

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green  
Frank Minor  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Victor Ferzetti  
Michelle Hammel

Commissioners from New Jersey

Committee Vice-Chair Dorn  
Commissioner Smith, Committee Member  
Commissioner Wilson

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:31 a.m. The Deputy Executive Director reported that the public meeting of the Personnel Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Lathem called for a motion to accept the Personnel Committee Minutes from June 21, 2016. Commissioner Smith made a motion, Commissioner Carey seconded, and the Committee Minutes were accepted.

3. Committee Chair Lathem requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Smith, seconded by Commissioner Dorn, and the Session was closed.

The following matters of a confidential nature were discussed:

- ) LITIGATION/ARBITRATION MATTERS
- ) PERSONNEL MATTERS

With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Smith, seconded by Commissioner Carey, and the Session was opened to the public.

4. Miscellaneous:

VOYA Transition

The CHRO reported that staff is in discussion with VOYA regarding transitioning to the new platform for Defined Contributions Plan. The new platform will be in effect in mid-October. In the meantime, there will be employee communications and meetings will be conducted.

Personnel Manual

Committee Chair Lathem reported that he would like to schedule a future Personnel Committee meeting to discuss the Personnel Manual.

5. With no further business to discuss, Commissioner Dorn made a motion to adjourn and the Personnel Committee adjourned at 10:38 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**PROJECTS COMMITTEE MEETING**

**Tuesday, July 19, 2016**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, July 19, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Commissioner Lathem, Committee Member  
Commissioner Downes  
Commissioner Carey

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Staff

Scott Green  
Frank Minor  
Victor Ferzetti  
Charlotte Crowell  
Gerry Owens  
Jim Salmon  
TJ Murray  
Michelle Hammel  
Steve Williams  
Heath Gehrke  
Alyona Stakhovskaya

Commissioners from New Jersey

Committee Vice-Chair Smith  
Commissioner Wilson, Committee Member  
Commissioner Dorn

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins – NJ

7. Committee Vice-Chair Smith opened the Projects Committee meeting at approximately 10:38 a.m. and reported that the public meeting of the Projects Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations and that there was a quorum.

8. Committee Vice-Chair called for a motion to accept the Projects Committee Minutes from June 21, 2016. Commissioner Wilson made a motion, Commissioner Lathem seconded,

and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda: six (6) bid openings, three (3) contract close-outs, major projects updates and one (1) monthly contractor payment chart (through June).

9. Resolutions: NONE

10. Bid Openings:

) ILG-16-01 EXPAND TERMINAL APRON

A public bid was held on June 22, 2016, in which (3) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$4,401,373.30 to Diamonds Materials from Wilmington, DE.

A motion was made by Commissioner Wilson, seconded by Commissioner Smith and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

) MIV-16-01 TAXIWAYS "B" & "K"

A public bid was held on June 23, 2016, in which (3) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$2,324,620.00 to South State Inc. from Bridgeton, NJ.

A motion was made by Commissioner Smith, seconded by Commissioner Lathem and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

) PA-16-01 SNOW REMOVAL EQUIPMENT WITH ROTARY SNOW BLOWER

A public bid was held on June 24, 2016, in which (4) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$526,400.00 to Kodiak America LLC from Burley, ID.

A motion was made by Commissioner Smith, seconded by Commissioner Wilson and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

) PA-16-02 RUNWAY DE-ICER SYSTEM TRUCK WITH FIFTY FOOT BOOM AND SNOW PLOW

A public bid was held on June 24, 2016, in which (3) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$336,767.00 to Batts Inc. from Advance, IN.

A motion was made by Commissioner Lathem, seconded by Commissioner Smith and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

) 33N-16-01 RUNWAY 9-27 EXTENSION AND ASSOCIATED IMPROVEMENTS – PACKAGE

A public bid was held on June 28, 2016, in which (2) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$3,308,929.15 to George & Lynch, Inc. from Dover, De.

A motion was made by Commissioner Lathem, seconded by Commissioner Smith and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

) SP-15-01 AUTHORITY-WIDE AIRPORT PAVEMENT MARKING

A public bid was held on June 30, 2016, in which (2) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$637,333.77 to Zone Striping Inc. from Glassboro, NJ.

A motion was made by Commissioner Smith, seconded by Commissioner Wilson and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the July meeting later today.

11. Contract Close-Out Actions:

) CONTRACT NO. DMB-10-04 VARIABLE MESSAGE BOARDS REPLACEMENT AND TRAFFIC MANAGEMENT SYSTEM

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$2,771,229.17. The COO recommended close-out of the contract and final payment to J. Fletcher Creamer & Son of Hackensak, NJ. A motion was made by Commissioner Smith, seconded by Commissioner Lathem, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the July meeting later today.

) CONTRACT NO. CMLF-13-02 EIGHT BAY GARAGE BUILDING REPAIRS – CAPE MAY TERMINAL

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$103,306.85. The COO recommended close-out of the contract and final payment to New Age Fastening System, Inc., of Sewell, NJ. A motion was made by Commissioner Smith, seconded by Commissioner Lathem, and the Projects Committee

concurred with the recommendation and authorized the close-out action to be presented to the full board at the July meeting later today.

) CONTRACT NO. MIV-15-01 DRAINAGE IMPROVEMENTS

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$251,213.00. The COO recommended close-out of the contract and final payment to West Bay Construction of Absecon, NJ. A motion was made by Commissioner Smith, seconded by Commissioner Lathem, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the July meeting later today.

12. Payment (through June): The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through June.
13. Miscellaneous Items/Updates:

The COO reported on the following Project Updates:

) MV DELAWARE BREAKDOWN

Last month MV Delaware had shut down unexpectedly at the dock. The problem was diagnosed as a faulty fuel line, which was replaced and the vessel was back in service after a few days. More recently, however, the vessel experienced a major breakdown. After one of the Authority vessel engineers detected an unusual vibration in one of the new engines, the crankshaft was found to have been cracked in 2 places. This is a highly unusual event, one that no one on the Authority staff, in all their combined years of service, has encountered previously. The most likely cause for the cracked shaft is a manufacturing defect. However, the manufacturer has not completed their analysis as of this morning, so that could still change. For the last 3 weeks, the manufacturer has been onsite, basically rebuilding the new engine. As of yesterday, the repairs have been completed, which puts the vessel back to the condition it was in when it was delivered to the Authority.

However, when the vessel originally left dry dock, it had some performance issues, primarily having to do with the throttle response time, which was a delay beyond the norm between when the captain adjusted the vessel's speed and when the engine actually changed speeds. After a few weeks, the Authority made equipment & software adjustments and resolved those issues. Now, the Authority has to make those same adjustments again. The vessel could probably be sailed right now, but we have decided to complete those adjustments before putting it to sea. Hopefully, this time, the adjustments will be a matter of a day or two.

The vessel is under warranty, so the repairs are at no cost to the Authority. In addition, we are withholding the final payment of about 5% of the contract value. The actual cost to the Authority has been in the lost fares during our peak season & the inconvenience to our customers, not to mention the aggravation to everyone on the Ferries staff. The main questions at this point concern is the definitive cause of the problem, the timeline for the return of service to normal, what recourse the Authority has from the manufacturer, and should the Authority use the same manufacturer for purchasing replacement engines for the other 2 vessels? Unfortunately, there are no definite answers to any of these questions at this time. We need to get a final answer as to the cause, get the boat back running and, most importantly, see how it runs over the next 2-3 months, before we can make any decisions. Obviously, 2-3 months of trouble-free sailing will suggest a different path forward than would be the case if we continued to have one problem after another.

Discussion ensued where the commissioners expressed a need to take extra precaution measures while running the vessel at this time, and to explore the possibility of recouping the losses sustained by the Authority in this matter.

14. Open Discussion/Other Issues:

- ) ILG parking lot construction project will begin in August this year and should take until the end of the calendar year to complete, if weather allows.

With no further business to discuss, Commissioner Smith made a motion to adjourn, and the Projects Committee adjourned at 10:55p.m.