

MINUTES OF MEETING
THE DELAWARE RIVER AND BAY AUTHORITY
Tuesday, March 20, 2012
James Julian Boardroom
Delaware Memorial Bridge Plaza
New Castle, Delaware 19720

The meeting convened at 11:00 a.m. with Chairperson Lowe presiding.

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

The Assistant Secretary 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

Terry C. Murphy
Gary F. Traynor

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

ABSENT

Samuel E. Lathem

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Chairperson Lowe called for an amendment to the Agenda to include Resolution 12-09. With a unanimous voice vote of 10-0, Resolution 12-09 was added to the Agenda.

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10501. APPROVAL OF THE FEBRUARY 21, 2012 MINUTES

Commissioner Downes motioned to approve the February 21, 2012 meeting minutes, seconded by Commissioner Green, and unanimously approved by a voice vote of 10-0.

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10502. EXECUTIVE DIRECTOR'S REPORT

The Executive Director presented his final report.

For ten years, I have had the honor and privilege to serve as your third Executive Director. On March 19, 2002, I sat in this room, respectful of my new responsibilities as Resolution 02-27 was passed by the Board. Little did I know the journey we were about to begin. Today, I have the opportunity to reflect upon that journey and share with you some of my thoughts.

I am grateful to so many individuals that have been a part of this journey – to the Governors of both States and their staffs for their support; to the Commissioners, current and past, for their leadership and counsel; and to all of my fellow employees, who have day in and day out shown dedication and professionalism in accomplishing their job for the citizens of both States and the

traveling public. And to Mickie Proud, words cannot express my sincere and heartfelt thanks - you are a true friend.

Almost 50-years have passed since the formation of the organization via the Compact. From our humble beginnings, we have seen many changes over the years. A second span was built, roadways constructed and the original Virginia ferries were replaced with new ferries. Traffic grew at the bridge and ferry. And for several years, the ferry was in the black.

During the decade from 1992 to 2002, the organization added mission and grew rapidly - doubling its workforce and increasing its debt. Revenue generating traffic at the bridge grew by some 3.1 million vehicles. Traffic at the Ferry grew until its peak in 1997 and then began an annual decline. However, at the close of this decade, the organization was challenged to change.

In 2002, we took that challenge head-on. Through increased accountability and transparency, implementation of commonsense solutions, and prudent investments in our existing infrastructure we have transformed the organization and its governance structure for today's new normal.

The organization adopted its first set of By-Laws in 2004, a product spearheaded by the Board that was completed in less than a year. This document detailed many governance matters to include the duties of officers, the Committee structure – membership requirements and committee charters, and a Code of Ethics for Commissioners, officers and employees.

Numerous policies were revamped such as the Travel and Business Reimbursement policy to become IRS compliant, provide approval processes and include audit provisions. New policies were developed such as the Disposition of Real Property and Tangible Assets policy. This policy instituted a formal review and approval procedure for the disposition of real property and tangible assets no longer required for public purposes of the Authority.

The organization launched a re-tooled website in 2003 that was more user friendly, designed to strengthen the accountability and transparency of our professional organization. The site contained more information, data and statistics about the Authority than ever before. We again revamped the site in 2010.

During the fall of 2002, Committee meetings were opened to the public. Since that groundbreaking event, all Committee meetings have been publicly noticed. Additionally, over the years, Board meetings were moved to different locations within each State to increase opportunities for citizens to attend.

In 2004, the Authority moved to format its financial data according to Generally Accepted Accounting Principles or GAAP. This standard is widely recognized amongst all public and private institutions. And in 2004, the organization was issued its first Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, an award it continues to receive annually.

As an organization, we have been mindful of our responsibilities as financial stewards. We receive no financial support from either State, relying primarily upon the revenues derived from bridge tolls and ferry fares. By the end of 2011, we had almost 358,000 less revenue generating traffic at the bridge than at the end of 2002. And at the ferry, by the end of 2011, we had almost 518,000 less total traffic (passengers and vehicles) than at the end of 2002.

Today, we accomplish our mission with 408 permanent, full-time employees or 27% less than we had in 2002. These personnel reductions, accomplished through early retirement incentives and attrition, have cumulatively saved the organization over \$75 million. Healthcare benefits have been changed and employees contribute more for their coverage.

And we have implemented many commonsense solutions to promote efficiencies and save money. From restructuring our operations and centralizing functions such as purchasing to reducing our “take home” fleet by 70% and harnessing technology to increase productivity – these are just a few of the solutions that have been implemented this past decade.

Over the last decade, we have completed over \$170 million of capital projects at the bridge and ferry. Some of these projects included – the Bridge Electrical System Replacement, the Bridge Elevator Replacement, Annual Deck Resurfacing Programs, Annual Repainting Programs, Safety and Security Enhancements on the Bridge, the Norfolk Southern Bridge Replacement and the I-295 Approach Roadway Rehabilitation Programs. At the Ferry, we completed Drydocking and Repairs on all five vessels, Maintenance Dredging Programs at both facilities, as well as improvements to our landside and docking facilities.

And we have leveraged over \$75 million of Federal dollars to complete capital projects at our airport facilities. These projects included the rehabilitation of taxiways and runways, installation of new lighting systems, construction of new buildings, removal of obstructions and the acquisition of land for a future runway. Additionally, we invested Authority monies to complete corporate hangars and partnered with private entities to build new hangar facilities at our airports.

The challenge to change has not been an easy task. But, I am proud of our accomplishments. And I am proud of our dedicated and professional employees. Whether it has been coming into work during a blizzard, rescuing and comforting small children at a school bus accident, finding ways to do more with less or going that extra mile for a customer – our employees are exceptional and the face of the Authority.

My days as your Executive Director are coming to a close; and soon I'll be moving on to the next chapter of my life. Please extend to Scott Green, your next Executive Director, the same warm welcome that I received and give him the support that you so graciously provided to me over the years.

During this journey, I have made many new friendships. There have been good days and bad days. But, I am blessed to have these friendships and memories. I will cherish them for a lifetime and will truly miss my association here. I only wish you the best and the Authority continued success in all of its endeavors.

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

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10503. 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 February.

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

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10504. DELAWARE RIVER AND BAY AUTHORITY – STATEMENT OF INCOME AND EXPENSE.

The CFO presented charts showing statements of income and expenses for the month of February 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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10505. DELAWARE RIVER AND BAY AUTHORITY – OPERATING EXPENSE BY DIVISION.

The CFO presented a chart for February 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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10506. DELAWARE RIVER AND BAY AUTHORITY – CAPITAL IMPROVEMENT PROGRAM.

The CFO presented a chart for the month of February 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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10507. DELAWARE RIVER AND BAY AUTHORITY – CASH POSITION (MARKET VALUE) AS OF FEBRUARY, 2012.

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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10508. PUBLIC COMMENT ON ACTION ITEMS.

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

- Contract #CMLF-11-03 Passenger Loader Tube Replacement
- Contract #CMLF-12-01 Drydock & Repairs, M/V Cape Henlopen
- Resolution 12-06 Authorizes Expenditures Over \$25,000
- Resolution 12-07 Authorizes a Contract with Boomershine Consulting Group, LLC.
- Resolution 12-08 Lease Agreement with HangarCo, LLC at New Castle Airport
- Resolution 12-09 Recognizing James T. Johnson, Jr.

There were no comments.

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10509. APPROVAL OF PASSENGER LOADER TUBE REPLACEMENT, CONTRACT #CMLF-11-03

The COO noted that a public Bid opening was held on February 2, 2012 in which two (2) bids were received. The recommendation by the COO and the Projects Committee is to award the contract to the lowest responsive bidder, JPC Group Inc. of Blackwood, NJ in the amount of \$4,245,080.00 for the Base Bid only.

A discussion ensued regarding the advantages and/or disadvantages of two different designs submitted by the apparent low bidder, JPC Group. The Chief Engineer noted the two different loader tube design proposals were evaluated and a determination found the TEAM Marine design more beneficial to the Authorities needs at the Ferry.

A motion to award Contract CMLF-11-03 to the above aforementioned firm in the amount of \$4,245,080.00 for the Base Bid only was made by Commissioner Downes, seconded by Commissioner Favre, and approved by a voice vote of 10-0.

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10510. APPROVAL OF DRYDOCK & REPAIRS, M/V CAPE HENLOPEN, CONTRACT #CMLF-12-01

The COO noted that a public Bid Opening was held on February 22, 2012 in which three (3) bids were received. He stated that the contract is a contingency action and may not be needed if the M/V Cape Henlopen passes an on-site USCG underwater inspection. If the vessel does not pass, the drydocking will be necessary. The recommendation by the COO and the Projects Committee is to award the contract to the lowest responsive bidder, Caddell Dry Dock & Repair Co., Inc., of Staten Island, NY for the Base Bid of \$1,205,217.00.

A motion to award Contract #CMLF-12-01 to the aforementioned firm contingent upon USCG inspection was made by Commissioner Murphy, seconded by Commissioner Downs, and approved by a voice vote of 10-0.

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10511. CHAIRPERSON’S CALL FOR RESOLUTIONS BEFORE THE BOARD

RESOLUTION 12-06 - AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

WHEREAS, The Delaware River and Bay Authority (the “Authority”) adopted Resolution 01-84 requiring Commissioner review and approval of all Authority expenditures in excess of \$25,000; and

WHEREAS, the Authority anticipates expenditures at or over the \$25,000 amount to the following vendors:

DELAWARE RIVER & BAY AUTHORITY
PROJECTED VENDORS TO BE PAID OVER \$25,000
OPERATION EXPENDITURES
FOR THE PERIOD 1/1/12 THROUGH 12/31/12

VENDOR	SERVICE DESCRIPTION	DETERMINATION	APPROX. ESTIMATED \$
Newton Supply Co.	Bathroom renovations for the M/V Cape Henlopen, M/V Delaware and M/V New Jersey	Quotes	\$45,000
United Electric Supply Company	Solar panels and electrical supplies	Quotes	\$47,000
Waste Management	Waste removal and recycling	State Contract	\$47,000

NOW, THEREFORE, BE IT RESOLVED, that the Authority authorizes expenditures to the above listed vendors for the described purposes and authorizes payment.

A motion to approve Resolution 12-06 was made by Commissioner Dorn, seconded by Commissioner Favre, and approved by a roll call vote of 10-0.

Resolution 12-06 Executive Summary Sheet

Resolution: Authorizing Authority Expenditures Pursuant to Resolution 01-84 for the period, January 1, 2012 through December 31, 2012.

Committee: Budget & Finance

Committee and Board Date: March 20, 2012

Purpose of Resolution:

Authorizes the expenditure of \$25,000 or greater with the identified vendors for the calendar year.

Background for Resolution:

The proposed Resolution meets the requirements of Resolution 01-84, whereby the Authority shall not enter into any contract committing the Authority to spend or make any other expenditures relating to services, material and supplies in the amount of \$25,000 or more unless it has first been approved by a vote of Commissioners.

Background for Determination categories:

State Contracts:

Resolution 98-31, as amended by Resolution 11-36 (paragraph 2, subsection a) provides that “[t]his [competitive bidding] provision shall not apply to purchases by the Authority from suppliers in cases where the Authority is purchasing at prices pursuant to contracts awarded by the States of Delaware or New Jersey for state agencies.

Quotes: Quotes items are purchases that are anticipated to be between \$25,000 and \$49,999 for the year for which the Authority has solicited written quotes. Resolution 98-31 (paragraph 4) provides that purchases “more than \$25,000 but less than \$50,000 in the aggregate require the solicitation of three written quotes or all available sources, whichever is less...”

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RESOLUTION 12-07 – AUTHORIZES A CONTRACT BETWEEN THE AUTHORITY AND BOOMERSHINE CONSULTING GROUP, LLC TO PROVIDE PROFESSIONAL AUTHORITY-WIDE ACTUARIAL CONSULTING 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 authority-wide actuarial consulting 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 five (5) proposals, two (2) of which were responsive; and

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

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

WHEREAS, Boomershine Consulting Group, LLC (“Boomershine”) was designated first on the preference list; and

WHEREAS, the Authority negotiated for services at compensation determined to be fair and reasonable with Boomershine, 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 Sixty Thousand Dollars (\$60,000) annually with a not to exceed limit of One Hundred Eighty Thousand Dollars (\$180,000) for the

initial three (3) year period and a not to exceed limit of Sixty Thousand Dollars (\$60,000) for the one (1) year optional renewal period; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of a Services Agreement with Boomershine Consulting Group, LLC 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 was made by Commissioner Murphy, seconded by Commissioner Dorn, and approved by a roll call vote of 10-0.

Resolution 12-07 Executive Summary Sheet

Resolution: Authorizing the Authority to enter into an agreement with Boomershine Consulting Group, LLC for professional authority-wide actuarial consulting services.

Committee: Budget & Finance

Committee/Board

Date: March 20, 2012

Purpose of Resolution:

To authorize an agreement with Boomershine Consulting Group, LLC to provide professional authority-wide actuarial consulting 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 five (5) written proposals, three (3) of which were deemed non-responsive for failure to accept the terms and conditions of the RFP.

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

Boomershine Consulting Group, LLC
Ed Friend, Inc. d/b/a EFI Actuaries

Boomershine Consulting Group, LLC was the first ranked firm following the oral interviews. The Authority compared their rate schedules with the rate schedules of the other proposer 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 Hundred Eighty Thousand Dollars (\$180,000). The not to exceed limit for the optional one (1) year renewal is Sixty Thousand Dollars (\$60,000). Payments to Boomershine Consulting Group, LLC will be made according to the rate schedules submitted.

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RESOLUTION 12-08 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND HANGARCO, LLC. AT NEW CASTLE AIRPORT

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

WHEREAS, HangarCo, LLC. (“HangarCo”) desires to lease approximately 49,700 square feet of hangar and shop space located at 17 Penns Way, Hangar 6-03, at the Airport; and

WHEREAS, HangarCo has agreed to pay the Authority annual rental in the amount of One Hundred Seventy-Six Thousand Four Hundred Thirty-Five Dollars (\$176,435.00); and

WHEREAS, the initial term of the lease agreement (“Agreement”) is for five (5) years; and

WHEREAS, HangarCo shall have the option of renewing the Agreement for five (5) one (1) year periods; and

WHEREAS, rent at the beginning of the initial option period shall be adjusted to the Fair Market Value (FMV); and

WHEREAS, rent during the initial term and the option periods (other than the year rent is adjusted by FMV) shall be adjusted each year by the CPI.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with HangarCo 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 12-08 was made by Commissioner Dorn, seconded by Commissioner Favre, and approved by a roll call vote of 10-0.

Resolution 12-08 Executive Summary

Resolution: Authorizing the Execution of a Lease Agreement between the Delaware River and Bay Authority and HangarCo, LLC, regarding New Castle Airport

Committee: Economic Development

Committee Date: March 20, 2012

Board Date: March 20, 2012

Purpose of Resolution:
To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a lease agreement for space at the New Castle Airport.

Background for Resolution:
The Delaware River and Bay Authority owns a hangar facility located at 17 Penns Way. The hangar totals approximately 61,000 square feet of space. HangarCo, LLC wishes to lease approximately 82% this hangar space from the Authority to house corporate aircraft and to operate an aircraft and parts business.

The hangar was recently turned over to the Authority from Boeing at the end of 2011. The lease price is \$3.55/sq.ft. This price is

based upon an appraisal of the facility that was completed when Boeing was determining whether or not to renew their lease.

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Chairperson Lowe read Resolution 12-09 honoring Mr. James T. Johnson, Jr. for his dedication of service to the Authority in his role as Executive Director.

RESOLUTION 12 -09 - RECOGNIZES AND SALUTES JAMES T. JOHNSON, JR. FOR HIS DEDICATED SERVICE TO THE DELAWARE RIVER AND BAY AUTHORITY.

WHEREAS, James T. Johnson, Jr. was appointed to serve as the Executive Director of the Delaware River and Bay Authority and began his formal duties as the leader of the bi-state agency on April 1, 2002; and

WHEREAS, Mr. Johnson, who served with distinction, enthusiasm and dedication as the Executive Director for ten years, announced his retirement at the monthly Commission meeting on February 21, 2012; and

WHEREAS, a proponent of good government, Mr. Johnson was instrumental in the creation of the agency's By-Laws to improve governance and oversight as well as the adoption of numerous policies and procedures that enhanced accountability, transparency and strengthened corporate governance at the bi-state agency; and

WHEREAS, during his tenure, Mr. Johnson focused on streamlining operations and stressing efficiency throughout the Authority, proposing a number of cost-saving initiatives to make better use of the Authority's resources, such as reducing the agency's vehicle fleet, consolidating marine operations in Cape May, and merging the Authority's E-ZPass operations with New Jersey; and

WHEREAS, Mr. Johnson advocated the establishment of the Authority's official Supplier Diversity Policy and Program, which promoted the agency outreach efforts and expanded business opportunities for minority and women-owned companies; and

WHEREAS, as Executive Director, Mr. Johnson endorsed the investment of financial resources to improve and enhance the Authority's major transportation links, the Cape May - Lewes Ferry and Delaware Memorial Bridge facilities while also supporting a number of targeted economic development projects such as the refrigerated warehouse at the Port of Wilmington and the creation of the Delaware Airpark terminal building, helping to create opportunities for the region's citizens; and

WHEREAS, under Mr. Johnson's leadership, the Authority adopted not only Generally Accepted Accounting Principles (GAAP), a uniform standard for formatting recognizing and reporting financial data, but also embraced other standard accounting practices, including the recognition and establishment of a trust for Other Post Employment Benefits (OPEB); and

WHEREAS, Mr. Johnson, who honored his late father by becoming an engineer as well and serving the profession with distinction and honor, selflessly served the public and focused his talents on improving public infrastructure for citizens in Delaware and New Jersey; and

WHEREAS, using this experience as a professional civil engineer in both the private and public sectors, Mr. Johnson provided a unique understanding of public transportation infrastructure related to the operations of the Delaware Memorial Bridge, Cape May - Lewes Ferry, New Castle Airport, Millville Airport, Cape May Airport, Delaware Airpark, Civil Air Terminal at Dover, and the Three Forts Ferry Crossing, all of which are managed by the Delaware River and Bay Authority; and

NOW THEREFORE, BE IT RESOLVED that the Delaware River and Bay Authority does hereby praise and congratulate James T. Johnson, Jr. for the invaluable services

rendered by him to the States of Delaware and New Jersey through his outstanding contributions as the Authority's Executive Director and does hereby record the Commissioners sincere appreciation by the presentation of this Resolution, adopted today, March 20, 2012.

A motion to approve Resolution 12-09 was made by Commissioner Green, seconded by Commissioner Favre, and approved by a roll call vote of 10-0.

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10512. COMMISSIONERS PUBLIC FORUM

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

Commissioner Favre congratulated Mr. Johnson on his retirement. He thanked him for mentoring him when he was appointed to the Commission.

Commissioner Dorn wished Mr. Johnson joy and prosperity in his retirement.

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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 at 11:28 a.m.

Respectfully submitted,

THE DELAWARE RIVER AND BAY AUTHORITY

Frank W. Minor
Assistant Secretary