

DELAWARE RIVER AND BAY AUTHORITY

AUDIT & GOVERNANCE COMMITTEE MEETING

Tuesday, May 17, 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, May 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Carey-arrived after roll call
Commissioner Downes, Committee Member
Commissioner Lathem, Committee Member
Commissioner Ford
Commissioner Murphy
Vice-Chairperson Lowe

Commissioners from New Jersey

Committee Chair Wilson
Commissioner Bennett, Committee Member
Commissioner Smith, Committee Member

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
Gerry Owens
Charlotte Crowell
Joe Larotonda
Joe Nadel
Michelle Hammel
Ruth Warner
Jim Salmon
TJ Murray
Rick Arroyo

Invited Guests

CliftonLarsenAllen
Nancy Gunza
Andy Lee

1. Committee Chair Wilson opened the Audit & Governance Committee meeting at 9:01 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 February 17, 2016. Commissioner Downes made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Review of the 2015 Audit

Committee Chair Wilson turned the meeting over to the Chief Financial Officer, who introduced the Authority's Independent Auditors, Nancy Gunza and Andy Lee from CliftonLarsonAllen. The Auditors made a presentation on the results of the FY 2015 Audit. The following was presented and discussed.

- Terms of Engagement
- Responsibility Overview
- Audit Results
 - Financial Statement Opinion
 - Governance Communication – Management has a reasonable basis for significant judgments and estimates that impact the financial statements; No disagreements or difficulties encountered; No corrected or uncorrected misstatements that are material
 - Internal Controls – No material weaknesses identified
 - Single Audit Summary – No material weaknesses or significant deficiencies identified in the audits of the financial statements or of the federal major programs
 - Passenger Facility Charge (PFC) Program – This is a new program and there were no material weaknesses; however, there were two (2) significant deficiencies and all of which were all addressed and resolved by staff
- GASB Update

Commissioner Downes questioned whether the general public or employees would understand the Authority's financial statements with regard to unfunded OPEB liabilities. The CFO reported that the Comprehensive Annual Financial Report (CAFR) would incorporate those liabilities similar to when the new rules went into effect for the Pension. The CFO noted the inherent difficulties in communicating accounting matters, but staff will do its best to appropriately convey that the changes are accounting changes and not financial changes. The Executive Director (ED) added that the employees receive an annual statement that explains the funding of the pension.

The CFO reminded the Committee that today's presentation was the report of the FY 2015 Audit. Staff is finalizing the CAFR separately. The CFO also thanked the Director and Assistant Directors of Finance, Joe Larotonda and Joe Nadel, for their guidance and leadership through the Audit process in light of staffing complications due to a recent resignation and a maternity leave.

Committee Chair Wilson questioned the Committee and the Auditors if there were any matters to be discussed in an Executive Session and there were none. The Committee thanked CliftonLarsenAllen for their presentation.

With no further business to discuss, Commissioner Smith made a motion to adjourn, and the Audit & Governance Committee adjourned at 9:26 a.m.

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, May 17, 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, May 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Downes
Commissioner Ford, Committee Member
Commissioner Murphy, Committee Member
Commissioner Carey
Commissioner Lathem
Chairperson Lowe

Commissioners from New Jersey

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

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
TJ Murray
Joe Larotonda
Joe Nadel
Ruth Warner
Steve Williams
Colonel Arroyo
Jim Salmon

Invited Guests

Mike Beczkowski, Bolton Partners – via phone

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:28 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 April 19, 2016. Commissioner Smith made a motion, Commissioner Wilson seconded, and the Committee Minutes were accepted.

3. Discussion:

- Presentation of Recommended DC Provider

The Chief Financial Officer (CFO) made a presentation on the 457(b) and 401(a) Defined Contribution Plan Administrator Vendor Search. Michael Beczkowski, Bolton Partners, participated via phone and was available for any questions. The following was presented and discussed.

- Plan Demographics
- Developing the RFP
- RFP Respondents
- Evaluating the Responses
- Selecting the Finalists
- Scoring Criteria
- Scoring Sheet
- Evaluating the Finalist Interviews
- VOYA's Old vs. New Platform
- Why Retain VOYA
- Best & Final Pricing
- Cost Savings
- Next Steps
- What is a Target Date Fund?

The Committee discussed at length and asked several questions including whether low cost funds would be available, who has the final say in the selection of the funds, fees and next steps. Commissioner Murphy questioned why the current provider and recommended provider, VOYA, was able to offer such cost savings. The CFO reported that VOYA approached staff with the possibility of a new platform and the decision was made to conduct an RFP Process for the services. The CFO reported that funds known to be low cost, such as Vanguard, would be available. VOYA has made fund recommendations; however, the CFO will work in conjunction with Bolton Partners to recommend investment options. The CFO also reported that we were able to negotiate additional cost savings to reach 24 basis points in fees. Mr. Beczkowski confirmed that the industry standard was approximately 32 basis points. Additional expenses and fund fees are dependent on the employee's selection of funds, but would be present no matter what vendor was selected as Plan Administrator.

The CFO reminded the Committee of the recommended steps, as presented in November were first to develop and conduct an RFP for Plan Administrator and then to develop an

Investment and Governance Policy. The CFO and Chief Human Resource Officer (CHRO), in conjunction with Bolton Partners, will develop the Investment Policy. The Audit & Governance Committee will have oversight. Committee Chair Downes requested a similar presentation on the fees and funds selected.

4. Resolutions:

- RESOLUTION 16-18 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

The CFO reviewed the Over \$25,000 List. Commissioner Downes questioned the need for digital displays. The Chief Information Officer reported that the displays will be used Authority-wide for internal and external communications and the software is provided by one (1) authorized dealer. After discussion, Commissioner Wilson made a motion, Commissioner Smith seconded, and the Committee recommended forwarding Resolution 16-18 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

- RESOLUTION 16-21 – AUTHORIZES A CONTRACT BETWEEN THE AUTHORITY AND VOYA FINANCIAL, INC. FOR PROFESSIONAL SERVICES REGARDING THE DELIVERY, ADMINISTRATION, RECORDKEEPING, COMMUNICATIONS AND INVESTMENT MANAGEMENT OF DELAWARE RIVER AND BAY AUTHORITY EMPLOYEE DEFINED CONTRIBUTION PLANS

The CFO presented the Resolution. Commissioner Smith made a motion, Commissioner Wilson seconded, and the Committee recommended forwarding Resolution 16-21 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the May meeting later today.

5. Miscellaneous:

- Financial Impact of April Emergency Bridge Work

The Director of Finance (DOF) presented a handout showing Traffic & Revenue – April 2016/2015. The comparison reflected a Y-T-D decrease in traffic and revenue of 7.1% and 5.0% respectively. The DOF noted that the Easter holiday in 2016 fell in March vs April in 2015 and therefore, in part, accounts for the decrease in traffic and revenue of 3.2% and 1.9% respectively for the month. The three day bridge lane closure event, April 19, 20 & 21st, resulted in a decrease in traffic and revenue of 2.3% and 2.4% respectively. The Chief Operations Officer (COO) added that remaining decrease of traffic and revenue of 1.7% and 0.7% respectively may be related to weather and a decrease in discretionary weather; however, the CFO reported that the ferry is impacted more by weather and believes that the bridge declines were related to the I-295 southbound reconstruction project. Authority Chair Lowe questioned how projections were made and the CFO reported that historical data is considered in the analysis to determine the projections.

Authority Chair Lowe added that it is not our intention to drive customers to other bridges and questioned what efforts are being done to mitigate the construction. The COO reported that the I-295 project can be impacted by accidents and the Authority has 24-hour towing capability. Signage has been altered and improved and, when weather allows improvements to pavement markings will be made. The Executive Director (ED) added that the Public Information Officer communicated with the media prior to construction, will be communicating through social media during the project, and the Authority has worked with DelDOT to include our camera feeds on their website, and staff is communicating with New Jersey Transcom. The CIO also added that correspondence had been sent to E-ZPass customers.

Commissioner Lathem reminded the committee and applauded the turn-around time for the emergency work and that the lanes were able to be opened ahead of schedule.

6. With no further business to discuss, Commissioner Wilson made a motion to adjourn and the Budget & Finance Committee adjourned at 10:12 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, May 17, 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, May 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Ford
Commissioner Carey, Committee Member
Commissioner Downes, Committee Member
Commissioner Lathem
Commissioner Murphy
Chairperson Lowe

Commissioners from New Jersey

Committee Chair Bennett
Commissioner Smith, Committee Member
Commissioner Wilson

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
TJ Murray

1. Committee Chair Bennett welcomed the Economic Development Committee and opened the meeting at approximately 10:12 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. Committee Chair Bennett called for a motion to accept the Economic Development Committee Minutes from April 19, 2016. Commissioner Wilson made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Action Items:

- RESOLUTION 16-19 – LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND ESTATES AVIATION SERVICES, LLC

The DED reviewed the terms of the Lease Termination Agreement at the New Castle Airport, noting that Estates wishes to relocate closer to their home offices in New York and has requested to terminate the remainder of the term of the lease, set to expire July, 2016. The termination fee represents two (2) months of rental payments.

- RESOLUTION 16-20 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND EXELON CORPORATION

The Chief Financial Officer (CFO) also reported that the Authority has an agreement in place with a new tenant, Exelon, for the facility, making the termination potentially beneficial.

Committee Chair Bennett asked for a motion to terminate the Lease Agreement with Estates Aviation and to authorize a new Lease Agreement with Exelon Corporation. Commissioner Downes made a motion, Commissioner Ford seconded, and the Economic Development Committee unanimously recommended forwarding both Resolutions to the full Board for consideration at the May meeting later today.

4. Cape May Industrial Development Update – Flex Building

The CFO provided an update on the flex building at the Cape May Airport since the Committee last authorized the construction of two (2) buildings in November, 2015; noting a second building would need to meet certain criteria prior to construction. At this time, a contract has been awarded for the construction of the first building and parking lot. The CFO reviewed the actual pricing for the building costs vs. the estimate provided in November, noting substantial lower cost for both buildings. Now that staff has the pricing, it will be easier to discuss and negotiate potential leases for the rental space. The CFO reported that the market is looking for retail space. The CFO presented the possibility of the second building as retail space and the two potential locations. The project engineer has been in discussion with the contractor regarding the possibility of holding the construction costs to allow staff to negotiate the required number of leases to start the construction of the second building. Committee Chair Bennett requested the name of the contractor and the CFO will provide the information to him.

Glasstown Brewery

Committee Chair Bennett reported that Glasstown Brewery has made an impact at the Millville Airport. Commissioner Smith also reported that Glasstown Brewery is also involved in a Salem County fundraising event.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Wilson, and the Economic Development Committee adjourned at 10:37 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, May 17, 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, May 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Lathem
Commissioner Carey, Committee Member
Commissioner Murphy, Committee Member
Commissioner Downes
Commissioner Ford
Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Scott Perkins - DE

Commissioners from New Jersey

Commissioner Bennett, Committee Member
Commissioner Smith, Committee Member
Commissioner Wilson

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Staff

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

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:38 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 April 19, 2016. Commissioner Murphy made a motion, Commissioner Smith 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 Murphy, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

- LABOR NEGOTIATIONS
- 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 Murphy, seconded by Commissioner Smith, and the Session was opened to the public.

4. With no further business to discuss, Commissioner Smith made a motion to adjourn and the Personnel Committee adjourned at 11:20 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, May 17, 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, May 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Murphy
Commissioner Lathem, Committee Member
Commissioner Ford, 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
Jamil McGhee
Alyona Stakhovskaya

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

7. Committee Chair Murphy opened the Projects Committee meeting at approximately 11:15 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 Chair Murphy called for a motion to accept the Projects Committee Minutes from April 19, 2016. Commissioner Lathem made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda: one (1) bid opening, major construction project updates and one (1) monthly contractor payment chart (through April).

9. Resolutions: None

10. Bid Openings:

DMB-15-03 ANCHORAGE AND TOWER-PIER SECURITY IMPROVEMENTS

A public bid was held on May 4, 2016, in which (2) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$2,289,025.00 to Scalfo Electric, Inc. from Vineland, NJ.

A motion was made by Commissioner Ford, 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 May meeting later today.

11. Contract Close-Out Actions: None

12. Contractor Payment (through April): The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through April.

13. Miscellaneous Items/Updates:

The COO reported on the following Project Updates

- **CAPE MAY-LEWES FERRY**

For the first time since November, we have all three ferry vessels back in Cape May. MV Delaware returned on Saturday, May 7th, 2016. Coast Guard inspections of the MV Delaware took place yesterday and went well. There are a few remaining issues to be resolved and it will be inspected again. We expect that all three boats will be running every day again starting this Friday.

- **SUSPENDER ROPES REPLACEMENT**

Construction has resumed on suspender ropes replacement and is scheduled to run through June of this year. This is the first phase and the second phase will be done along with the cable preservation project. All the replacement work is being done between the hours of 9am – 3pm, Monday through Thursday. Closures are limited to two lanes only. On those days and between those hours, we do not anticipate any delays for the motorists.

- **MEMORIAL DAY WEEKEND**

All the construction will be off the Bridge on both spans over the Memorial Day weekend.

14. Open Discussion/Other Issues:

- ILG airport parking lots. The previous consultant did not get proper permits on time. The issue is being resolved.

9. With no further business to discuss, Commissioner Smith made a motion to adjourn, and the Projects Committee adjourned at 11:25 a.m.