

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, February 21, 2012
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, February 21, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Traynor
Commissioner Downes, Committee Member
Commissioner Murphy, Committee Member
Commissioner Green
Commissioner Lathem
Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Andy Lippstone - DE

Staff

Jim Johnson
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Joe Larotonda
Kelly Phillips Parker
Michael Porch
Anna Marie Gonnella Rosato
John Sarro
Heath Gehrke
Joel Leidy
Joe Bryant

Commissioners from New Jersey

Committee Vice-Chair Favre
Commissioner Van Sant, Committee Member
Commissioner Dorn
Commissioner Smith

Vice-Chairperson Hogan

Phil Norcross - NJ

Johanna Jones - DE

1. Committee Chair Traynor opened the Budget & Finance Committee meeting at approximately 9:14 a.m. The Deputy Executive Director 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 Traynor called for a motion to accept the Budget & Finance Committee Minutes from January 17, 2012. Commissioner Downes made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 12-03 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012 -

The Chief Financial Officer (CFO) presented and reviewed the Over \$25,000 Vendor List. The CFO reported that the replacement of 6 variable message signs at the Delaware Memorial Bridge (currently 8) had been included as an item in the Capital Improvement Program (CIP). The New Jersey Turnpike is in the process of replacing their signs and the Authority has the opportunity to piggy back on their contract to obtain New Jersey Turnpike pricing. New Jersey Turnpike previously conducted an RFP and selected Daktronics, Inc., an industry leader. The Committee questioned why the signs need replacement. The Chief Information Officer (CIO) reported that Voltron went out of business four or five years ago and staff has been using parts from other signs to keep the most critical signs operational and it is absolutely necessary to replace the signs. The CFO recommended that the Budget & Finance Committee waive the procurement requirement of Resolution 98-31, and authorize the Authority to piggyback on New Jersey Turnpike's Contract Pricing.

The CFO also referred to the vendor Wilmington Trust as proprietary noting that Wilmington Trust was selected in 1993 to provide Trustee Services when the current Trust Indenture was developed. Staff has committed to competitively solicit Trust Services during the upcoming borrowing and then to proceed with Banking services separately. Going forward staff is committed to not have Wilmington Trust as proprietary. Commissioner Downes questioned if the title should be M&T Bank. The CFO reported that Wilmington Trust is a subsidiary of M&T Bank and kept the name for Trust Services.

After discussion, Committee Chair Traynor asked for the Committee to waive Resolution 98-31, as it related to Daktronics, and to recommend approval of Resolution 12-03. Commissioner Murphy made a motion, Commissioner Van Sant seconded and the Budget & Finance Committee unanimously recommended waiving 98-31, related to Daktronics, and forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board at the February meeting later today.

4. Discussion Items:

a. Future Financing Considerations:

The CFO noted recent discussions regarding the issuance of debt and the question of how to fund the CIP. The CFO presented an analysis of 2012 Projection Operating Activities, noting the expenditures which impact the General Fund only

and do not include Revenue and Expenses for Airports or Economic Development. A beginning projected balance of \$39.5 at the end of January, 2012 and an ending balance of \$36.4 at the end of December, 2012, reflects an overall reduction of \$3.5 million to the General Fund. The analysis shows that it is possible to not issue debt at this time, but also reveals that a balance of \$36 million is a marginal cash position in light of the Board's historical decision to hold \$30 million in the general fund as a hedge for the \$30 million variable rate debt. Currently, the Authority has \$275 million in debt of which \$30 million is variable rate. Commissioner Murphy noted that she assumed the 1-Year CIP is covered. The CFO reported, yes, but there would be marginal cash remaining, and we would still need a future debt issuance.

The CFO presented and reviewed the Brown Advisory Memorandum which noted historically low interest rates and that deferring a potential new money bond issue until the first quarter of 2013 would have only a marginal benefit which could be eliminated by rising interest rates; therefore, the recommendation was to develop a team and maintain the schedule for an early third quarter 2012 bond issue. The CFO referred to the accompanying Preliminary Timeline for the Series 2012 Authority Vice-Chair Hogan questioned who would comprise a team. The CFO reported the team would include a Banker (Underwriter) and Bond Counsel, all of which will be selected through an RFP process.

The CFO reported that a refunding of 2003 issuance is eligible with a projected savings of 7% on \$42 million or \$3 million when last checked. The refunding will be completed as part of a new money issuance. The CFO also reported that this portion of debt was not previously eligible for refunding due to negative arbitrage.

Commissioner Downes questioned whether it was planned to include the \$30 million of variable rate debt. The CFO reported that the variable rate debt has performed well and at this time the interest rate is 1/20th of 1% (0.05). Commissioner Downes stressed that it may perform well at this time; however, questioned if there was a plan if interest rates increase. The CFO reported that variable rate debt can be called at any time. As a policy decision, the Authority maintains the \$30 million asset/liability match as a hedge against rising interest rates. If rates go up on the debt, we earn more on the \$30 million in the General Fund.

Committee Chair Traynor questioned whether the Committee had any objection to the CFO moving forward with putting together a team and completing the analysis for a third quarter 2012 debt issuance. Commissioner Murphy questioned how the amount of debt held currently and how it compares to other agencies. The CFO reported that the Authority currently has \$275 million in debt, is considered an infrequent issuer, and is not heavily burdened with debt. However, the Rating Agencies have stated the cash position of the Authority is comparatively weak.

Commissioner Favre questioned the funding of the CIP, whether cash or debt, affect the magnitude and timing of any future rate increases. The CFO answered yes, as debt is issued and debt service coverage ratios become constricted it would eventually lead to a toll increase. Commissioner Favre added that once there is an approved CIP, a blend of cash and debt can be constructed to better plan for any needed toll increases. The CFO added the need for an approved Plan of Finance is important.

Committee Chair Traynor, again, asked the Committee if anyone was opposed to the CFO putting a team together for a third quarter 2012 debt issuance and the Committee did not object. The CFO reviewed the tentative schedule. Commissioner Murphy questioned the fees and New Jersey Legal Counsel reported that the fees are typically 1-2% of the transaction.

b. 2012 Operating Budget:

The CFO reported that approval of the 2012 Operating Budget is still on hold. Authority Chair Lowe noted he is still working with the New Jersey Governor's Office on one issue and nothing major has changed.

5. Miscellaneous:

- a. The CFO reported that he had been contacted by Standard & Poors last week requesting a credit call. The CFO informed the Committee that he will have to address the matter of no approved 2012 Operating Budget or capital plan, but noted the Authority's debt service coverage has improved since the last call when the Authority was downgraded.

With no further business to discuss, a motion to adjourn was made by Commissioner Downes, and the Budget & Finance Committee adjourned at 9:58 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, February 21, 2012

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, February 21, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Downes
Commissioner Green, Committee Member
Commissioner Traynor, Committee Member
Commissioner Lathem
Commissioner Murphy
Chairperson Lowe

Commissioners from New Jersey

Committee Chair Smith
Commissioner Dorn, Committee Member
Commissioner Favre
Commissioner Van Sant

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Andy Lippstone - DE

Johanna Jones – NJ

Staff

Jim Johnson
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Anna Marie Gonnella Rosato
Michelle Griscom-Collins
Michael Porch
John Sarro
Steve Williams
Joe Bryant
Joel Leidy
Kelly Phillips Parker
Heath Gehrke

1. Committee Chair Smith welcomed the Economic Development Committee and opened the meeting at approximately 9:59 a.m. The Deputy Executive Director 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 Smith called for a motion to accept the Economic Development Committee Minutes from January 17, 2012. Commissioner Downes made a motion, Commissioner Dorn, seconded and the Committee Minutes were accepted.

3. Open Discussion/Other Issues:

Land Lease vs. Build-to-Suit:

At the request of Authority Chair Lowe and due to inquiries regarding potential hangar construction at the New Castle Airport, Michelle Griscom-Collins provided an analysis, with assumptions, comparing a Land Lease with Tenant Construction vs. Land Lease with Build-to-Suit Construction. Authority Chair Lowe questioned what would occur should a land lease tenant go out of business. It was reported that the asset would revert to the Authority, as in the case with the former MBNA/Bank of America Hangar. The Executive Director questioned how the Authority would address self-fueling. It was reported that the FAA does not allow the Authority to prohibit self-fueling; however, how the tenant handles fuel can be restricted. Authority Vice-Chair Hogan questioned whether there was a one-size-fits-all for all Authority airports. It was reported that it would be a policy decision as to whether the Authority desired to own and operate. Authority Vice-Chair Hogan questioned whether staff was prepared to make a recommendation. The Deputy Executive Director (DED) reported that staff has not discussed the matter and is not prepared to make a recommendation at this time. Commissioner Downes noted that, during these economic times, the Authority should have the flexibility to do both. Commissioner Green added that, generally, the Authority should do a Land Lease with Tenant Build; however, a policy is needed with flexibility as a tool in the event a prime opportunity should arise. Commissioner Downes noted the current issue at the Millville Airport and Authority Chair Lowe reported that today's discussion is an attempt to begin the development of a policy. Staff will prepare a recommendation for the Committee's review.

Dassault Concerns:

Commissioner Lathem reported hearing concerns about the potential loss of parking at Dassault as a result of Hawker Beechcraft locating at the New Castle Airport. Michelle Griscom Collins reported that there would be no impact to Dassault.

With no further business to discuss, a motion to adjourn was made by Commissioner Downes, and the Economic Development Committee adjourned at 10:13 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, February 21, 2012

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was held on Tuesday, February 21, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware
PRESENT

Committee Chair Lathem
Commissioner Murphy, Committee Member
Commissioner Traynor, Committee Member
Commissioner Downes
Commissioner Green
Chairperson Lowe

Legal Counsel
Mike Houghton - DE

Governors' Representatives
Andy Lippstone - DE

Staff
Jim Johnson, Jr.
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell

Commissioners from New Jersey

Committee Vice-Chair Dorn
Commissioner Favre, Committee Member
Commissioner Smith, Committee Member
Commissioner Van Sant

Vice-Chairperson Hogan

Phil Norcross - NJ

Johanna Jones - NJ

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:14 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, and read the Statement of Notice, and called the roll.

2. Committee Chair Lathem called for a motion to accept the Personnel Committee Minutes from January 17, 2012. Commissioner Dorn made a motion, Commissioner Murphy 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 Favre, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed.

- LABOR NEGOTIATIONS
- PERSONNEL MATTERS

4. With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Dorn and the session was opened to the public.

5. With no further business to discuss, Commissioner Favre made a motion to adjourn, and the Personnel Committee adjourned at 10:30 a.m.

THE DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE

February 21, 2012

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, February 21, 2012, at the Delaware Memorial Bridge Administration Building, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Commissioner Murphy, Committee Chair
Commissioner Green, Committee Member
Commissioner Lathem, Committee Member
Commissioner Downes
Commissioner Traynor
Chairperson Lowe

Commissioners from New Jersey

Committee Vice-Chair Van Sant
Commissioner Dorn, Committee Member
Commissioner Smith, Committee Member
Commissioner Favre

Vice Chairperson Hogan

Legal Counsel

Michael Houghton – DE

Phil Norcross – NJ

Governors' Representative

Andrew Lippstone – DE

Johanna Jones – NJ

Staff

Jim Johnson
Frank Minor
Jim Walls
Victor Ferzetti
Charlotte Crowell
Gerry DiNicola-Owens
Joel Leidy
Steve Williams
Heath Gehrke
Joe Bryant
Anna Marie Gonnella-Rosato
John Sarro
Mike Porch
Kelly Phillips-Parker
Joe Volk
Dave Hoppenjans

1. Committee Chair Murphy welcomed the Projects Committee and opened the meeting at approximately 10:30 a.m. Committee Chair Murphy reported that the public meeting of the Projects Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, and reported there was a quorum.

2. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from January 17, 2012. Committee Vice-Chair Van Sant made a motion, Commissioner Lathem seconded, and the Committee Minutes were approved. Those in attendance were provided an informational package consisting of an agenda, one (1) Resolution, one (1) Bid Analysis, one (1) close-out letter, and one (1) monthly contractor payment chart (through January).

3. RESOLUTION 12-04 – AUTHORIZES A CONSTRUCTION CONTRACT BETWEEN THE AUTHORITY AND SOUTH STATE, INC.

The COO introduced a Resolution that Authorizes a Construction Contract between the Authority and South State, Inc. The COO noted that the DRBA usually does not award construction contracts via a formal resolution; however, as a condition of the DRBA's Federal Highway grant, administered by NJDOT, the DRBA must award this construction contract via formal resolution as a prerequisite to soliciting NJDOT's concurrence to such award. NJ Counsel advised the Committee that requiring an award via formal resolution is standard procedure for NJDOT. As such, the COO proceeded to review the details of the Bid Opening for Contract No. CMLF-04-08.

4. Bid Openings: Contract No. CMLF-04-08 – Approach Roads Repaving & Modifications – Cape May – Phase I. A public Bid Opening was held on January 10, 2012 in which four (4) bids were submitted. The COO described the scope of work included in this project as the repaving and modifications of the Cape May approach roads including milling, widening, repairing drainage, replacing signage, and upgrading and widening of railroad crossing. Add Alternate No. 1 includes Sheriff Taylor Blvd to Bayshore Road rehabilitation. The COO recommended award of the Base Bid and Add Alternate No. 1 to the lowest responsible bidder, South State, Inc. of Bridgeton, New Jersey, in the amount of \$4,736,661.60. The COO anticipates the project to begin in September 2012 and conclude June 2013. The Projects Committee concurred with the recommendation. A motion was made by Committee Vice-Chair Van Sant, seconded by Commissioner Lathem, and the Projects Committee unanimously recommended forwarding Resolution 12-04 - Authorizing a Construction Contract Between the Authority and South State, Inc. to the full Board at the February meeting later today.

5. Contract Close-Out Actions: Contract No. CMLF-11-02 – 2011, Maintenance Dredging – Lewes Terminal. The scope of the work on this contract consisted of dredging in the Lewes Terminal area. The final contract amount is \$639,715.38. The COO recommended close-out of the contract and final payment to Corman Marine Construction, Inc. of Annapolis Junction, Maryland. A motion to move the close-out action to the full Board was made by Commissioner Lathem, seconded by Committee Vice-Chair Van Sant, and the Projects Committee unanimously approved the close-out action to be presented at the February meeting.

4. Contract Payment Review (through January): The COO informed the Committee of the monthly construction contractor payments to be made for the work completed through January.

5. Miscellaneous Items/Updates:

Prevailing Wage

The COO advised the Committee that the DRBA's current prevailing wage resolution will expire as of March 31, 2012. The Authority has authorized a trial prevailing wage policy for all Authority capital-funded contracts valued at Two Million Dollars and above for the past eight (8) years; such policy does not apply to FAA-funded contracts that must follow the Federal Prevailing Wage requirements. The COO also advised the Committee that Staff anticipates letting the next contract that falls into this category for bid in May of this year. If the Board desires to continue including prevailing wage requirements in such DRBA contracts, the Board will need to pass a new resolution. Chair Lowe inquired as to whether each trial prevailing wage period was adopted by Resolution. The COO indicated that all of the previous trial prevailing wage policies were adopted via resolution. Commissioner Favre suggested that the Board should make a final determination regarding the prevailing wage policy. Commissioner Traynor noted that additional background information pertaining to prevailing wage is needed. Chair Lowe directed Staff to include the prevailing wage discussion on the March Projects Committee agenda and to provide the Committee with additional information. Delaware Counsel advised that the only review of prevailing wage projects that he is aware of was done by New Castle County, Delaware. Commissioner Downes requested that all information be provided to the Committee in advance of the next meeting. Commissioner Lathem stated that he wanted to clarify that it is not only the unions that benefit from prevailing wage policies, but everyone who works on a job that is subject to a prevailing wage policy.

Updated CIP

The COO advised the Committee that on February 15, 2012 Congress enacted reforms that reduced FAA project funding subsidies from 95% to 90%, essentially doubling the amount of DRBA contribution that will be required for all FAA-funded capital projects. An updated version of the Capital Improvement Plan showing the impact of this funding change was distributed. Chair Lowe inquired if any projects were no longer viable but the COO assured him that all projects could still be accomplished.

Food & Retail Privatization Update

The COO provided an update on the Cape May-Lewes Ferry food service solicitation that was advertised on February 8, 2012. A pre-bid meeting is scheduled for March 6, 2012, proposals are due May 31, 2012, and oral interviews are scheduled for the second week of July, 2012.

Cape May Airport FBO Update

The COO also advised the Committee that the Cape May Airport FBO solicitation was advertised on February 3, 2012. The pre-bid meeting was held on February 15, 2012 and attended by 15 people. The proposals are due March 7, 2012.

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

The following matters of a confidential nature were discussed.

- LONG RANGE PLANNING MATTERS

7. 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 Green, and the Projects Committee was opened to the public.

8. With no further business to discuss, Commissioner Dorn made a motion to adjourn, seconded by Commissioner Van Sant, and the Projects Committee adjourned at 11:08 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ENERGY AD HOC COMMITTEE MEETING

Tuesday, February 21, 2012

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Energy Ad Hoc Committee was held on Tuesday, February 21, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Green
Commissioner Traynor, Committee Member
Commissioner Downes
Commissioner Lathem
Commissioner Murphy
Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Andy Lippstone – DE

Staff

Jim Johnson, Jr.
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Jim Walls
Gerry Owens
Charlotte Crowell

Commissioners from New Jersey

Committee Vice-Chair Smith
Commissioner Van Sant, Committee Member
Commissioner Dorn
Commissioner Favre

Vice-Chairperson Hogan

Phil Norcross - NJ

Johanna Jones - NJ

Authority Chair Lowe reported that, due to no Action/Discussion items, the Energy Ad Hoc Committee would not meet today.