

MINUTES OF MEETING  
**THE DELAWARE RIVER AND BAY AUTHORITY**  
**Tuesday, June 21, 2011**  
James Julian Boardroom  
Delaware Memorial Bridge Plaza  
New Castle, Delaware 19720

The meeting convened at 10:30 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 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  
Samuel E. Lathem (via phone)

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

ABSENT

Terry C. Murphy  
Gary F. Traynor

Douglas Van Sant

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Chairperson Lowe requested an amendment to the Agenda to include Resolution 11-28, Lease Agreement with Hawker Beechcraft Corporation and to amend the order of business by placing the action items first on the Agenda.

Commissioner Downes motioned to amend the Agenda to include Resolution 11-28 and to place the action items first on the Agenda, seconded by Commissioner Favre, and approved by a voice vote of 8-0.

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10391.        APPROVAL OF THE MAY 17, MINUTES

Commissioner Green motioned for approval of the May 17, 2011 minutes, seconded by Commissioner Favre, and approved by a voice vote of 8-0.

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10392.        PUBLIC COMMENT ON ACTION ITEMS.

Chairperson Lowe presented the following action items that were being considered and asked for public comment.

- Contract Close-out CMA-07-03 Rehabilitation Building 96, Cape May Airport
- Contract Close-out CMLF-10-03 Drydocking and Repairs M/V Twin Capes
- Contract Close-out NCA-06-02 Reconstruction and Safety Area Improvements
- Resolution 11-23 (formerly 11-04) Adoption of the Authority's 5-Year Crossings CIP
- Resolution 11-24 (formerly 11-05) Adoption of the Authority's 2011 Crossings CIP
- Resolution 11-25 Easement Agreements with Chesapeake Utilities, City of Lewes, and Verizon

Resolution 11-26 Lease Termination Agreement with XO Jet at New Castle Airport  
Resolution 11-27 Relating to the Operation of the New Castle Airport and Execution of  
Avigation Easements  
Resolution 11-28 Lease Agreement with Hawker Beechcraft Corporation at New Castle Airport

There were no public comments.

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10393. CONTRACT CLOSE-OUT –REHABILITATION BUILDING 96,  
CONTRACT CMA-07-03

On April 26, 2010 Contract No. CMA-07-03, Rehabilitation Building 96, was awarded to MD Remodeling, Inc. of Cecil, New Jersey for the bid price of \$384,251.60.

During the contract period Change Order No.'s 1-2 were approved for the project.

- 1. May 26, 2011 Adjustments in quantities to reflect actual field conditions.  
Add: \$63,981.25

It is recommended that the Authority accept the project and make final payment to the contractor. The total price for this project is \$448,232.85.

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10394. CONTRACT CLOSE-OUT –DRYDOCKING AND REPAIRS  
M/V TWIN CAPES, CONTRACT CMLF-10-03

On March 1, 2011 Contract No. CMLF-10-03, Drydocking and Repairs M/V Twin Capes, was awarded to Caddell Drydocking & Repair Co., Inc. of Staten Island, New York for the bid price of \$1,263,189.00.

During the contract period Change Order No.'s 1-3 were approved for the project.

- 1. May 19, 2011 Adjustments in quantities to reflect actual field conditions.  
Subtract: \$21,163.00

It is recommended that the Authority accept the project and make final payment to the contractor. The total price for this project is \$1,242,026.00.

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10395. CONTRACT CLOSE-OUT, RUNWAY 9-27  
RECONSTRUCTION AND SAFETY AREA IMPROVEMENTS, CONTRACT NCA-06-02

On August 20, 2008 Contract No. NCA-06-02, Runway 9-27 Reconstruction and Safety Area Improvements, was awarded to Diamond Materials of Wilmington, Delaware for the bid price of \$9,266,715.50.

During the contract period Change Order No.'s 1-18 were approved for the project.

- 1. May 26, 2011 Adjustments in quantities to reflect actual field conditions.  
Add: \$510,289.69

It is recommended that the Authority accept the project and make final payment to the contractor. The total price for this project is \$9,777,005.19

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A motion to close-out all three contracts, CMA-07-03, CMLF-10-03, and NC-06-02, was made by Commissioner Downes, seconded by Commissioner Favre, and approved by a voice vote of 8-0.

10396. CHAIRPERSON’S CALL FOR ACTION ON THE RESOLUTIONS BEFORE THE BOARD

**RESOLUTION 11-23 (formerly 11-04) - ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY’S FIVE (5) YEAR (2011-2015) CROSSINGS CAPITAL IMPROVEMENT PROGRAM (CIP)**

WHEREAS, The Delaware River and Bay Authority (the “Authority”) has developed a Five (5) Year Crossings Capital Improvement Program (CIP) for documenting planned capital improvement projects at the Delaware Memorial Bridge, Cape May-Lewes Ferry, and the Three Forts Crossing; and

WHEREAS, the Five (5) Year Crossings CIP is adopted in its entirety each calendar year; and

WHEREAS, the proposed Five (5) Year Crossings CIP (2011-2015) identifies an estimated \$184,445,000 of planned improvements; and

WHEREAS, the Projects Committee has conducted a publicly advertised meeting on the proposed Five (5) Year Crossings CIP; and

WHEREAS, the Authority’s Projects Committees has reviewed and approved the proposed Five (5) Year Crossings CIP and recommends its adoption to the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts a Five (5) Year Crossings CIP with an estimated \$184,445,000 of planned capital improvements.

A motion to approve Resolution 11-23 was made by Commissioner Green, seconded by Commissioner Smith, and approved by a roll call vote of 8-0.

**Resolution 11-23 (formerly 11-04) Executive Summary Sheet**

**Resolution:** Authorizing the adoption of The Delaware River and Bay Authority’s Five (5) Year (2011-2015) Crossings Capital Improvement Program (CIP)

**Committee:** Projects

**Committee Date:** June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**  
To authorize adoption of the Delaware River and Bay Authority’s Five (5) Year (2011-2015) Crossings Capital Improvement Program (CIP) identifying an estimated \$184,445,000 of planned capital improvements.

**Background for Resolution:**  
The Delaware River and Bay Authority has developed a Five (5) Year (2011-2015) Crossings Capital Improvement Program (CIP) for capital improvement projects at the Delaware Memorial Bridge, Cape May-Lewes Ferry, and the Three Forts Crossing in the estimated amount of \$184,445,000.

The Capital Improvement Program (CIP) addresses the needs over the next five years to properly maintain and enhance the Authority's facilities to meet the increasing demands primarily associated with the transportation industry. In order to maintain the high level of safe and public service that this Authority has achieved since it was formed in 1962, we must continue to protect our investment as well as the public we serve through an effective and prudent CIP.

The Projects Committee has conducted a publicly advertised meeting on the proposed 2011 Crossings CIP, reviewed and approved the proposed 2011 Crossings CIP and recommends its adoption to the Board of Commissioners.

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**RESOLUTION 11-24 (formerly 11-05)- ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY'S 2011 CROSSINGS CAPITAL IMPROVEMENT PROGRAM (CIP)**

WHEREAS, The Delaware River and Bay Authority (the "Authority") has developed a 2011 Crossings Capital Improvement Program (CIP) for capital improvement projects at the Delaware Memorial Bridge, Cape May-Lewes Ferry, and the Three Forts Crossing in the estimated amount of \$40,760,000; and

WHEREAS, the Projects Committee has conducted a publicly advertised meeting on the proposed 2011 Crossings CIP; and

WHEREAS, the Authority's Projects Committee has reviewed and approved the proposed 2011 Crossings CIP and recommends its adoption to the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts a 2011 Crossings CIP Budget in the amount of \$40,760,000.

A motion to approve Resolution 11-24 was made by Commissioner Favre, seconded by Commissioner Smith, and approved by a roll call vote of 8-0.

**Resolution 11-24 (formerly 11-05) Executive Summary Sheet**

**Resolution:** Authorizing the adoption of The Delaware River and Bay Authority's 2011 Crossings Capital Improvement Program (CIP)

**Committee:** Projects

**Committee Date:** June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**

To authorize adoption of the Delaware River and Bay Authority's 2011 Crossings Capital Improvement Program (CIP) in the estimated amount of \$40,760,000.

**Background for Resolution:**

The Delaware River and Bay Authority has developed a 2011 Crossings Capital Improvement Program (CIP) for capital improvement projects at the Delaware Memorial Bridge, Cape May-Lewes Ferry, and the Three Forts Crossing in the estimated amount of \$40,760,000.

The implementation of this 2011 Crossings Capital Improvement Program (CIP) will properly maintain the Authority’s facilities and assure that the public continues to enjoy quality transportation services in a safe and efficient manner.

The Projects Committee has conducted a publicly advertised meeting on the proposed 2011 Crossings CIP, approved the proposed 2011 Crossings CIP and recommends its adoption to the Board of Commissioners.

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**RESOLUTION 11-25 - EASEMENT AGREEMENTS WITH CHESAPEAKE UTILITIES, THE CITY OF LEWES AND VERIZON**

WHEREAS, The Delaware River and Bay Authority (the “Authority”) owns several parcels of land located in Sussex County, Delaware within an area referred to as the Theodore C. Freeman Highway Right-of-Way (“Freeman Highway ROW”); and

WHEREAS, The City of Lewes (“City of Lewes”) installed underground and above ground electric transmission and distribution lines along the Freeman Highway ROW; and

WHEREAS, Verizon Delaware LLC (“Verizon”) installed communication facilities along the Freeman Highway ROW; and

WHEREAS, Chesapeake Utilities (“Chesapeake”) desires to install a gas main along the Freeman Highway ROW; and

WHEREAS, the Authority desires to enter into easement agreements with Chesapeake, the City of Lewes and Verizon to formalize the parties rights and obligations with respect to each of the Chesapeake’s, the City of Lewes’ and Verizon’s easements along the Freeman Highway ROW; and

WHEREAS, Chesapeake has agreed to undertake, at its sole cost, a metes and bounds survey of the Freeman Highway ROW sufficient to enable the Recorder of Deeds in and for Sussex County, Delaware to establish a tax parcel number for the portion of the Freeman Highway ROW owned by the Authority; and

WHEREAS, Chesapeake has also agreed to install a two inch gas main into the Authority’s Maintenance Facility and two lateral two inch gas mains into the Lewes Terminal, one to the Administration Building and the other to the Public Terminal Building, at no cost to the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Gas Main Easement Agreement with Chesapeake, the Right-of-Way Agreement with the City of Lewes and the Easement Agreement with Verizon and, with the advice and consent of counsel, to have such Gas Main Easement Agreement, Right-of-Way Agreement and Easement Agreement executed by the Chairperson, Vice Chairperson and the Executive Director.

A motion to approve Resolution 11-25 was made by Commissioner Green, seconded by Commissioner Smith, and approved by a roll call vote of 8-0.

**Resolution 11-25 Executive Summary**

**Resolution:**

Authorizes a Gas Main Easement Agreement with Chesapeake Utilities, a Right-of-Way Agreement with the City of Lewes and an Easement Agreement with Verizon, each along the Theodore C. Freeman Highway Right-of-Way

**Committee:**

Projects Committee

**Committee Date:** June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**

Authorizes the Executive Director, Chairman and Vice Chairman to execute and deliver easement agreements along the Theodore C. Freeman Highway Right-of-Way. The recording of the easements are subject to the completion of a metes and bounds survey of the Theodore C. Freeman Highway Right-of-Way area and obtaining a tax parcel identification number for the Theodore C. Freeman Highway Right-of-Way.

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**RESOLUTION 11- 26 - LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND XO JET**

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

WHEREAS, XO Jet currently leases approximately 43,260 rentable square feet of space in the building commonly referred to as the 142 Old Churchmans Rd. Hangar pursuant to that certain Lease Agreement (“Agreement”) dated November 20, 2007 between the Authority and XO Jet; and

WHEREAS, due to drastic changes in the economy and a change in XO Jets overall business strategy, XO Jet is looking to restructure its operations and terminate the Agreement; and

WHEREAS, XO Jet has agreed to pay an early termination fee of One Hundred Forty-Five Thousand Two Hundred Three and 96/00 Dollars (\$145,203.96); and

WHEREAS, the Authority and XO Jet agree that the Agreement shall expire on July 31, 2011.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Termination Agreement with XO Jet and, with the advice and consent of counsel, to have such Lease Termination executed by the Chairperson, Vice Chairperson, and the Executive Director.

A motion to approve Resolution 11-26 was made by Commissioner Favre, seconded by Commissioner Green, and approved by a roll call vote of 8-0.

**Resolution 11-26 Executive Summary**

**Resolution:** Authorizing the Termination of a Lease Agreement between the Delaware River and Bay Authority and XO Jet

**Committee:** Economic Development

**Committee Date:** June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a Lease Termination Agreement for XO Jet at the New Castle Airport.

**Background for Resolution:**

XO Jet leased the hangar facility in November of 2007 by Resolution 07-32 due to an expansion to the east coast from their home base in California. The lease was to expire on 2017, but XO Jet has an early termination clause that allows them to terminate in December of 2012.

When the economy changed they took on new investors and with that investment there was also a change of general leadership at XO Jet. The new leadership has made a change in general business philosophy and has relocated all of their aircraft from the airport.

The Authority has been working with XO Jet to find a new user for the hangar space. The Authority has a letter of commitment from a major aircraft manufacturer to lease the facility. The Authority has asked XO Jet to terminate their lease early to allow the Authority to enter into a lease agreement with this manufacturer. The termination payment equals three months' rent, the amount of time we expect to pass between the termination of the XO Jet lease and when a lease with the manufacturer can be executed.

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**RESOLUTION 11-27 - RELATING TO THE OPERATION OF THE NEW CASTLE AIRPORT AND EXECUTION OF AVIGATION EASEMENTS**

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

WHEREAS, the Authority, as the operator of the Airport, is responsible for the operational safety of the airport; and

WHEREAS, the Federal Aviation Administration (the "FAA") funded an obstruction study (the "Study") at the Airport that identified areas of impact to the airspace surfaces in the approaches to the airfield runways; and

WHEREAS, based upon the findings of the Study, the FAA has agreed to fund 95% of the cost associated with the acquisition of avigation easements on approximately ninety three (93) parcels surrounding the Airport in order to protect these airspace surfaces; and

WHEREAS, the total project cost is Nine Hundred Eighty Six Thousand, Eight Hundred Eighty Dollars (\$986,880).

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director, with the advice and consent of counsel, is hereby authorized to finalize the terms and conditions of the purchase of avigation easements at the New Castle Airport.

A motion to approve Resolution 11-27 was made by Commissioner Green, seconded by Commissioner Downes, and approved by a roll call vote of 8-0.

**Resolution 11-27 Executive Summary**

**Resolution:**

Authorizing the Executive Director to execute the purchase of approximately 93 avigation easements at the New Castle Airport (the "Airport").

**Committee:**

Economic Development

**Committee Date:**

June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**

To permit the Executive Director to execute aviation easements relating to the approach surfaces at the Airport.

**Background for Resolution:**

In 2006, the Federal Aviation Administration (FAA) funded an obstruction study (the “Study”) at the Airport. This Study identified obstructions to the Part 77 surfaces at the Airport. In 2008, the FAA funded the removal of existing obstructions on properties with existing easements in place. The FAA is now funding the acquisitions of easements on properties within the approaches to the Airport in order to protect the airspace over those properties.

This resolution will allow the Executive Director, with the advice and consent of counsel to execute approximately ninety-three (93) aviation easements at the Airport as part of the FAA funded initiative.

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**RESOLUTION 11-28 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND HAWKER BEECHCRAFT CORPORATION.**

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

WHEREAS, Hawker Beechcraft Corporation (“Hawker”) desires to lease the hangar facility located at 142 Old Churchmans Rd. totaling approximately 48,760 sq.ft. of hangar, shop and office space; and

WHEREAS, Hawker has agreed to pay the Authority Four Hundred Eighty-Seven Thousand Six Hundred Dollars (\$487,600) annual rent during the initial year of the Lease Agreement; and

WHEREAS, the initial term of the Lease Agreement is for seven (7) years; and

WHEREAS, Hawker shall have the option of renewing the Lease Agreement for three periods of five (5) years; and

WHEREAS, during the initial and the renewal terms, rent shall be adjusted annually by the Consumer Price Index (“CPI”); and

WHEREAS, Hawker desires to do improvements to the facility which includes additional electrical wiring, lighting, IT wiring, parking, general flooring improvement and paint. The cost of this work is estimated to be \$235,000, one-half of which will be paid by the Authority and one-half will be paid by Hawker. Hawker also desires to construct an additional 7,000 sq.ft. of shop space. The cost of this work is estimated to be \$700,000. The Authority agrees to undertake this work, to be reimbursed by Hawker in equal monthly payments over the initial term of the lease at an interest rate of 2%; and

WHEREAS, this lease agreement shall be contingent upon the termination of the existing lease with the current tenant of the hangar at 142 Old Churchmans Rd.; and

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with Hawker Beechcraft

Corporation and, with the advice and consent of counsel, to have such Lease Agreement executed by the Chairperson, Vice Chairperson, and the Executive Director.

A motion to approve Resolution 11-28 was made by Commissioner Green, seconded by Commissioner Favre, and approved by a roll call vote of 8-0.

### **Resolution 11-28 Executive Summary**

**Resolution:** Authorizing the execution of Lease Agreement between the Delaware River and Bay Authority and Hawker Beechcraft Company.

**Committee:** Economic Development

**Committee Date:** June 7, 2011

**Board Date:** June 21, 2011

**Purpose of Resolution:**

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a lease agreement for a hangar facility at the New Castle Airport.

**Background for Resolution:**

Hawker Beechcraft Corporation has been looking to open a Maintenance and Repair Operation in the North East. They visited 12 locations in the region. After reviewing all sites, the New Castle Airport location was selected.

Hawker plans to initially employ 24 people and by the end of 5 years employ 80 employees. They plan to expand and build a paint facility. If this should occur, they will need to hire additional 18-20 employees.

The Authority purchased this facility in 2007 from MBNA for \$5 million dollars. To date we have collected \$1,638,958.09 from XO Jet. Before the end of the initial seven year term of this lease with Hawker, the Authority will have recouped in rental payments more than their initial \$5 million dollar investment.

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Commissioner Lathem left the meeting.

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10397. SUMMARY OF AUTHORIZED CONTRACT PAYMENTS

The COO presented the contract payments for the month.

<u>Contract No.</u>	<u>Contractor</u>	<u>Current Amount</u>
DMB-10-01	<b>Allied Painting, Inc.</b>	45,900.00
DMB-10-02	<b>Allied Painting, Inc</b>	304,102.00
DMB-09-02	<b>Mumford and Miller</b>	36,538.16
DMB-05-01R	<b>Cornell &amp; Company</b> Elevator Replacement/ Misc. Steelwork	780,374.70
CMLF-11-01	<b>Cottrell Contracting Corp</b>	308,828.00
CMLF-10-03	<b>Cadell Drydock &amp; Repair Co., Inc.</b>	274,640.57

	Drydocking and Repairs M/V Twin Capes	
CMLF-10-02	<b>Thames Shipyard &amp; Repair CO., Inc.</b> Drydocking and Repairs M/V Cape May	246,414.60
CMLF-08-02	<b>Mumford and Miller</b> Freeman Highway Bridge Rehabilitation	134,040.68
NCA-06-02	<b>Diamond Materials</b>	1,550.00
MVA-05-01	<b>Giberson Plumbing &amp; Excavating</b>	86,069.03
CMA-07-03	<b>MD Remodeling</b> Rehabilitation Building 96	22,411.64
CMA-04-04R2	<b>South State, Inc.</b> Rehabilitation Building 96	465,618.51

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10398. EXECUTIVE DIRECTOR'S REPORT

The Executive Director presented his report for the month of May, 2011.

***Delaware Memorial Bridge***

In May, total traffic decreased 2.5%, non-commercial traffic decreased 3.0%, and commercial traffic increased 1.1%, compared to May 2010. When compared to the 3-year average, total May traffic decreased 2.5%. Memorial Day weekend traffic decreased 3.5% compared to the same period last year. Year-to-date total traffic increased 0.2%, non-commercial traffic decreased 0.1%, and commercial traffic increased 2.0%, compared to the previous year. When compared to the 3-year average, year-to-date total traffic decreased 2.2%.

E-ZPass traffic for May represented 63.4% of the total overall traffic as compared to 60.7% for the previous year. Year-to-date total electronic traffic represented 64.0%, an increase of 2.2% from 2010.

Staff has been participating in weekly conference calls with ACS on the migration of the DRBA Customer Service Center to New Jersey E-ZPass. Letters were sent to DRBA customers informing them of the migration. A Press Release was issued as well. The migration is scheduled to be complete on June 27th.

***Cape May Lewes Ferry***

In May, vehicle traffic decreased 8.9%, passenger traffic decreased 9.5%, and fare revenues decreased 9.4%, compared to May 2010. Year-to-date vehicle traffic decreased 4.4%, passenger traffic decreased 4.7%, and fare revenues decreased 3.3%, compared to the same period in 2010. Compared to the 3-year average, year-to-date revenue vehicle traffic decreased 6.8%, passenger traffic decreased 8.1%, and fare revenues decreased 7.4%.

In May, CMLF food and beverage revenues decreased 14.3% and retail revenues decreased 20.0% compared to May 2010. Year-to-date food and beverage revenues decreased 4.0% and retail revenues decreased 23.9% compared to the same period in 2010. When compared to the 3-year average, year-to-date food and retail revenues decreased 15.2%.

The "Symphony at Sea" event to benefit the Dover Symphony Orchestra was held on Sunday, May 15<sup>th</sup> onboard the MV Twin Capes, and a good time was had by all. Event photos and a video have been posted on the CMLF's Facebook page for all to enjoy.

Staff continues to work with our PR consultant, the Star Group for the social media and pure PR components of the Cross-Cape Adventure promotion which is planned for week of June 20th. Staff is also working on upcoming Press Releases for: Cross Capes Adventure; New Wildwood Package; the Farmers' Market at the CMLF; and the three new on-board program events (Murder Mystery Cruise, Valhalla's Pirates, and the Great Holtzie).

The CMLF summer promo broadcast advertising has been contracted with Comcast Cable TV (DE & NJ), WQHQ, WWFG, WGBG (DE) and WCZT, WMGM, WAYV (NJ) radio.

***Airports***

NASCAR-related aircraft utilized the Dover Civil Air Terminal and Delaware Airpark Airport facilities May 12-15. The Dover Civil Air Terminal had 83 aircraft arrivals this year compared to 98 in 2011, primarily due to the consolidation of larger charter aircraft to accommodate more passengers. Atlantic Aviation FBO provided aircraft handling and fueling services, pumping 12,578 gallons of Jet-A fuel. There were no operational incidents. Airport Operations is commended for handling this event safely and efficiently.

***Employee Happenings***

During May, the Cape May-Lewes Ferry participated in the American Red Cross Blood Drive – 38 productive pints were obtained from 28 employees and 12 locals from the community. Congratulations to Sue Polak and the employees at Cape May for job well done! This event was the kick-off for the Summer Blood Challenge.

The Authority-wide Shoe Drive in sponsorship with Shoes2Share and the United Way came to an end in May. Thank you to the Community Initiatives Committee and all employees who donated shoes to this worthy cause!

Permanent Full-time staffing levels at the end May:

Authorized Positions	418
Positions Filled	377
Positions Filled (on LTD)	5
Total Positions that are Vacant	36
Vacant Positions in Process to fill	3

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

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10399. COMMITTEE REPORT – BUDGET & FINANCE COMMITTEE

Commissioner Favre noted that the Budget & Finance Committee did not conduct its June 7, 2011 meeting due to lack of agenda items.

**BUDGET & FINANCE COMMITTEE MEETING**

**Tuesday, June 7, 2011**

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, June 7, 2011, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Commissioners from New Jersey

Committee Vice-Chair Favre  
 Commissioner Dorn  
 Vice-Chairperson Hogan

Governors’ Representatives

Susan Kase - NJ

Staff

Jim Johnson  
 Frank Minor  
 Victor Ferzetti  
 Jim Walls  
 Gerry Owens  
 Charlotte Crowell  
 Anna Marie Gonnella Rosato

Authority Secretary

Tom Pankok

1. It was reported that there were no Agenda, Action, or Discussion items; therefore, it was not necessary to conduct a Budget & Finance Committee meeting.

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

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10400. COMMITTEE REPORT – PERSONNEL COMMITTEE

Commissioner Dorn presented the following Personnel Committee meeting minutes of June 7, 2011.

**PERSONNEL COMMITTEE MEETING**  
**Tuesday, June 7, 2011**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Personnel Committee was held on Tuesday, June 7, 2011, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware  
PRESENT

Commissioners from New Jersey

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

Committee Vice-Chair Dorn  
Commissioner Favre, Committee Member  
  
Vice-Chairperson Hogan

Governors’ Representatives  
Susan Kase – NJ

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

Authority Secretary  
Tom Pankok

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 9:04 a.m. The Authority Secretary 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 requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Dorn, seconded by Commissioner Favre, and the Session was closed.

The following matters of a confidential nature were discussed.

• **CONTRACT NEGOTIATIONS**

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

With no further business to discuss, Commissioner Dorn made a motion to adjourn, and the Personnel Committee adjourned at 9:07 a.m.

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

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Commissioner Dorn presented the following Projects Committee meeting minutes of June 7, 2011.

**PROJECTS COMMITTEE**  
**June 7, 2011**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Projects Committee was held on Tuesday, June 7, 2011, at the Delaware Memorial Bridge Administration Building, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Commissioner Lathem, Committee Member  
Commissioner Downes  
Chairperson Lowe  
Commissioner Traynor

Commissioners from New Jersey

Commissioner Dorn, Committee Member  
Commissioner Favre  
Vice-Chairperson Hogan

Governors’ Representative

Susan Kase – NJ

Staff

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

Authority Secretary

Tom Pankok

1. Chairperson Lowe welcomed the Projects Committee and opened the meeting at approximately 9:15 a.m. The Authority Secretary 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.

Those in attendance were provided an informational package consisting of an agenda, three (3) Resolutions, three (3) close-out letters, and a monthly contractor payment chart (through May).

2. Resolutions:

a. RESOLUTION 11-XX – EASEMENT AGREEMENTS WITH CHESAPEAKE UTILITIES, THE CITY OF LEWES AND VERIZON -

The COO introduced a resolution for Easement Agreements with Chesapeake Utilities, the City of Lewes and Verizon. The COO reported that the Easement Agreements with the City of Lewes and Verizon are for existing utilities. The Resolution formalizes the easement obligations. The Easement Agreement with Chesapeake Utilities is for a new installation of a natural gas line. The Lewes Terminal, Administration Building and Maintenance Facility will be provided access to the natural gas main by the installation of service laterals at no cost to the Authority. Authority Chair Lowe commented this was significant in that natural gas had not been available in the area. A motion to move the Resolution to the full Board was made by Commissioner Lathem, seconded by Commissioner Dorn, and unanimously approved. The Projects Committee recommended the Resolution be presented to the full Board for consideration at the June Meeting.

b. RESOLUTION 11-XX – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY’S FIVE (5) YEAR (2011-2015) CROSSINGS CAPITAL IMPROVEMENT PROGRAM (CIP) -

The COO reported this Resolution authorizing adoption of the 5-Year (2011-2015) Crossings CIP, identifying an estimated \$184,445,000 of planned capital improvements, is the same as presented and approved by the Board at the February 15, 2011 meeting and subsequently VETOED by the New Jersey Governor.

c. RESOLUTION 11-XX – ADOPTION OF THE DELAWRE RIVER AND BAY AUTHORITY’S 2011 CROSSINGS CAPITAL IMPROVEMENT PROGRAM (CIP) -

The COO reported this Resolution authorizing adoption of the 2011 Crossings CIP, in the estimated amount of \$40,760,000, is also the same as presented and approved by the Board at the February 15, 2011 meeting and subsequently VETOED by the New Jersey Governor. Commissioner Downes asked why the Airports CIP was not included with the Crossings CIP. The CFO explained that the Airports CIP was a separate item because of the FAA funding. Commissioner Favre raised a question as to whether or not the improvements to the Ferry access road in Cape May were included. The COO confirmed that it was included in the 2011 Crossings CIP. Chairperson Lowe asked how we can modify the CIP as we move forward. The CFO said the CIP identifies specific needs to create goals and we can look at a financing plan to combine the Airports and Crossings CIP for budget purposes. Commissioner Traynor questioned the need to approve the CIP since it is a planning document and not a budget. Chairman Favre offered that the One Year and Five Year CIPs should not be treated the same, that only the One Year CIP be approved by Resolution and that the Five Year CIP be handled as a planning document.

Commissioner Lathem called for a single vote to move both the Five Year and One Year Crossings Capital Improvement Program Resolutions to the full Board. A motion to move both Resolutions to the full Board was made by Commissioner Lathem, seconded by Commissioner Dorn, and unanimously approved. The Projects Committee recommended the Resolutions be presented to the full Board for consideration at the June Meeting.

3. Bid Openings:

None.

4. Contract Close-Out Actions:

Contract No. NCA-06-02 – Runway 9-27 Reconstruction and Safety Area Improvements -- New Castle Airport. The COO recommended close-out of the contract and final payment to Diamond Materials of Wilmington, Delaware. The final contract amount is \$9,777,005.19. The scope of work generally consisted of improvements to the safety area and reconstruction of Runway 9-27. A motion to move the close-out action to the full Board was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee unanimously approved. The Projects Committee approved the close-out action to be presented at the June Board meeting.

Contract No. CMA-07-03 – Rehabilitation Building 96 – Cape May Airport. The COO recommended close-out of the contract and final payment to MD Remodeling, Inc. of Cecil, New Jersey. The final contract amount is \$448,232.85. The scope of work generally consisted of the rehabilitation of Building 96. A motion to move the Close-Out action to the full Board was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee unanimously approved. The Projects Committee approved the close-out action to be presented at the June Board meeting.

Contract No. CMLF-10-03 – Drydocking and Repairs of M/V Twin Capes. The COO recommended close-out of the contract and final payment to Caddell Drydocking & Repair Co., Inc. of Staten Island, New York. The final contract amount is \$1,242,026.00. The scope of work generally consisted of drydocking and making repairs to the M/V Twin Capes. A motion to move the close-out action to the full Board was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee unanimously approved. The Projects Committee approved the close-out action to be presented at the June Board meeting.

5. Contract Payment Review (through May): The COO informed the Committee of the monthly construction contractor payments to be made in June which will be reported at the June Board meeting.

6. Miscellaneous Items/Updates:

#### Bid Opening

The COO advised the Committee that a bid opening for the Delaware Memorial Bridge cable inspection took place on May 25, 2011, with an apparent low bid received by Piasecki Steel Construction Corporation of Castleton, New York in the amount of \$5,464,900.00. Piasecki's bid was approximately \$2,230,000 below the engineer's estimate and the next bid was \$412,000 higher. Staff advised the Committee that its intent is to make the recommendation of award at the July Projects Committee meeting in consideration of the fact that the Board of Commissioners has yet to approve the 2011 Crossing CIP.

The Chief Engineer briefly discussed the status of the bid evaluation and stated that reference verifications had been completed with the New York State Bridge Authority and the Delaware River Port Authority. Both references identified the quality of work performed was excellent and contracts were completed on time and within budget, without any assessment of liquidated damages or claims. Piasecki Steel Construction Corporation has cable investigation experience dating to 1989 and has successfully completed fifteen cable investigation contracts within the past ten years.

Additionally, a teleconference was conducted on June 12, 2011 with the Contractor to establish assurance the Contractor fully understood the contract document requirements. The Contractor successfully demonstrated a complete understanding of the contract scope of work, pay item quantities and project schedule.

#### Three Forts Crossing Update

The Executive Director reported that he is in the process of renegotiating the DRBA's agreement with NJDEP and DNREC in reference to the Three Forts Crossing. The Executive Director provided a handout and reviewed the presentation material. The presentation consisted of a description of the Three Forts Operation and its financial performance. The M/V Delafort (passenger ferry) is operated by the Authority and carries people from Delaware City to Pea Patch Island and then onto Fort Mott. The M/V Delafort has a major upcoming engine overhaul that is not currently listed in the Crossings CIP. NJDEP wants the DRBA to fund additional expenses of the Fort Mott landing, including some facility labor costs and maintenance of its passenger jitney. Of the 212,000 total visitors to Fort Mott in 2010, approximately 3,500 traveled on the M/V Delafort. DNREC has first refusal to purchase the M/V Delafort should the Authority exit this service. During the discussion of a path forward, Vice Chairperson Hogan requested sixty (60) days to look into the matter and have discussions with New Jersey representatives to resolve open issues.

7. Chairperson Lowe 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 Dorn, and the Session was closed.

The following matters of a confidential nature were discussed.

- LONG RANGE PLANNING MATTERS

8. 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 Dorn, and the Projects Committee was opened to the public.

9. Open Discussion/Other Issues:

None.

With no further business to discuss, Commissioner Lathem made a motion to adjourn, and the Projects Committee adjourned at 10:24 a.m.

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

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10402. COMMITTEE REPORT – ECONOMIC DEVELOPMENT

Commissioner Smith presented the following Economic Development Committee meeting minutes of June 7 and 21, 2011.

**ECONOMIC DEVELOPMENT COMMITTEE MEETING**

**Tuesday, June 7, 2011**

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, June 7, 2011, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Downes  
Commissioner Green, Committee Member-via phone  
Commissioner Traynor, Committee Member  
Commissioner Lathem

Chairperson Lowe

Governors’ Representatives

Susan Kase – NJ

Commissioners from New Jersey

Commissioner Dorn, Committee Member  
Commissioner Favre

Vice-Chairperson Hogan

Staff

Jim Johnson  
Frank Minor  
Victor Ferzetti  
Jim Walls  
Gerry Owens  
Charlotte Crowell  
Anna Marie Gonnella Rosato  
Michelle Griscom-Collins  
John Sarro  
Steve Williams

Authority Secretary

Tom Pankok

1. Committee Vice-Chair Downes welcomed the Economic Development Committee and opened the meeting at approximately 11:34 a.m. The Authority Secretary 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. Action Items

General

**RESOLUTION 11-XX – RELATING TO THE OPERATIONS OF THE RIVERFRONT MARKET, WILMINGTON, DELAWARE –**

The Deputy Executive Director reported that the Resolution authorizes the Executive Director, or designee, to sign certificates, agreements, leases, contracts and other documents in connection with the normal operation of the Riverfront Market, provided contracts for Capital Improvements (services and construction) do not exceed \$25,000. The Resolution mimics resolutions in place for the five airports operated by the Authority and will allow for the day-to-day operations at the Market to be managed more efficiently. The Executive Director reported that the intent of the

Resolution was to allow the Executive Director, with the advice of counsel, to approve and execute the de minimis matters without Board approval. The Executive Director reported that, during a review of Resolutions over the last three years, there were thirty-six resolutions relating to Airport leases considered by the Board. Of those, thirty resolutions were revenue generating leases at the airports. The attempt was to eliminate unnecessary legal expenses and discussions.

The Committee began a discussion of the \$25,000 cap, leases which rise above a certain amount, and the need for a logical determination. Commissioner Lathem stressed that the Authority should get out of the food business and sell the Riverfront Market and requested that the Executive Director, the Chief Financial Officer (CFO), and staff to begin negotiations with the Riverfront. The Executive Director reported that an appraisal of the Riverfront Market had been completed within the last four months and discussions about the appraisal and path moving forward were planned. The Marketplace does not generate much revenue, as it is currently configured, and would severely impact the sale value, hindering the Authority's ability to recoup costs. The CFO added that the goals and objectives of Economic Development should also be reviewed to give consideration to an appropriate time to exit an Economic Development project. The Executive Director suggested a review of the Riverfront Market and to include the topic on the Economic Development Agenda for July.

In light of the discussions, the Executive Director recommended no action on this Resolution and the following two airport Resolutions. Committee Vice-Chair Downes requested a single vote to table the three Resolutions.

#### Airports

a. RESOLUTION 11-XX – AMENDING RESOLUTIONS 99-69, 99-70, 99-71, 01-32 RELATING TO THE OPERATION OF THE CAPE MAY & MILLVILLE AIRPORTS, CIVIL AIR TERMINAL AND THE DELAWARE AIRPARK, RESPECTIVELY

b. RESOLUTION 11-XX – AMENDING RESOLUTION 96-02 RELATING TO THE OPERATION OF THE NEW CASTLE AIRPORT

Commissioner Dorn made a motion, Commissioner Traynor seconded, and the Economic Development Committee unanimously tabled the Resolutions.

c. RESOLUTION 11-XX RELATING TO THE OPERATION OF THE NEW CASTLE AIRPORT AND EXECUTION OF AVIGATION EASEMENTS –

The Deputy Executive Director reported that in 2006, the FAA funded an Obstruction Study at the New Castle Airport. In 2008, the FAA funded the Removal of Obstructions with existing easements in place. The FAA is now funding the acquisition of easements on properties within the approaches to the Airport. The Resolution allows the Executive Director, with the advice of counsel, to execute approximately ninety-three (93) avigation easements at the Airport as part of the FAA funded initiative. Michelle Griscom-Colliins reported that meetings with the individual property owners will be scheduled for one-on-one negotiations. The Executive Director added that the Authority is following the FAA process as mandated by law.

After discussion, Commissioner Dorn made a motion, Commissioner Traynor seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented at the June meeting.

d. RESOLUTION 11-XX – LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND XO JET –

The Deputy Executive Director reported that XO Jet entered into a Lease Agreement with the Authority in 2007 for hangar space at the New Castle Airport. The Lease is to expire in 2017; however, an early termination clause would enable a lease termination December, 2012. Due to the downturn in the economy, additional investors, change in leadership and change in general business philosophy, XO Jet has relocated all aircraft from the Airport and has been working with the Authority to find a new user for the hangar space. The Authority has received a letter of commitment from a major aircraft manufacturer to lease the facility and the Authority has asked XO Jet to terminate their lease early to allow the Authority to enter into a Lease Agreement with

the manufacturer. XO Jet has agreed to pay an early termination fee of \$145,203.96, equal to three month's rent, the amount of time expected to pass before a Lease Agreement can be executed with the manufacturer.

After discussion, Commissioner Dorn made a motion, Commissioner Traynor seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the June meeting.

3. Committee Vice-Chair Downes requested an Executive Session, closed to the public, to discuss matters of a confidential nature. A motion was made by Commissioner Dorn, seconded by Commissioner Traynor and the meeting was moved into Executive Session.

The following matters of a confidential nature were discussed.

- LONG RANGE PLANNING

With no further business to discuss in Executive Session, a motion to open the meeting to the public was made by Commissioner Traynor, and the Economic Development Committee was opened to the public.

4. Open Discussions/Other Issues

The Deputy Executive Director reported that Harvest Bank currently leases space at the Salem Business Centre and has requested to lease additional space. Michelle Griscom Collins reported that with the additional space leased, the Salem Business Centre will be at 95% capacity. Commissioner Lathem stressed that it would now be the time to sell the Salem Business Centre.

With no further business to discuss, a motion to adjourn was made by Commissioner Traynor, and the Economic Development Committee adjourned at 11:59 a.m.

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**ECONOMIC DEVELOPMENT COMMITTEE MEETING**  
**Tuesday, June 21, 2011**  
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, June 21, 2011, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Downes  
Commissioner Green, Committee Member

Chairperson Lowe

Legal Counsel

Mike Houghton – DE

Governors' Representatives

Andrew Lippstone

Staff

Jim Johnson  
Frank Minor  
Victor Ferzetti

Commissioners from New Jersey

Committee Chair Smith  
Commissioner Dorn, Committee Member  
Commissioner Favre

Vice-Chairperson Hogan

Phil Norcross - NJ

Johanna Jones – NJ

Authority Secretary

Tom Pankok

Jim Walls  
Gerry Owens  
Charlotte Crowell  
Anna Marie Gonnella Rosato  
Michelle Griscom-Collins  
Steve Williams  
Jim Salmon

1. Committee Chair Smith welcomed the Economic Development Committee and opened the meeting at approximately 10:00 a.m. The Authority Secretary 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. Action Items

Airports

RESOLUTION 11-XX – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND HAWKER BEEHCRAFT CORPORATION –

The Deputy Executive Director reported that Hawker Beechcraft visited twelve (12) locations in the North East to relocate their Maintenance and Repair Operations. The New Castle Airport was selected. Hawker Beechcraft desires to lease 48,760 square feet of hangar, shop and office space, located at 142 Old Churchman's Road at an annual rent of \$487,000 for an initial term of seven (7) years, with three (3) option periods of five (5) years. Rent shall be adjusted annually and during the renewal terms by the Consumer Price Index. Hawker desires to make improvements to the facility including additional electrical and IT wiring, parking, general flooring improvements and paint. Those improvements are estimated to cost \$235,000, which will be split 50/50 between Hawker and the Authority. Hawker desires to construct an additional 7,000 square feet of shop space, which is estimated to cost \$700,000. The Authority agrees to undertake the work to be reimbursed by Hawker over the initial term of the lease in equal monthly payments at an interest rate of 2%. The lease is also contingent upon the termination of an existing lease with the current tenant. The Deputy Executive Director reported that the lease termination has been negotiated and is in place.

The Committee questioned the process for a public announcement. Ms. Patty Cannon, from the Delaware Economic Development Office (DEDO) reported that the Council on Development Finance (CDF) is scheduled to vote on the matter June 27, 2011. Hawker desires to wait until both approvals were in place. A collective announcement will be coordinated at a later date.

Committee Chair Smith asked if the Committee had any further questions and there were none. Commissioner Green made a motion, Commissioner Downes seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration during the Public Session immediately following the Committee meeting.

The Deputy Executive Director noted that this project could not have been completed without the collective cooperation of DEDO, the Executive Director, and the Economic Development staff and thanked all involved.

With no further business to discuss, a motion to adjourn was made by Commissioner Green, and the Economic Development Committee adjourned at 10:12 a.m.

Without objection, the reports were ordered filed with the permanent records of the Authority.

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Commissioner Downes presented the Audit & Governance Committee meeting minutes of June 7, 2011.

**AUDIT & GOVERNANCE COMMITTEE MEETING**

**Tuesday, June 7, 2011**

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, June 7, 2011, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Commissioners from New Jersey

Commissioner Dorn, Committee Member  
Commissioner Favre  
  
Vice-Chairperson Hogan

Governors' Representatives

Susan Kase - NJ

Staff

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

Authority Secretary

Tom Pankok

Invited Guests

Clifton Gunderson LLP  
Nancy Gunza  
Brian Lyman

1. Committee Vice-Chair Downes welcomed the Audit & Governance Committee and opened the meeting at 10:26 a.m. The Authority Secretary 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 Vice-Chair Downes turned the meeting over to the Chief Financial Officer (CFO). The CFO reported that an RFP for Professional Auditing Services had been conducted and Clifton Gunderson was selected as the top firm. The CFO added that one of the benefits of changing firms was to have a fresh set of eyes examine the finances of the Authority, with a goal of improving the Authority's financial reporting. The CFO introduced the Authority's Independent Auditors, Nancy Gunza and Brian Lyman from Clifton Gunderson, who reviewed the results of the 2010 Audit. The following material was provided to all Commissioners in attendance and was reviewed and discussed.

- Risk-Based Audit Approach – Risk Assessment and Testing of Internal Accounting and Compliance Controls – Substantive Testing Based on Results of Risk and Control Assessments. Analyzed the organization, conducted fraud interviews with Audit & Governance Committee Chair and Vice-Chair, Senior Leadership, and individuals. Focused on toll revenue, pension expenses and liabilities, accounting standards, changes related to new accounting rules and inventory. Tests were conducted on general IT controls, compliance controls, federal funding, and substantive testing of finances.
- Audit Results – Unqualified Opinion on Financial Statements.

One (1) Material Weakness – Pension Adjustments – The Authority's additional pension contribution in the amount of \$5.5 million in excess of the annual required contribution (ARC) was not recorded properly as an asset and has been corrected. Also mentioned

was a movement within the accounting sector to allow entities to recognize funding of pension liabilities above the ARC and it is expected these will be modified in new accounting rules sometime in the future. In addition, during the testing of the third-party investment statements for the pension trust fund, a math error carried forward and the total beginning balances from the bank statements did not agree with the Authority's prior year financial statements by \$880,000. The error was corrected immediately. The Auditors recommended that the Authority add the Pension Trust Funds to the General Ledger accounts in order to be reconciled monthly.

One (1) Significant Deficiency – Allowance for Uncollected Tolls Receivable – During testing of the Authority's accounts receivable balances, the uncollected tolls account balance related to electronic tolls had steadily increased to \$2.3 million over the past ten (10) years. As a result, management performed an updated analysis of the collectability of the tolls, developed a policy, and wrote off \$1.9 million of the balance. The CFO reviewed the new policy noting that Authority receivables will be completely written off two (2) years from the end of the fiscal year. With regard to the E-ZPass receivables, the Chief Information Officer (CIO) reported that the Authority's procedure was to send a series of violation notices; however, the Authority never turned any over to collections. Once the Authority's E-ZPass accounts are transitioned to the New Jersey Customer Service Center (NJCS), the NJCS sends violators to collections after the third violation notice. The CIO also pointed out that the Authority's violation rate is 0.9-1.0% with 25% of the violations automatically posting to a license plate, which would automatically reconcile to the E-ZPass account. The CIO also reported that NJCS has been very successful at collecting unpaid tolls and has not received any negative publicity, noting those accounts go to collections after the third notice.

- Single Audit – Unqualified Opinion on Internal Control Over Financial Reporting and Compliance. There were no internal control or compliance findings with regard to the schedule of expenditures of U.S. Department of Transportation - FAA awards in accordance with OMB Circular A-133, Airport Improvement Program – CFDA #20.106.
- Required Communications – The Auditors reviewed the Required Communications as required by the American Institute of Certified Public Accountants' (AICPA's) Statement on Auditing Standards No. 114.
  - Auditor's Responsibility Under Generally Accepted Auditing Standards (GAAS) – financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP)
  - Significant Issues Discussed with Management Prior to Retention – there were none
  - Consultations With Other Accountants – management made no consultations
  - Qualitative Aspects of Accounting Practices – management is responsible for the selection and use of appropriate accounting policies and significant policies are disclosed in Note 1 of the financial statements
  - Estimates and Judgments – management has a reasonable basis for significant judgments and estimates that impact the financial statements
  - Difficulties Encountered in Performing the Audit – there were none
  - Misstatements – Uncorrected –fair value of forward delivery agreements with Bank of America – this was a result of a new accounting pronouncement and management did not receive the valuation until near the end of the completion of the audit and chose not to include it in the 2010 Financials. This will be included in the 2011 Financial Statements as either an asset or a liability. It had always been disclosed in the CAFR but the new accounting rule requires it to be declared as an asset or liability.
  - Representations from Management – the representation letter will be signed by DRBA management
  - Disagreements with Management – there were none
  - Other Significant Findings or Issues – there were no additional findings or issues not previously discussed

After the presentation, Committee Vice-Chair Downes questioned the amount of Clifton Gunderson staff involved with performing the audit. It was reported there were three primary individuals, sometimes a fourth on site. Committee Vice-Chair Downes questioned when the

Audit would be finalized and whether a printed copy would be provided by the June Board meeting. Joe Larotonda, the Director of Finance, reported that an electronic copy would be available by the end of the week and a hard copy would be provided at the Board meeting in June. Committee Chair Downes made note of the correspondence sent to the Audit & Governance Committee members and questioned whether those issues were addressed. The Auditors reported that those issues did not rise to the level of this presentation and were addressed by staff.

Commissioner Traynor questioned whether risk and control would be area by area and the Auditors reported that they look entity-wide and make a judgment. Management takes internal controls seriously and any issues were taken seriously by staff in that they looked for suggestions on how to improve. The CFO reported that improvements to procedures will be better due to a fresh approach and a different expectation of deliverables. Management has identified an opportunity for professional growth of staff and wants to raise the bar in what is delivered to Clifton Gunderson in the future. Commissioner Traynor also inquired if they had any difficulty getting access to information, and the Auditors reported none.

Commissioner Green questioned the item in the letter regarding journal entries being entered and reviewed by the same person. The CFO reported that management has taken steps to require a senior accountant or higher review all journal entries. Commissioner Green questioned whether there were issues for vendors and collecting payments for various property locations. The CFO reported that he will look into the matter and report back at a later date. Commissioner Green also questioned whether the warehouse inventory matter was a repeat issue or related to past inventory control issues. The Auditors reported that the inventory was moved into the MUNIS system and during the testing there were no significant errors; however, there is no written policy governing the inventory review process.

Commissioner Favre requested an update on the Menasha Investment. The CFO reported that this matter is close to being finalized and the Authority should re-coup 72% which is already reflected in the market value of the asset.

Committee Vice-Chair Downes asked if there were any further questions. There were none. The Committee thanked the Auditors for their presentation.

There being no further business to discuss, a motion was made by Commissioner Dorn, and the Audit & Governance Committee meeting adjourned at 11:25 a.m.

Without objection, the reports were ordered filed with the permanent records of the Authority.

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10404. DELAWARE RIVER AND BAY AUTHORITY – TRAFFIC AND REVENUE SUMMARY.

The Chief Financial Officer (CFO) presented charts 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 April.

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

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10405. DELAWARE RIVER AND BAY AUTHORITY – STATEMENT OF INCOME AND EXPENSE.

The CFO presented charts showing statements of income and expenses for the month of April 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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10406. DELAWARE RIVER AND BAY AUTHORITY – OPERATING EXPENSE BY DIVISION.

The CFO presented charts for May 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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10407. DELAWARE RIVER AND BAY AUTHORITY – CAPITAL IMPROVEMENT PROGRAM.

The CFO presented a chart for the month of May 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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10408. DELAWARE RIVER AND BAY AUTHORITY – CASH POSITION (MARKET VALUE) AS OF MAY 31, 2011.

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

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

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10409. COMMISSIONERS PUBLIC FORUM

Christopher Field, President of FOP Local #14 and DRBA Police Officer spoke. He noted the low morale, and frustration with members of Local #14 in not having a signed contract and asked the Commissioners to help expedite the process.

Chairperson thanked Mr. Field for his comments.

Vice-Chairperson Hogan stated that the Board is waiting to receive comments back from the governors.

Stephen Williams, Director of Airports, introduced Patty Cannon, Business Development Manager of DEDO, and Randy Blad, Real Estate Manager, Hawker Beechcraft Corporation.

Mr. Blad thanked the Commissioners for the opportunity to speak and stated that he has worked 15 years with Hawker and is appreciative of the support he is receiving. He is looking forward to coming into the area.

Ms. Patty Cannon stated that this was the first opportunity she has had to work with the DRBA and thanked the Commissioners and staff for their cooperation. She noted that Governor Markell was happy that he was able to attend the announcement of Hawker’s decision to locate in Delaware and was proud to work on this project.

Chairperson Lowe noted that Commissioners Green and Smith volunteered to be on the Energy Ad Hoc Committee. The first meeting will be held next month.

In response to Commissioner Downes question regarding the mission of the Energy Ad Hoc committee, Commissioner Green noted that the Authority is investigating areas within its purview whereby it can take advantage of sustainable energy opportunities.

Commissioner Downes also noted that the Board will be holding one day meetings and that proper notice must be made in accordance with the FOIA Act.

Chairperson Lowe noted that notices will be distributed to the proper authorities and to the press stating that the committee meetings will be held in the morning and the Board meetings in the afternoon. Action items passed in the morning will be voted upon in the afternoon unless tabled.

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

The meeting was adjourned 10:58 a.m.

Respectfully submitted,

THE DELAWARE RIVER AND BAY AUTHORITY

Thomas A. Pankok  
Secretary