

**DELAWARE RIVER AND BAY AUTHORITY**

**BUDGET & FINANCE COMMITTEE MEETING**

**Wednesday, February 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 Wednesday, February 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

**PRESENT**

Committee Chair Downes  
Commissioner Ford, Committee Member  
Commissioner Carey-arrived after roll call  
Commissioner Lathem

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Committee Vice-Chair Wilson  
Commissioner Van Sant, Committee Member  
Commissioner Bennett  
Commissioner Dorn

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Invited Guests

Brown Advisory  
Jim Dugan  
Tom Graff  
Taylor Graff

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 9:01 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 January 20, 2016. Commissioner Ford made a motion, Commissioner Wilson seconded, and the Committee Minutes were accepted.

3. Discussion Items:

a. 2015 Investment Review – The Chief Financial Officer (CFO) introduced representatives from Brown Advisory, the Authority’s independent Investment Manager/Financial Advisors, Mr. Jim Dugan, Mr. Tom Graff and Mr. Taylor Graff. The following material was presented and highlighted from the entire presentation.

Executive Summary

- Major Market Events – Modest returns for S&P and Barclays Aggregate Bond Index; valuations and corporate profitability declined after sustained increase dating to 2009; Federal Reserve raised interest rates for first time since 2006
- DRBA Employees’ Retirement Plan and OPEB Trust – Retirement Plan and OPEB Portfolio returns slightly negative driven by weakness in sectors outside U.S. large company stocks; portfolio returns for last five years just under the 7.5 actuarial rate target
- DRBA Authority Funds – returns were modestly positive

Overall, Mr. Dugan added that although Economic Growth was not robust and companies are attempting to squeeze efficiencies, he does not feel that a recession is likely. However, the returns of the last five years are unlikely to materialize. The Authority’s Funds are balanced between opportunity and risk. The CFO noted in the Employees’ Retirement Plan that the actuarial assumption target of 7.5% fell short and was already a topic of conversation for the fall Planning Session. The Committee asked several questions which were answered to their satisfaction. The CFO reported that the Authority stayed the course through the financial bubble and although we lost 30% of our assets, we have recovered nicely; however, sustained financial returns never last forever. The CFO met with Brown Advisory last summer for a complete strategy session to review and evaluate potential threats and options, ultimately determining the importance of maintaining a diversified portfolio. Commissioner Ford questioned whether there was a written policy and the CFO reported that he would provide him with the Investment Policy. The Committee thanked Brown Advisory for their presentation.

4. Resolutions:

a. RESOLUTION 16-06 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

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

b. RESOLUTION 16-07 – ADOPTION OF A REVISED FARE SCHEDULE FOR THE CAPE MAY-LEWES FERRY TO INCREASE VEHICLE FARES, AND TO INTRODUCE OTHER FARES SUCH AS: A RETURN-TRIP FARE FOR LONG VEHICLES, AND A “25-TRIP PASS” FOR PASSENGERS

The Director-Ferry Operations (DFO) presented the Resolution and reviewed the proposed changes to the Fare Schedule. The DFO reported that, the modifications are as a result of last month’s Committee discussions and direction. After discussion and with no further questions, Commissioner Wilson made a motion, Commissioner Ford seconded, and the Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the February meeting later today.

5. Miscellaneous:

2016 Budget Transfer Request

The CFO requested that funding for two (2) positions, Director of Marketing and Web & Social Media, be moved from Administration to the Cape May-Lewes Ferry. This aligns the 2016 Budget lines to the reporting structure and transfers \$143,661 from Administration to Ferry. The Committee concurred with the recommendation.

Standard & Poor’s Report (S&P)

The CFO presented and reviewed the report issued from S&P on the Authority’s outstanding credit and affirmed the existing rating of A Stable.

6. With no further business to discuss, Commissioner Van Sant made a motion to adjourn and the Budget & Finance Committee adjourned at 10:03 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**ECONOMIC DEVELOPMENT COMMITTEE MEETING**

**Wednesday, February 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 Wednesday, February 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

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Committee Chair Bennett  
Commissioner Van Sant, Committee Member  
Committee Chair Dorn  
Commissioner Wilson

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins – NJ

1. Committee Chair Bennett welcomed the Economic Development Committee and opened the meeting at approximately 10:08 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 January 20, 2016. Commissioner Downes made a motion, Commissioner Van Sant seconded, and the Committee Minutes were accepted.

3. Discussion:

McConnell Development Matter

The Chief Financial Officer (CFO) reported that Mr. Paul McConnell, McConnell Development, requested to address the Committee regarding McConnell Development's ground lease in Corporate Commons. The CFO reminded the Committee that Mr. McConnell renegotiated a lease renewal with FedEx and then contacted the Authority for relief on ground lease. The CFO introduced Mr. McConnell and Shona Grace, Chief Operations Officer. Mr. McConnell reported that FedEx has been at located at Corporate Commons for over 15 years; however, was considering consolidation and leaving Delaware, taking 145-160 jobs. In an effort to retain FedEx, he negotiated a 25% reduction in their rent and renewed the lease for 10 years. Mr. Connell asked the Committee to consider a 25% ground lease reduction.

Committee Chair Bennett asked if there were any further questions for Mr. McConnell and there were none. The Committee thanked Mr. McConnell.

4. Committee Chair Bennett requested an Executive Session, closed to the public to discuss matters of a confidential nature. Commissioner Downes made a motion to move the meeting to Executive Session, Commissioner Van Sant seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

- NEGOTIATIONS

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

6. Miscellaneous:

Cape May Brewery

The CFO reported that Ryan Krill, Cape May Brewery has expressed the desire to obtain an option to purchase property at the Cape May Airport. Staff has offered to have Mr. Krill come in and share his vision of expansion and growth at Cape May with the Committee. Commissioner Downes requested that staff be prepared with hard numbers. The CFO stated he could provide an estimate and informed the Committee that the FAA will require an appraisal of the property which would establish the actual sale price. The Executive Director reported that the process would be similar to the Citibank transaction and that the Committee would be

authorizing and approving the process and consent to sale, should it be acted upon. Committee Chair Bennett reported that the Cape May Brewery matter would be added to the March agenda.

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

**DELAWARE RIVER AND BAY AUTHORITY**

**PERSONNEL COMMITTEE MEETING**

**Wednesday, February 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 Wednesday, February 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Lathem  
Commissioner Carey, Committee Member  
Commissioner Downes  
Commissioner Ford

Commissioners from New Jersey

Committee Vice-Chair Dorn  
Commissioner Bennett, Committee Member  
Commissioner Van Sant  
Commissioner Wilson

Chairperson Lowe

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Michael Collins – NJ

Staff

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

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 10:30 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 January 20, 2016. Commissioner Dorn made a motion, Commissioner Downes 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 Dorn, seconded by Commissioner Downes, 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 Dorn, seconded by Commissioner Carey, and the Session was opened to the public.

4. Resolutions:

a. RESOLUTION 16-08 – COLLECTIVE BARGAINING AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND FRATERNAL ORDER OF POLICE LODGE NO. 14, FOR SWORN NON-SUPERVISORY EMPLOYEE POLICE OFFICERS

b. RESOLUTION 16-09 – COLLECTIVE BARGAINING AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DISTRICT NO. 1 – PCD, MARINE ENGINEERS' BENEFICIAL ASSOCIATION, AFL-CIO, FOR CERTAIN MARINE EMPLOYEES AT THE CAPE MAY-LEWES FERRY

c. RESOLUTION 16-10 – AUTHORIZING A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 542, FOR CERTAIN EMPLOYEES

The Chief Operations Officer presented the three (3) Resolutions. Commissioner Dorn made a motion to approve the three (3) Resolutions in a group, Commissioner Carey seconded, and the Committee recommended forwarding the three (3) Resolutions to the full Board for approval. The Resolutions will be presented to the full Board for consideration at the February meeting later today.

5. Miscellaneous: None.

6. With no further business to discuss, Commissioner Dorn made a motion to adjourn and the Personnel Committee adjourned at 10:43 a.m.



**DELAWARE RIVER AND BAY AUTHORITY**

**PROJECTS COMMITTEE MEETING**

**Wednesday, February 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 Wednesday, February 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware  
PRESENT

Commissioner Downes  
Commissioner Ford  
Commissioner Lathem  
Commissioner Carey

Chairperson Lowe

Legal Counsel  
Mike Houghton - DE

Governors' Representatives

Staff

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

Commissioners from New Jersey

Commissioner Wilson  
Commissioner Van Sant  
Commissioner Bennett  
Commissioner Dorn

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins – NJ

7. In the absence of both Chairs, Chairman Lowe asked Committee Member Lathem to serve as the Acting Chair for this meeting. Acting Chair Lathem opened the Projects Committee meeting at approximately 10:44 a.m. The Deputy Executive Director 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.

8. Acting Chair Lathem called for a motion to accept the Projects Committee Minutes from January 20, 2016. Commissioner Ford made a motion, Commissioner Wilson seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda, three (3) bid openings, several major construction project updates and one (1) monthly contractor payment charts (through January).

9. Resolutions: None

10. Bid Opening:

a. CMLF-13-02: EIGHT BAY GARAGE BUILDING REPAIRS – CAPE MAY TERMINAL

This project is to repair the Eight Bay Garages floors and walls, using Minor Capital Maintenance Funds.

A public bid was held on January 26, 2016, in which (4) four bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$97,366 to New Age Fastening Systems from Sewell, NJ. New Age is currently doing crack repairs on the bridge piers.

b. ILG-09-01: PAVEMENT REHABILITATION: TAXILANE “G” AND ADJACENT T-HANGER APRONS

The work on this project consists of pavement work at ILG to Taxilane G and the adjacent T-Hangor Aprons.

A public bid was held on January 26, 2016, in which (1) one bid was submitted. The COO recommended awarding the contract to the bid, in the amount of \$1.4 million, to Diamond Materials from Wilmington, DE. The COO stated that the bid was under the engineers estimate and Diamond is a contractor that does a lot of work for The Authority.

c. DMB-16-01: TOWING SERVICES FOR I-295 SOUTHBOUND RECONSTRUCTION PROJECT

This project concerns towing for the I-295 projects. The project will begin this month and run for the next 34 months. The COO stated that although we will always have two travel lanes open, an accident during construction could cause major tie-ups because there will be no shoulder for disabled vehicles to pull on to. During normal work hours and into the evening, staff can handle the towing. However, during the overnight and weekends, we want to make sure that a towing capability is available to us within a reasonable time frame, so that The Authority can get disabled vehicles off the roadways and traffic moving again.

A public bid was held on February 2, 2016, in which (5) five bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$196,000 to Nicks Auto Repair from Penns Grove, NJ. Nicks Auto Repairs bid was under the engineers estimate and The Authority has previously done business with them

A motion was made by Commissioner Downes, seconded by Commissioner Ford and the Projects Committee concurred with the recommendation to accept the (3) three bids and authorized the action to be presented to the full Board at the February meeting later today.

11. Contract Close-Out Actions: None
12. Contractor Payment (through January): The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through January.
13. Miscellaneous Items/Updates:

The COO reported on the following Project Updates

a. DRYDOCKING VISIT

The COO, Heath Gehrke, Vice-Chair Hogan, Commissioner Ford and Commissioner Van Sant took a tour of the drydocking on Staten Island. The tour occurred on February 5, 2016. The COO stated that the tour was highly informative. Everyone was able to walk under the hull to inspect the new paint job. The also got a look at the new reduction gears and new engine which are soon to be installed among many other things. A lot of the work has been done but there still is a substantial amount that needs to be done.

The COO was also pleased to hear from our Port Engineer, Jim Gillespie and the three other marine engineers who are up there monitoring the contractors work and learning about the new equipment, that they are satisfied with the quality of the work being done by the Cadell Drydock.

b. CAPE MAY FERRY TERMINAL

Construction at the On The Rocks Café expansion has resumed. Despite some delays that we have experienced, The Authority continues to anticipate that the project will be ready for our busy season

c. BRIDGE TOWER PAINTING

This project is 100% complete

d. I-295 RECONSTRUCTION

Construction has begun and you should see barrier installation within the next 2 weeks. Pavement restriping will also begin soon depending on the weather.

e. BRIDGE ELEVATOR PROJECT

The COO was asked by Commissioner Downes to elaborate on the Elevator Project. The COO stated that the bridges were originally constructed with elevators inside the hollow tower legs. Two issues arose in the early 2000's. One was that those elevators were too small and another was that the replacement parts were becoming increasingly hard to find or fabricate, which rendered the units obsolete.

The motivation behind the elevator project in the beginning was to install new elevators and to expand their capacity to transport materials, equipment and people. In the process of building the new exterior elevators, the interior elevators were dismantled and removed. That being the case, we are now fully dependent upon the exterior elevators to move people, equipment, and materials up & down the towers.

Let it be noted that when the elevator replacement project was originally advertised in 2009, the bids came back over the engineer's budget. At that time, the decision was made to reject all bids and "value engineer" the project to reduce cost. The project was then rebid in 2010 with different specifications, which was a mistake. That was a small factor in where we are today. Failure to adequately inspect the installation, failure to enforce the warranty and failure to implement a commissioning process got us to where we are.

As for the present, once the scaffolding was dismantled from the tower painting work, we reinspected all of the elevators that were not in use because they were incased in scaffolding. At that point they had not been in use for months and we found that the main exterior control cable was frayed on 2 of the 4 elevators. Those elevators are now out of service until the cables are replaced. The cause of this problem is the winds have been whipping the cables against the bridge towers and fraying the sheathing which is Kevlar (The COO presented this fraying in pictures). This illustration of the product shows it's probably not the best match for this environment in which it has been installed. Our bridges are subject to high winds, so a design where the cables are not in a housing or not retained in some manner is not optimal.

Going forward, as was stated in the December briefing, we have a new maintenance contractor. That contractor is Otis who was competitively selected. They have several specialized experts that deal with maintenance and repair of high lift units in the construction & marine industries. We also have a new policy that only DRBA personnel can operate the elevators.

The cable problem will require a permanent solution, which will involve placing the cables in a housing or retainer system and out of the wind. Overall, the retrofit is still in design, but we expect it to involve, in addition to the retention cables, new cables themselves, new over speed safety devices, new & better rollers, improved operating software and several other fixes based on observations of our maintenance staff. We also anticipate purchasing a 3-year extended warranty. This will keep the retrofit contractor as a stakeholder in the renovations past their commissioning date. In addition to our regular bridge consultants, we will be hiring an outside elevator specialist to perform 3<sup>rd</sup> party review of the plans, specifications and estimates. All of the foregoing means that the 2016 CIP budget of \$1.2 million for this project will probably be as much as 50% higher. This is necessary because the DRBA wants a permanent solution that greatly increases the reliability of the units while addressing the mechanical, safety, software and operational issues.

8. Open Discussion/Other Issues:
9. With no further business to discuss, Commissioner Dorn made a motion to adjourn, and the Projects Committee adjourned at 11:11 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**AUDIT & GOVERNANCE COMMITTEE MEETING**

**Wednesday, February 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 Wednesday, February 17, 2016, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Commissioner Downes, Committee Member

Commissioner Lathem, Committee Member

Commissioner Ford

Vice-Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Staff

Scott Green

Frank Minor

Victor Ferzetti

Vince Meconi

Gerry Owens

Charlotte Crowell

Michelle Hammel

TJ Murray

Heath Gehrke

Commissioners from New Jersey

Committee Chair Wilson

Commissioner Bennett, Committee Member

Commissioner Dorn

Commissioner Van Sant

Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

1. Committee Chair Wilson opened the Audit & Governance Committee meeting at 11:10 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. Commissioner Downes called for a motion to accept the Audit & Governance Committee Minutes from January 20, 2016. Commissioner Lathem made a motion, Commissioner Downes seconded, and the Committee Minutes were accepted.

### 3. Defined Contribution RFP Selection Process

The Chief Financial Officer (CFO) reported that an RFP for a Defined Contribution Plan Provider was conducted and the Authority received eight (8) proposals. The Authority's Consultant, Bolton Partners, has been holding those proposals in light of recent questions from the Board regarding the level of fiduciary responsibility of the Board for the Plan. The CFO, in consultation with Delaware and New Jersey Counsel, made the following recommendation in order to move the process forward.

- Continue to work in conjunction with the Consultant to review the proposals, short-list, and interview firms, and make a recommendation to the Audit & Governance Committee and adoption by the Board
- Work with the Consultant to develop a formal investment policy for the Plan for recommendation to the Audit & Governance Committee and adoption by the Board
- Form an Investment Committee or Trustees with clearly defined role and responsibility
- Develop a governance program to cover monitoring investments, fees, service provider performance as part of a review process

Authority Chair Lowe added the contributions are employee contributions and questioned the level of oversight. New Jersey Legal Counsel added that the recommendation is a best practice and appropriate Board oversight is administrative with a review of the performance of the choices offered and review of the fees. Commissioner Downes suggested that employees be included as members of an Investment or Trustee Committee; however, the Executive Director (ED) reported that he and staff did not recommend such a structure. Delaware Legal Counsel shared that his firm had recently undertaken the same process and his firm's Executive Committee has oversight having determined that employee participation was not beneficial to the oversight process.

Committee Chair Wilson asked if the Committee concurred with the recommended path forward and there was no objection.

With no further business to discuss, Commissioner Downes made a motion to adjourn, and the Audit & Governance Committee adjourned at 11:32 a.m.