

DELAWARE RIVER AND BAY AUTHORITY

AUDIT & GOVERNANCE COMMITTEE MEETING

Tuesday, October 27, 2015

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, October 27, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Carey-via phone after roll call
Commissioner Downes, Committee Member
Commissioner Lathem, Committee Member
Commissioner Murphy

Vice-Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Danielle Blount - DE

Staff

Scott Green
Frank Minor
Victor Ferzetti
Vince Meconi
Gerry Owens
Charlotte Crowell
Joe Nadel
Michelle Hammel
Ruth Warner
Dave Park

Commissioners from New Jersey

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

Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Invited Guest

Tim Snyder, Young Conaway Stargatt & Taylor

1. Committee Chair Wilson opened the Audit & Governance Committee meeting at 9:05 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 September 15, 2015. Commissioner Downes made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Review of Historical Resolutions for Compliance

4. Committee Chair Wilson requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Downes, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

- LEGAL MATTERS

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 Downes, and the Session was opened to the public.

With no further business to discuss, Commissioner Lathem made a motion to adjourn, and the Audit & Governance Committee adjourned at 9:45 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, October 27, 2015

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was scheduled on Tuesday, October 27, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Lathem

Commissioner Carey, Committee Member-via phone

Commissioner Murphy, Committee Member

Commissioner Downes

Commissioners from New Jersey

Committee Vice-Chair Dorn

Commissioner Smith, Committee Member

Commissioner Van Sant

Commissioner Wilson

Chairperson Lowe

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Danielle Blount - DE

Michael Collins - NJ

Staff

Scott Green

Frank Minor

Charlotte Crowell

Gerry Owens

Victor Ferzetti

Vince Meconi

Michelle Hammel

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 9:46 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 September 15, 2015. Commissioner Dorn made a motion, Commissioner Murphy seconded, and the Committee Minutes were accepted.

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

The following matters of a confidential nature were discussed:

- LABOR NEGOTIATIONS
- PERSONNEL MATTERS

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

4. Resolutions:

a. RESOLUTION 15-38 – AUTHORIZES A CONTRACT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND YOUNG CONAWAY STARGATT & TAYLOR, LLP TO PROVIDE PROFESSIONAL “ON-CALL” LABOR AND EMPLOYMENT LEGAL COUNSEL TO THE AUTHORITY

The Chief Financial Officer (CFO) presented the Resolution. The Committee questioned why the rates were not included in the Resolution. The Chief Financial Officer (CFO) reported that the Resolution was same format as was used with the Resolution authorizing General Counsel. He also reported that Young Conaway’s rates were consistent with Delaware General Counsel and is for a three (3) year term with a one (1) year option renewal.

b. RESOLUTION 15-41 - AUTHORIZES A CONTRACT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND BROWN & CONNERY, LLP TO PROVIDE PROFESSIONAL “ON-CALL” LABOR AND EMPLOYMENT LEGAL COUNSEL TO THE AUTHORITY

The CFO presented the Resolution. The CFO reported Brown & Connery was selected for a three (3) year term with a one (1) year option renewal and the rates consistent with the NJ General Counsel rates.

After discussion, Commissioner Dorn made a motion to approve both Resolution 15-38 and Resolution 15-41, Commissioner Murphy seconded, and the Committee recommended forwarding both Resolutions to the full Board for approval. The Resolutions will be presented to the full Board for consideration at the October meeting later today.

c. RESOLUTION 15-39 – RESOLUTION BY THE DELAWARE RIVER AND BAY AUTHORITY AUTHORIZING MODIFICATIONS TO THE BENEFITS PLAN DESIGN

The Chief Human Resources Officer (CHRO) presented the Resolution. Commissioner Murphy made a motion, Commissioner Smith 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 October meeting later today.

d. RESOLUTION 15-40 – AUTHORIZES THE AMENDMENT OF THE RESTATED DELAWARE RIVER AND BAY AUTHORITY EMPLOYEES’ DEFINED CONTRIBUTION PLAN

The CHRO presented the Resolution. Commissioner Murphy made a motion, Commissioner Dorn 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 October meeting later today.

5. Miscellaneous

The CHRO provided a list of the current openings for Full-time and Casual/Seasonal Employment Opportunities.

6. With no further business to discuss, Commissioner Murphy made a motion to adjourn and the Personnel Committee adjourned at 11:15 a.m.

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, October 27, 2015

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, October 27, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Downes
Commissioner Murphy, Committee Member
Commissioner Carey-via phone
Commissioner Lathem

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Danielle Blount - DE

Staff

Scott Green
Frank Minor
Victor Ferzetti
Charlotte Crowell
Vince Meconi
Gerry Owens
Michelle Hammel
TJ Murray
Joe Larotonda
Joe Nadel
Dave Park
Ruth Warner
Jim Salmon

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins - NJ

Invited Guest

Tim Snyder, Young Conaway Stargatt & Taylor

1. Committee Chair Downes opened the Budget & Finance Committee meeting at approximately 11:14 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 September 15, 2015. Commissioner Wilson made a motion, Commissioner Murphy seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 15-36 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2015 THROUGH DECEMBER 31, 2015

The Chief Financial Officer (CFO) presented the Over \$25,000 List and reviewed each of the three (3) vendors on the list. After discussion Commissioner Smith 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 September meeting later today.

4. Discussion Items:

- Request for Transfer of Budget

The CFO reported that as a result of Food & Retail selling much more product and being more active with catering events, expenses have increased and a Budget Amendment to transfer funds into their budget line is necessary. The CFO presented and reviewed a spreadsheet showing the 2015 Budget, Amended 2015 and Preliminary 2016 Budget information. The CFO is working with the Chief Operations Officer (COO), and Food & Retail to improve projections of revenues and net income. Looking forward to FY 2016, the Budget includes two (2) additional positions and contemplates a continuation of sales at the Lewes and Cape May On The Rocks. The CFO requested the Committee consent to a transfer of funds into the Food & Retail budget line in the amount of \$495,004. The funds are being transferred from Ferry Vessel Fuel line since fuel prices this year have been lower than projected. The Committee consented to the transfer of funds in the amount requested from Vessel Fuel to Food & Retail.

- 2016 Preliminary Operating Budget

The CFO and Assistant Director of Finance (DOF) reviewed the 2016 Preliminary Operating Budget. The following material was presented and discussed.

- Revenue Analysis for the Period 2015-2016
- Major Increases/Decreases FY 2016
- Expenditure Analysis by Division 2012-2016 (Exhibit A)
- Expenditure Analysis by Category 2012-2016 (Exhibit B)

The Assistant DOF reported the Preliminary FY 2016 Budget of \$82,502,368 reflects an increase of \$1,484,993 or 1.8% increase over the FY 2015 Adopted Budget. The CFO noted that if the Committee was satisfied with the FY 2016 Budget as presented, a Resolution including

Exhibits A & B will be presented for consideration at the November Committee meeting. There Committee had no objections to the FY 2016 Budget as presented.

5. Miscellaneous:

Travel & Business Expense Reimbursement Policy Matter

The CFO reported that, in accordance with the current Authority Travel & Business Expense Reimbursement Policy, the use of per diems for expenses incurred while working at Authority locations is permitted. Since the Authority will be assigning at least four (4) employees to the M/V Delaware drydocking for the re-powering project located in Staten Island, New York, the CFO proposed that the Staten Island location be considered an Authority location and to allow for the use of per diems for the duration of the project for these individuals. The per diem, in the amount of \$74 per day is in accordance with IRS regulations for the Staten Island location and would be deposited directly into their checking accounts. The CFO noted that the approach would allow for a much cleaner way of administering the expenses. The CFO also reported that it is his intent to conduct a review of the Travel & Business Expense Reimbursement Policy in 2016 to address this issue to allow for the use of per diems for those employees involved in future extended stays for Authority business. After the discussion, the Committee had no objection.

6. With no further business to discuss, Commissioner Murphy made a motion to adjourn and the Budget & Finance Committee adjourned at 12:00 p.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, October 27, 2015

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, October 27, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Commissioner Downes, Committee Member
Commissioner Lathem
Commissioner Murphy

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Danielle Blount - DE

Staff

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

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Michael Collins – NJ

1. Committee Chair Dorn welcomed the Economic Development Committee and opened the meeting at approximately 12:00 p.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 Dorn called for a motion to accept the Economic Development Committee Minutes from September 15, 2015. Commissioner Van Sant made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Action Items: None.

4. Open Discussion/Other Issues:

a. Agusta Aerospace – The Deputy Executive Director (DED) reported that he, the Director-Airport Operations and staff provided a tour of the Millville facilities to representatives from Agusta, interested in possibly storing aircraft. Agusta is currently located at the Northeast Philadelphia Airport.

b. Boeing – the DED reported he had been contacted by Boeing regarding the possibility of Boeing returning to the Millville Airport should opportunities for future military defense contracts materialize.

c. The LeFrak Organization Lease Termination – the CFO reported that this Tenant entered into a Five (5) Year Lease Agreement at the New Castle Airport and wishes to terminate the Agreement with four (4) years remaining. The CFO reported that, in cases where there is market interest in the space, the Authority has offered to terminate the lease for half of the remaining term. The CFO reported that Dassault has expressed interest in leasing the space for one (1) year. The CFO presented the following. LeFrak would be subject to the remaining four (4) years of lease payments; the Authority could forgive half of the remaining term and LeFrak pay a lease termination of two (2) years; or the most generous and recommended proposal would be if, in the event Dassault entered into a one (1) year lease for the space, LeFrak would pay a lease termination equivalent to one (1) year. Commissioner Downes reported that he agreed with the recommendation of the CFO for the one (1) year lease termination, if Dassault leased the space for one (1) year. He added that the LeFrak Organization is making their decision to terminate voluntarily for tax reasons. The Committee did not object to the CFO's recommendation. The CFO added that their Lease Agreement allows LeFrak to sub-lease, but does not allow them to make a profit on the sub-lease of the space.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Smith, and the Economic Development Committee adjourned at 12:08 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, October 27, 2015

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, October 27, 2015, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Murphy
Commissioner Lathem, Committee Member
Commissioner Downes

Commissioners from New Jersey

Committee Vice-Chair Smith
Commissioner Wilson, Committee Member
Commissioner Dorn
Commission Van Sant, Committee Member

Chairperson Lowe

Vice-Chairperson Hogan

Legal Counsel

Mike Houghton - DE

Phil Norcross - NJ

Governors' Representatives

Danielle Blount - DE

Michael Collins - NJ

Staff

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

5. Committee Chair Murphy opened the Projects Committee meeting at approximately 12:09 p.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.

6. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from September 15, 2015. Commissioner Wilson made a motion, Commissioner Lathem seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda, one (1) resolution, one (1) contract close-out, two (2) miscellaneous items/updates and one (1) monthly contractor payment charts (through September).

7. Resolutions:

The COO presented one (1) Resolution:

RESOLUTION 15-37: AUTHORIZES AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND JOHNSON MIRMIRAN & THOMPSON TO PROVIDE PROFESSIONAL CONSTRUCTION INSPECTION SERVICES DURING THE I-295 SOUTHBOUND RECONSTRUCTION PROJECT

The Chief Operations Officer (COO) reported that a public RFP had been conducted for professional construction inspection services during the I-295 Southbound Reconstruction Project. The authority received and evaluated the proposals from seven (7) firms. Johnson Mirmiran & Thompson (JMT) was designated as the highest ranking firm following the evaluation of the proposals. The I-295 project is very large and lengthy with a cost of \$33.7 million and takes an estimated 1,031 calendar days to complete. The Authority believes that it is important to have the equivalent of 3 FTEs on site every construction day and this firm (plus in-house resources) will provide us that coverage. The Authority committed the same level of resources toward inspection on the northbound I-295 reconstruction a few years ago. JMTs estimated cost for these services will be approximately \$2 million. The COO made the recommendation to award this contract to JMT.

After discussion and with no questions, Commissioner Lathem made a motion, Commissioner Van Sant 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 October meeting later today.

8. Bid Opening: None

9. Contract Close-Out Actions:

The COO presented one (1) Close-out Action:

CMLF-04-08: CAPE MAY APPROACH ROADS MODIFICATIONS – PHASE 1

The title of the close-out describes what work was performed for the Authority and there are no particular issues. The final contract amount is \$5,292,093.82. The COO recommended close-out of the contract and final payment to South State Inc. of Bridgeton, New Jersey. A motion was

made by Commissioner Lathem, seconded by Commissioner Wilson, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the October meeting later today.

10. Contractor Payment (through September): The Chief Operations Officer (COO) reviewed for the Committee the monthly construction contractor payments to be made for the work completed through September.

11. Miscellaneous Items/Updates:

a. AIRPORT GENERAL ENGINEERING CONSULTANT SPENDING LIMIT

The COO reported that last year, the Board approved resolution 14-09, authorizing the hiring of C&S Engineers as General Engineering Consultant for our airports. At that time, the Commissioners were advised that the Authority would likely spend \$3.5 million in architectural and engineering work over the 4-year life of the contract. We now expect to spend \$10.5 million (combined DRBA and FAA funds) over the life of the contract, which is not bad news. The Authority will now be receiving considerably more in FAA funding than we anticipated last year. Also, our engineering department is fully staffed and able to push through more projects, more quickly than previously. The COO stated that the Authority is satisfied with this firm's work and just wanted to let the commissioners know that we will be adjusting the contract to reflect the new volume of work.

b. OFF SEASON FERRY SCHEDULE

The COO also reported on the updated Winter Ferry schedule. The winter ferry schedule consists of months November through March. What is noteworthy about the schedule this off-season is that our minimum number of daily trips will be 4 as compared to 3 during the 2014-2015 off-season. In preparing this schedule, the Authority did some thorough analysis of expenses and revenues based on the number of different alternatives, including 2, 3 or 4 round trips per day. We found that our variable cost are currently very low based off low fuel prices. Our fixed costs now make up 89% of the ferry's operating costs in the off-season. Due to our fixed costs being so high, we save very little money by not sailing, so there is very little difference in our daily profitability regardless of which alternative we select. With such a small difference between the various alternates, we made our decision based on the best customer service, which is to run 4 round trips per day.

12. Open Discussion/Other Issues:

a. Twin Capes Ferry

The COO reported on discussions the Authority has had about the sale of the Twin Capes to the Delaware Department of Natural Resources. If these discussions pan out, we would remove anything on the vessel that we could re-use and then DNREC would buy the vessel as is, clean it up environmentally and sink it off-shore as an artificial reef. The COO stated that this same thing was done some years back with some old New York City subway cars. If those discussions do not pan out, it is likely the Authority will sell the vessel for scrap. The timing is not ideal for scrapping as scrap prices are currently low but the time has come to dispose of this vessel one

way or another. When we were preparing for Hurricane Joaquin, we had to spend time and money to get the Twin Capes available to run, either to sail up river or keep it under power while at dock during the storm which we were able to do after some effort. As time goes on, such preparation will become more difficult so now is the time to sell or scrap.

13. With no further business to discuss, Commissioner Murphy made a motion to adjourn, and the Projects Committee adjourned at 12:20 p.m.