

**DELAWARE RIVER AND BAY AUTHORITY**  
**GOVERNANCE/AUDIT COMMITTEE MEETING**  
**Thursday, January 21, 2021**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Governance/Audit Committee Meeting was conducted via teleconference on Thursday, January 21, 2021 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee-Vice Chair Carey  
Commissioner Faust, Committee Member  
Commissioner Decker, Committee Member  
Commissioner Ford  
Commissioner Ratchford

Commissioners of New Jersey

Committee Chair McCann  
Commissioner Smith, Committee Member  
Commissioner Wilson, Committee Member  
Commissioner Ransome

Chairperson Lathem

Vice-Chairperson Hogan

Mike Houghton – DE

Phil Norcross – NJ

Governors' Representatives

Albert Shields – DE

Rudy Rodas – NJ

Staff

Tom Cook  
Steve Williams  
Victor Ferzetti  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Jim Salmon  
TJ Murray  
Michelle Warner  
Michele Pyle  
Tara Donofrio  
John Sarro  
Heath Gehrke  
Joe Gibbons  
Dave Hoppenjans  
Rhona Bronson  
Michelle Griscom

Guests

Andy Lee  
Clifton Larson Lee, LLP  
Luke Winter  
Clifton Larson Lee, LLP  
Jim Dugan  
Brown Advisory

1. Committee Chair McCann opened the Governance/Audit Committee meeting at approximately 11:48 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Governance/Audit 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 McCann called for a motion to accept the Governance/Audit Committee Minutes from November 17, 2020. Commissioner Smith made a motion, Committee Vice Chair Carey seconded, and the Committee Minutes were accepted.
3. Discussion Items

) 2020 Audit Scope of Work

The Chief Financial Officer (CFO) introduced two representatives, Andy Lee and Luke Winter, who are the principal and the engagement manager, respectively, in charge of the Audit by CliftonLarsonAllen (CLA). The CFO turned the meeting over to Mr. Lee, who discussed their scope of work and some of their pre-audit planning materials. Their main focuses were the Audit Scope and Deliverables, Responsibility Overview, Audit Plan Overview, Consideration of Fraud, Covid-19 Resources and the GASB Update.

Mr. Lee explained the timeline for the Audit, from planning until final reporting in May, and emphasized that any items of significance would be promptly communicated throughout their work. Mr. Winter reviewed the Consideration of Fraud, the Covid-19 resources and GASB update noting GASB Statement 89 for 2021 has already been implemented at the Authority.

) 2020 Semi-Annual Report of Resolutions

Counsel & Chief Ethics Officer, Michelle Warner, presented an update on the status of Resolutions approved by the Board in 2020. All but 9 Resolutions have been fully implemented. She also reviewed prior year Resolutions which were still not fully implemented.

- 52 Resolutions Presented to Board in 2020
  - 1 Failed
  - 9 Not Fully Implemented
  - 23 Dealing with leases, lease terminations, lease amendments or easements
  - 8 Contracts for Services
  - 8 Over 25 list
  - 10 Routine Matters (Budget, CIP, Grants, MOUs, Airport Fees & Charges, Ceremonial, Meeting Dates)
  - 2 Change to Personnel policies
  - 1 Collective Bargaining Agreement

4. With no further business to discuss, Committee Chair McCann called for a motion to adjourn; Commissioner Smith made a motion and Commissioner Faust seconded, and the Governance/Audit Committee adjourned at 12:11 p.m.



**DELAWARE RIVER AND BAY AUTHORITY**  
**BUDGET & FINANCE COMMITTEE MEETING**  
**Thursday, January 21, 2021**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Budget & Finance Committee Meeting was conducted via teleconference on Thursday, January 21, 2021 from the Delaware Memorial Bridge Complex, New Castle, Delaware

Commissioners of Delaware

Committee Chair Decker  
Commissioner Ratchford, Committee Member  
Commissioner Ford, Committee Member  
Commissioner Faust  
Commissioner Carey

Chairperson Lathem

Mike Houghton – DE

Governors’ Representatives

Rudy Rodas – New Jersey

Staff

Tom Cook  
Steve Williams  
Victor Ferzetti  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Michelle Warner  
Jim Salmon  
TJ Murray  
Tara Donofrio  
Michelle Pyle  
Rhona Bronson  
John Sarro  
Joe Gibbons  
Dave Hoppenjans

Commissioners of New Jersey

Vacant  
Commissioner Smith, Committee Member  
Commissioner Wilson, Committee Member  
Commissioner McCann  
Commissioner Ransome

Vice-Chairperson Hogan

Phil Norcross – NJ

Governors’ Representatives

Albert Shields - Delaware

Guests

Jim Dugan  
  
Rob Walls, AT&T

1. Committee Chair Decker opened the Budget & Finance Committee meeting at approximately 12:11 pm. 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 Decker called for a motion to accept the Budget & Finance Committee Minutes from December 15, 2020. Commissioner Ratchford made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Discussion Items:

) Debt Refunding Opportunities

The Chief Financial Officer (CFO) Victor Ferzetti introduced Jim Dugan from Brown Advisory to discuss Debt Refund Opportunities. Mr. Dugan explained they would be going over an executive summary of the Debt Refunding Opportunities for 2021. Mr. Dugan explained interest rates have declined sharply over the last two years partially related to the Covid-19 pandemic.

Mr. Dugan stated he was looking at opportunities for the Authority to save money by refinancing higher cost debt. Mr. Dugan provided the committee a brief overview of terminology regarding advance refunding, negative arbitrage and present value before proceeding. Mr. Dugan informed the committee how tax legislation passed by Congress in 2017 limited the ability of any issuer to use tax-exempt debt to advance refund prior to bond issue's call date. Therefore, Advance Refunding is currently limited to the use of taxable debt. The DRBA has two options, the first option is to act now and issue taxable debt or wait two to three years and call the Series 2012 and 2014 bonds at their respective call dates.

Mr. Dugan reviewed charts depicting how rates have dropped over the last decade, and how the existing rates on the 2012 and 2014 series bonds compared to current taxable and tax-exempt rates. Mr. Dugan noted the difference between the 3.0% A Taxable 20-year rate and the 1.20% AAA Tax-Exempt rate, noting that an Authority rate would be slightly higher than the 1.20%. Mr. Dugan noted this is the reason there is opportunity to generate a savings for the Authority.

Mr. Dugan reviewed the Comparison of Refunding Options for the 2012 and 2014 issues highlighting the following: 1. utilizing taxable debt 2. a hypothetical future tax exempt debt, emphasizing that "should rates remain the same" was not a certainty, and 3. a break-even (BE) analysis of how much rates could rise into the future as a cushion while waiting for a current tax-exempt refunding. The 2012 taxable scenario generated net present value savings is about \$12.3 million, \$3.8 million in negative arbitrage, and annual estimated savings of about \$649,610. The Tax-Exempt scenario generated \$22 million in present value savings, the negative arbitrage drops off the transaction saving \$3.5 million, and annual savings increases to \$1.2 million annually. Lastly, the BE analysis on rates is 123 basis points higher than current rates for a current refunding.

Mr. Dugan reviewed similar patterns with the 2014 Issue while noting the greater impact of negative arbitrage on the savings because of the longer time period to the call date.

Mr. Dugan discussed the pros and cons for each series as follows:

Advantages and Disadvantages of Taxable Refinancing Options:

**Advantages**

Known PV Savings

Immediate budgetary impact

**Disadvantages**

Higher interest rate relative to tax-exempt issue

Substantial negative arbitrage

Lower potential PV savings

Current operating/credit profile impacted by COVID pandemic

Current Refunding with Tax-Exempt Debt in the Future:

**Advantages**

If rates remain relatively stable, then PV Savings about two times higher than with taxable debt

Less negative arbitrage

Substantial breakeven rate cushion relative to taxable advance refunding

Impact of COVID on operations should largely be in the past

**Disadvantages**

Rate rise can diminish or even wipe out PV savings

Budget impact not felt for 2-3 years (but DRBA can afford to wait)

Unknown regulatory or tax environment in the future

The CFO concluded the presentation suggesting that a middle ground to the two options is to continue to monitor the markets and report back at a later date. He shared that the benefits of such an approach allows negative arbitrage to diminish, possible improvement to historical traffic data and the potential for change in tax law toward tax-exempt advance refunding. Commissioner Decker asked the Executive Director to approach the Governor's office and Senator Coons to see if the 2017 tax bill could be eliminated, which would be helpful to all Government agencies. Commissioner Decker discussed issuing taxable debt, the traffic on bridge, and that revenues are down significantly. Noting that this gives the rating agency's the opportunity to review our credit rating. The Authority can afford to wait and is not desperate so that's a positive. He recommended continue monitoring and reporting.

Commissioner Ransome inquired about making a decision and how the Board proceeds. The CFO confirmed it's the Board's policy call and a transaction like this would require a significant amount of preparation and ultimately the Board would need to pass a Resolution authorizing a transaction. Commissioner Decker confirmed that the CFO will return to the Board when additional information becomes available.

The CFO discussed 4<sup>th</sup> Quarter Review. The CFO noted that total transactions at the bridge dropped from 18.3 million in 2019 to 14.1 million transactions in 2020, a 4.2 million or 23% reduction. The CMLF had 1 million transactions last year which declined to 480,000 transactions this year, about a 52% reduction. Total projected revenue of \$175 million going into the year finished at \$152 million for the year. The CFO noted that he anticipates that the Authority will need to write off between \$2.5-\$3.5 million of the \$152 million as uncollectable revenue transactions at the bridge. Lastly, the Authority finished the year spending \$75.4 million of the adopted \$90 million operating budget for 2020, which is \$14.4 million below budget, after contributing an extra \$2.7 million into the pension fund.

As the last discussion item, the CFO informed the committee that staff was ready to begin legal review and issue the RFP for Insurance Broker Services. He noted the significant changes to the process will be the premarketing of the RFP to encourage greater interest and participation,

enhanced scoring and accountability in grading, as well as an added level of prior communication with leadership should negotiations over price be warranted.

4. Action Items:

) RESOLUTION 21-01 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2021 THROUGH DECEMBER 31, 2021

The CFO discussed the new items and vendors on the list and explained the various needs for each. After a brief discussion, Commissioner Ford made a motion, Commissioner Ratchford, seconded, and the Budget & Finance Committee recommended forwarding Resolution 21-01 to the full Board. The Resolution will be presented to the full Board for consideration at the meeting later today.

With no further business to discuss, Committee Chair Decker adjourned the Budget and Finance Committee at 12:52 p.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**PROJECTS COMMITTEE MEETING**

**Thursday, January 21, 2021**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted via teleconference on Thursday, January 21, 2021 from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Delaware Commissioners

Committee Chair Ratchford  
Commissioner Ford, Committee Member  
Commissioner Faust, Committee Member  
Commissioner Decker  
Commissioner Carey

Chairman Lathem

Legal Counsel

Mike Houghton– DE

Governors' Representatives

Albert Shields – DE

Staff

Tom Cook  
Steve Williams  
Victor Ferzetti  
Vince Meconi  
Charlotte Crowell  
Gerry Owens  
Michelle Warner  
Jim Salmon  
TJ Murray  
Michele Pyle  
Tara Donofrio  
John Sarro  
Joe Gibbons  
Dave Hoppenjans  
Heath Gehrke  
Michelle Griscom

New Jersey Commissioners

Committee Vice-Chair Ransome  
Commissioner McCann, Committee Member  
Commissioner Wilson  
Commissioner Smith  
Vacant

Vice Chairman Hogan

Phil Norcross – NJ

Rudy Rodas - NJ

Guests



1. Committee Chair Ratchford opened the Projects Committee meeting at 12:53 p.m.
2. Committee Chair Ratchford called for a motion to accept the Projects Committee Minutes from December 15, 2020. Committee Vice-Chair Ransome made a motion, Committee Chair Ratchford seconded, and the Committee Minutes were accepted.
3. Resolution

) **RESOLUTION 21-02 – Modifying the Delaware River and Bay Authority’s  
2021 Capital Improvement Program**

Committee Chair Ratchford called for a motion to accept the resolution, to which Commissioner Ford made a motion, seconded by Committee Vice-Chair Ransome and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the January meeting later today.

4. Bid Openings:

) **DMB- 21-02- First Structure Coating Removal & Replacement, Sidespans**

A public bid opening was held on December 17, 2020, in which (9) bids were submitted.

The COO recommended awarding the contract, in the amount of \$7,247,500 to Blastech Enterprises, Inc. of Baltimore, MD.

Committee Chair Ratchford called for a motion to accept, to which Vice-Chair Ransome made a motion, seconded by Commissioner Faust and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the January meeting later today.

) **DMB- 20-02- Salt Storage Building & Fuel Island Canopy Repairs**

A public bid opening was held on December 29, 2020, in which (4) bids were submitted.

The COO recommended awarding the contract, in the amount of \$499,588 to Quinn Construction, Inc. of Essington, Pa.

Committee Chair Ratchford called for a motion to accept, to which Commissioner McCann made a motion, seconded by Commissioner Ford and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the January meeting later today.

5. Contract Closeouts

) **DMB-13-01- I-295 Southbound Reconstruction, Phase IV**

The COO recommended close-out of the contract and final payment to Mumford and Miller Concrete of Middletown, DE with a final contract amount of \$37,822,418.18.

) **DMB-19-06 - Julia Building Server & Evidence Room HVAC Improvements**

The COO recommended close-out of the contract and final payment to Gaudelli Bros., Inc. of Millville, NJ with a final contract amount of \$148,192.

) **DMB-19-24 - Capital Roof Replacement DMB Complex, Buildings 1-4**

The COO recommended close-out of the contract and final payment to D.A. Nolt, Inc. of Berlin, NJ with a final contract amount of \$1,151,742.49.

Committee Chair Ratchford called for a motion to approve all three contract closeouts, to which Commissioner McCann made a motion, seconded by Vice-Chair Ransome and the Projects Committee concurred with the recommendation and authorized the close-out actions to be presented to the full board at the January meeting later today.

6. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through December, 2020. For December, the DRBA had (16) payments totaling approximately \$6.6 million for projects at the bridge, ferry, and airports.

7. Discussion Items

) **Construction Projects Progress**

The monthly construction highlights report was previously presented via email to the Commissioners to which no discussion, nor questions, were raised at this time.

8. With no further business to discuss, Committee Chair Ratchford called for a motion to adjourn; Commissioner McCann made a motion and Committee Vice-Chair Ransome seconded, and the Projects Committee adjourned at 12:59 p.m.