

**DELAWARE RIVER AND BAY AUTHORITY**  
**BUDGET & FINANCE COMMITTEE MEETING**  
**Tuesday, April 17, 2012**  
Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was held on Tuesday, April 17, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Chair Traynor  
Commissioner Downes, Committee Member  
Commissioner Murphy, Committee Member  
Commissioner Lathem

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Andy Lippstone - DE

Staff

Jim Johnson  
Frank Minor  
Victor Ferzetti  
Jim Walls  
Gerry Owens  
Charlotte Crowell  
Kelly Phillips Parker

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Phil Norcross - NJ

Johanna Jones - NJ

1. Committee Chair Traynor opened the Budget & Finance Committee meeting at approximately 9:01 a.m. The Deputy Executive Director reported that the public meeting of the Budget & Finance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Traynor called for a motion to accept the Budget & Finance Committee Minutes from March 20, 2012. Commissioner Van Sant made a motion, Commissioner Downes seconded, and the Committee Minutes were accepted.

3. Committee Chair Traynor noted a change in the order of the Agenda to allow representatives from Brown Advisory to provide a year-end review of the Authority's 2011 Investments.

Investment Review – The Chief Financial Officer (CFO) introduced Mr. Jim Cavanaugh, Mr. Jim Dugan, and Mr. Tom Graff from Brown Advisory. The CFO reported that it is the intent today to review the investments of the Authority Funds, Retirement Fund and OPEB Fund. Next month, Brown Advisory will return with a review of the Authority's Investment Policy and recommendations. The following information was presented and reviewed.

- DRBA Authority Funds
  - Market Values, Yields, Performance, Characteristics
- DRBA Employees' Retirement Plan and OPEB Trust Review
  - Market Values, Performance, Asset Allocation
- Reset Rates on Series 2000B/2008 Variable Rate Demand Bonds
- Market Outlook

Mr. Graff reported, within the last twelve months, Authority Fixed Income Funds have performed well. The General Fund increased 3.76% and the Debt Service Reserve Fund increased 4.17% with total gains of over \$500,000, outperforming the respective benchmarks. To defend against potential rising interest rates, portfolios have been structured to own government bonds for liquidity and cash generation.

Mr. Dugan recalled the Lehman default three years ago as well as, the more recent dealings with the second round of Greece's financial default. Mr. Dugan reported that investors began to feel more comfortable taking risk as Europe began putting structure around its recovery. Mr. Dugan reported the Market Value of the DRBA Employees' Retirement Plan of \$80 million and the OPEB Trust Plan of \$18 million, as of March 31, 2012. Both have performed well over the last twelve months and incorporate the current Investment Policy's 60/40 equity/Bond asset allocation.

Commissioner Lowe questioned the Allmerica reporting date of 12/31/10. The CFO reported that staff has reached out to obtain the information; however, Allmerica has put a servicing unit between them and their clients. They have informed us the information will be forthcoming. Authority Chair Lowe questioned whether that was a concern and Mr. Dugan responded that it would be beneficial to have the information to be more transparent. Commissioner Favre requested the Allmerica engagement be reviewed again. Commissioner Favre also suggested that Brown Advisory include peer groups as indices to benchmark against. Mr. Dugan reported that the Authority's fund performance, within the last twelve months, would have been toward the top as compared to peers.

Mr. Dugan reported that the OPEB Trust Plan earned \$1.2 million above contributions with the greatest returns earned within the last four months. The \$1.2 million return helps decrease the amount the Authority would need to contribute to the ARC. Authority Vice-Chair Hogan questioned the total liability. The CFO reported that the total unfunded liability is

approximately \$80 million. Commissioner Lathem requested “layman’s terms” regarding the reporting. Mr. Dugan stated that in “layman’s terms” the Authority is making money.

Mr. Dugan reported that the average reset rate for the \$30 million Series 2008 Variable Rate Demand Bonds has remained below 20 basis points and at 1.99% for the life of the bonds. The Letter of Credit (LOC) with TD Bank was extended in the fourth quarter of 2011. TD Bank’s LOC has been viewed as positive by investors as compared to US banks (with exposure to mortgage problems) and European banks (with exposure to Greece, Spain, Italy and Portugal). Investors have been willing to accept a lower yield for the bi-state exemption with the TD Bank LOC. It is expected that the VRDB rates will remain low for another 18-24 months until the Federal Reserve changes policy.

Mr. Dugan provided a Market Outlook noting the global economy has stabilized over the last six months; however, caution is advised due to the European recession and China’s slowing growth. Mr. Graff reviewed the investment opportunities in the different asset classes. The US economy has grown 3% over five years. Households and corporations have been paying down debt. The drag to the US economy is the unemployment rate of 8.3%, with the actual rate in double digits. Brown Advisory noted they prefer to use the Employment Participation rate which considers the number of people who could be working. Authority Chair Hogan questioned the Multi-Asset Component (MAC). It was reported that REITS were the best performing asset class within the last twelve months; however, the commodities and emerging markets underperformed. Combined, the returns would have been about the same as currently experienced. Authority Chair Hogan also questioned who would invest in Real Estate Investment Trusts (REITS). Mr. Dugan reported that REITS can be traded like a stock and offer returns by companies who invest in real estate such as hotels, offices, and shopping centers without having to own and manage the real estate. It is an good way to get diversification and potentially generate greater returns in a portfolio.

The CFO referred to the Brown Advisory handout and noted next month’s focus on the Investment Policy review over the next two months. Authority Chair Lowe questioned the timeline. The CFO reported that he would bring recommendations to the Board next month, then if desired, a Resolution for action the following month. Commissioner Downes requested the current Investment Policy and any recommendations be provided in advance of the next Budget & Finance Committee meeting. The Committee thanked Brown Advisory for their presentation.

### 3. Resolutions:

#### a. RESOLUTION 12-10 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012 -

The CFO presented and reviewed the Over \$25,000 Vendor list noting two vendors. The CFO reported while the Authority has been considering the decision to go to a third party operator for food service at the CMLF, the Point of Sale (P.O.S.) system and registers at the thirty-four P.O.S. locations are over twenty years old. Over the past four years, twelve registers have been replaced in order to be able to keep doing business; however, it is now necessary to

replace an additional twelve registers. As the most economical stop-gap measure, this purchase will enable the business to continue until a decision is made regarding a third party operator. The Resolution will authorize the purchase of the additional twelve registers with service contracts on the new purchases. The Committee questioned why this was a stop-gap. The COO reported that a third-party vendor will likely want to supply their own equipment.

Commissioner Downes made a motion, Commissioner Van Sant seconded, and the Budget & Finance 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 April meeting later today.

b. RESOLUTION 12-11 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY’S 2012 OPERATING BUDGET -

The CFO referred to a handout noting the proposed changes to the proposed FY 2012 Operating Budget, which are all within the Wages section. The CFO discussed the Position Reductions including the elimination of the permanent part-time wages as well as the elimination of non-union COLA for a total reduction of \$380,528. The CFO reviewed the Position Additions/Conversions totaling \$329,687. The proposed changes result in a net reduction to the initially proposed FY 2012 Operating Budget in the amount of \$50,841.00. The proposed budget eliminates three full-time and seven permanent part-time positions for a total of 415 authorized positions.

The Executive Director (ED) reported that, although the COLA for non-union personnel was being eliminated, he was recommending a compensation study of all non-union positions, as an alternative to automatic wage increases. The goal is to complete the analysis this summer. Commissioner Favre questioned the position of Attorney as one of the Additions/Conversions. The ED explained that the staff position would work in conjunction with Authority Legal Counsel. In addition, the person would be designated as the Chief Ethics Officer. Authority Chair Lowe questioned whether the lack of an on-site attorney has slowed processes. The ED reported that having an attorney on-site would be beneficial for expediting tasks such as standard leases.

Commissioner Lathem, Chair of the Personnel Committee, questioned whether this position had been vetted through the Personnel Committee. Commissioner Murphy stated she would hope that the funding for the position would result in a reduction in Legal Fees. She also stated that she would not recommend the FY 2012 Operating Budget for approval without the COLA. Committee Chair Traynor noted he was equally disappointed by the removal of raises for non-union personnel. However, the planned compensation study was a step in the right direction and he would not withhold his vote to recommend the budget. Committee Chair Lathem stressed that the Board has fought long and hard to deal with the issues of compensation parity at the Authority, but is willing to work with the ED on the path forward.

The ED reported that it is his vision to begin to get to performance-based compensation. He wants to move quickly to remove the perception that non-union employees are being singled out. The ED requested that the Committee recommend the proposed FY 2012 Operating Budget

for approval and staff will move forward on developing the compensation study. Staff will also be prepared to present the FY 2013 Operating Budget in November.

After discussion, Commissioner Downes made a motion, Commissioner Van Sant seconded, and the Budget & Finance Committee recommended forwarding the Resolution to the full Board for approval. Committee Members Traynor, Downes, Favre, and Van Sant voted YES and Committee Member Murphy voted NO. The Resolution will be presented to the full Board at the April meeting later today.

With no further business to discuss, a motion to adjourn was made by Commissioner Favre, and the Budget & Finance Committee adjourned at 10:26 a.m.

**THE DELAWARE RIVER AND BAY AUTHORITY  
PROJECTS COMMITTEE**

**April 17, 2012**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, April 17, 2012, at the Delaware Memorial Bridge Administration Building, New Castle, Delaware.

Commissioners from Delaware

PRESENT

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

Commissioners from New Jersey

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

Legal Counsel

Michael Houghton – DE

Governors' Representative

Andrew Lippstone – DE

Johanna Jones – NJ

Staff

Scott Green  
Frank Minor  
Jim Walls  
Victor Ferzetti  
Charlotte Crowell  
Gerry DiNicola-Owens  
Joel Leidy  
Steve Williams  
Joe Bryant  
Anna Marie Gonnella-Rosato  
Jim Salmon  
John Sarro  
Michelle Grisham  
Kelly Phillips-Parker  
Joe Volk  
Dave Hoppenjans  
Pete Thomas  
Bob Young  
Rich Frassetto

1. Committee Chair Murphy welcomed the Projects Committee and opened the meeting at approximately 10:26 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.

2. Committee Chair Murphy called for a motion to accept the Projects Committee Minutes from March 20, 2012. Committee Vice-Chair Van Sant made a motion, Commissioner Dorn seconded, and the Committee Minutes were approved. Those in attendance were provided an informational package consisting of an agenda, three (3) Resolutions, two (2) Bid Analyses, and one (1) monthly contractor payment chart (through March).

3. RESOLUTION 12-13 – EASEMENT AGREEMENT AMONG THE DELAWARE RIVER AND BAY AUTHORITY, THE STATE OF DELAWARE, AND THE DELAWARE SOLID WASTE AUTHORITY

Chairperson Lowe welcomed former Authority Chair Mike Parkowski who attended the meeting in support of Resolution 12-13. The COO introduced the Resolution for an Easement Agreement among the Delaware River and Bay Authority, the State of Delaware, and the Delaware Solid Waste Authority. The COO recommended approval of the Resolution to permit construction of a methane gas pipeline to laterally cross under Authority property. The Committee concurred with the recommendation and voted that the Resolution be presented to the full Board for approval.

RESOLUTION 12-12 – ADOPTION OF THE DELAWARE RIVER AND BAY AUTHORITY'S 2012 CAPITAL IMPROVEMENT PROGRAM (CIP)

The COO introduced the Resolution for Adoption of the Delaware River and Bay Authority's 2012 Capital Improvement Program (CIP). The COO recommended approval of the Resolution for Adoption of the 2012 Capital Improvement Program. The Committee concurred with the recommendation and voted that the Resolution be presented to the full Board for approval.

RESOLUTION 12-14 – SUPPORTING AN AMENDMENT TO THE NEW JERSEY BAYSHORE HERITAGE BYWAY ROUTE TO INCLUDE THE TOWNBANK/FERRY SPUR BETWEEN SEASHORE ROAD TO BEACH DRIVE NEAR THE CAPE MAY FERRY TERMINAL

The COO introduced the Resolution for Supporting an Amendment to the New Jersey Bayshore Heritage Byway Route to include the Townbank/Ferry Spur between Seashore Road to Beach Drive near the Cape May Ferry Terminal. The COO recommended approval of the Resolution in Support of an Amendment. The Committee concurred with the recommendation and voted that the Resolution be presented to the full Board for approval.

4. Bid Openings:

Contract No. CMLF-12-04 – Replacement of Fender Clusters 68, 74 & 80, Cape May, New Jersey. A public Bid Opening was held on April 10, 2012 in which ten (10) bids were submitted. The COO described the scope of work included in this project as the replacement of fender clusters with steel king pipe pile surrounded by greenheart timber piles from South America.

There is An Add Alternate No. 1 which would replace Fender Cluster 80. The COO reported the lowest responsible bidder Commerce Construction Corp. had withdrawn their bid. Commissioner Favre asked why Commerce Construction Corp withdrew and the COO responded Commerce Construction Corp. was majority-owned by the same family that wholly owns the Consulting Company that developed the design documents for the project. The COO recommended award of the Base Bid only to the next lowest responsible bidder, Atlantic Subsea, Inc. of Bridgeport, New Jersey, in the amount of \$797,730.00, contingent upon staff verification of company references. The Projects Committee concurred with the recommendation. A motion was made by Commissioner Smith, seconded by Commissioner Dorn, and the Projects Committee unanimously moved the contract award for a vote at the April Commission meeting.

Contract No. CMLF-11-05 – Ferry Shuttle Bus Service - Cape May, NJ. A public Bid Opening was held on April 13, 2012 in which two (2) bids were submitted. This bid included the Base and Add Alternates 1 and 2. The COO reported this contract is for shuttle bus service from the Cape May Ferry Terminal to the Cape May Transportation Center and Cape May Zoo. The COO commended Anna Marie Gonnella-Rosato and Kelly Phillips-Parker for their excellent handling of this contract solicitation. The COO recommended the contract award of the Base Bid plus Add Alternate 2 with a one year renewal option to the lowest bidder, Great American Trolley Co, of Cape May, New Jersey, in the amount of \$148,852. The Projects Committee concurred with the recommendation. A motion was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee unanimously moved the contract award for a vote at the April Commission meeting.

5. Contract Close-Out Actions: None.

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

7. Miscellaneous Items/Updates:

#### Prevailing Wage Discussion

The CFO provided a handout including a Prevailing Wage Policy Review and presentation. Commissioner Lathem stated he believed there has been enough discussion over the years about prevailing wage and presented a motion to pass a permanent Prevailing Wage Policy for the DRBA immediately. Commissioner Dorn seconded. Commissioner Downes stated that he had read the reports provided to the Commissioners and he had no concerns about prevailing wage. He also stated he appreciated the information and the effect prevailing wage has on the local economy and the education and training efforts by union organizations. The Executive Director noted that in March the Committee requested a prevailing wage discussion be scheduled for April's meeting. Commissioner Lathem reiterated there was no need for additional discussion. Chairperson Lowe stated that new Commissioners may not have taken part in previous discussions regarding this issue and that additional discussion may be beneficial. Commissioner Downes stated the policy should be extended from one year to two or three years. Commissioner Lathem withdrew his motion to pass a Prevailing Wage Policy at this time.



The CFO began his presentation. Commissioner Downes inquired what management's recommendation was. The Executive Director explained that management should not make a recommendation but should provide clear information on the topic. Committee Vice-Chair Van Sant inquired what our current policy is. The CFO responded that on contracts over \$2 Million we use the higher of the state or federal prevailing wage rate. The Executive Director stated the Authority needs to decide whether to continue with prevailing wage, and if so, under which conditions.

Commissioner Traynor expressed his concerns that prevailing wage is an anti-competitive measure and a case should be made why we do it. Commissioner Downes said we have a DBE policy and prevailing wage does not necessarily embrace unions and that we have a need for skilled workers. Commissioner Traynor responded we can make a case for prevailing wage to get skilled workers but that is not what we see. A prevailing wage policy can prevent some people from working with the DRBA.

Commissioner Favre explained that we set the threshold at \$2 Million so that other jobs can go to small businesses and if we do not want a permanent prevailing wage policy, he recommended consideration of a five (5) year Resolution. Vice-Chairperson Hogan added a policy to include a sunset provision. Committee Chair Murphy suggested we take a position of reconsideration after five (5) years instead of one (1) year.

Chairperson Lowe asked that a Resolution be presented at next month's meeting continuing with current prevailing wage requirements for the next five (5) years including a sunset provision.

The COO updated the Committee on the M/V Cape Henlopen. The M/V Cape Henlopen passed the on-site USCG underwater inspection so it will not be necessary to award Contract No. CMLF-12-01 – Drydocking & Repairs, M/V Cape Henlopen.

8. With no further business to discuss, Commissioner Lathem made a motion to adjourn, seconded by Commissioner Traynor, and the Projects Committee adjourned at 11:10 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**PERSONNEL COMMITTEE MEETING**

**Tuesday, April 17, 2012**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was held on Tuesday, April 17, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware  
PRESENT

Commissioner Murphy, Committee Member  
Commissioner Traynor, Committee Member  
Commissioner Downes  
Commissioner Lathem

Chairperson Lowe

Legal Counsel  
Mike Houghton - DE

Governors' Representatives  
Andy Lippstone - DE

Staff

Jim Johnson, Jr.  
Frank Minor  
Victor Ferzetti  
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Charlotte Crowell  
Joe Bryant  
Steve Williams  
Anna Marie Gonnella Rosato  
Jim Salmon  
Pete Thomas  
Joel Leidy  
Bob Young  
Rich Frassetto

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Johanna Jones – NJ

1. Committee Chair Lathem welcomed the Personnel Committee and opened the meeting at 11:13 a.m. The Deputy Executive Director reported that the public meeting of the Personnel

Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, and read the Statement of Notice, and called the roll.

2. Committee Chair Lathem called for a motion to accept the Personnel Committee Minutes from March 20, 2012. Commissioner Favre made a motion, Commissioner Dorn seconded, and the Committee Minutes were accepted.

3. The Chief Human Resource Officer (CHRO) reported that there were no action items to be presented. The CHRO reported that a meeting has been scheduled today with the Chair, Vice-Chair, Senior Staff and Delaware and New Jersey Labor Counsel regarding labor negotiations with MEBA. The current Agreement will expire June 30, 2012.

4. Committee Chair Lathem requested that the matter of the newly created position of Attorney, as discussed in the Budget & Finance Committee, be included on the May Personnel Committee Agenda. Commissioner Favre questioned how the matter would affect the approval of the 2012 Operating Budget. The Executive Director committed to that he would not advertise or fill the position until the matter had been resolved.

5. With no further business to discuss, Commissioner Dorn made a motion to adjourn, and the Personnel Committee adjourned at 11:14 a.m.

**DELAWARE RIVER AND BAY AUTHORITY**

**ECONOMIC DEVELOPMENT COMMITTEE MEETING**

**Tuesday, April 17, 2012**

Delaware Memorial Bridge Complex  
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee was held on Tuesday, April 17, 2012, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from Delaware

PRESENT

Committee Vice-Chair Downes  
Commissioner Traynor, Committee Member  
Commissioner Lathem  
Commissioner Murphy

Chairperson Lowe

Legal Counsel

Mike Houghton - DE

Governors' Representatives

Andy Lippstone - DE

Staff

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Victor Ferzetti  
Jim Walls  
Gerry Owens  
Charlotte Crowell  
Anna Marie Gonnella Rosato  
Bob Young  
Pete Thomas  
Kelly Phillips Parker  
Joel Leidy  
Michelle Griscom-Collins  
Jim Salmon  
John Sarro  
Steve Williams  
Joe Bryant  
Joe Larotonda

Commissioners from New Jersey

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

Vice-Chairperson Hogan

Johanna Jones – NJ

1. Committee Chair Smith welcomed the Economic Development Committee and opened the meeting at approximately 11:12 a.m. The Deputy Executive Director reported that the public meeting of the Economic Development Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Smith called for a motion to accept the Economic Development Committee Minutes from March 20, 2012. Commissioner Downes made a motion, Commissioner Dorn, seconded and the Committee Minutes were accepted.

3. Open Discussion/Other Items :

The Deputy Executive Director reported that there were no action or discussion items. Committee Chair Smith asked if the Committee had any questions, there were none.

With no further business to discuss, a motion to adjourn was made by Commissioner Dorn, and the Economic Development Committee adjourned at 11:13 a.m.