

MINUTES OF MEETING
THE DELAWARE RIVER AND BAY AUTHORITY
Tuesday, May 16, 2006
The Gallery of the Cape May Ferry Terminal
North Cape May, New Jersey

The meeting convened at 11:00 a.m. with Chairperson Wallace presiding.

The opening prayer was given by Reverend Dorn followed by the Pledge of Allegiance led by Chairman Wallace.

Chairperson Wallace called on the Authority Secretary to read the meeting notice and take roll.

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 New Jersey

Commissioners from Delaware

PRESENT

Warren S. Wallace, Chairperson
Edward W. Dorn
Niels S. Favre
Maureen T. Koebig
Gary F. Simmerman

F. Michael Parkowski, Vice-Chairperson
Thomas J. Cooper
Verna Hensley (teleconference)
William E. Lowe, III
Gary B. Patterson

ABSENT

Samuel E. Lathem

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9408. APPROVAL OF THE APRIL 18, 2006 MINUTES

Commissioner Simmerman motioned to approve the April 18, 2006 meeting minutes, seconded by Commissioner Favre. With Chairperson Wallace abstaining, the minutes of the April 18, 2006 meeting was approved by a voice vote of 9-0 and 1 abstention.

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9409. EXECUTIVE DIRECTORS REPORT

Following are the highlights that occurred within the Authority during the month of April.

Commissioner Recognition

Chairperson Wallace was presented with the Freedom Award from the Camden County East Chapter of the NAACP. The local Chapter of the NAACP was founded in 1909 and Freedom Award recipients embodied this year's Award Banquet theme "Conscience of a Nation".

Commissioner Lathem was presented with the Delaware Heart of Gold Award from the Delaware Division of Variety – The Children's Charity organization. This organization has been serving children with disabilities since 1935 in the greater Philadelphia region and opened its Delaware division in 2005.

Congratulations to Chairperson Wallace and Commissioner Lathem for their recognitions.

Delaware Memorial Bridge

Total traffic during the month of April increased 3.6%, compared to April 2005. Non-commercial traffic increased 4.9% and commercial traffic decreased 3.8%. When compared to the three-year average, April traffic increased 2.5%. Total traffic, year-to-date, increased 3.8% over the three-year average. E-Z Pass traffic for April represented 55.9% of the total traffic, compared to 52.2% for the previous year.

Annual spring maintenance work is underway at the Bridge. The Maintenance work, which includes bridge painting, deck resurfacing, and miscellaneous steel work, requires weekly lane closures through May 2006. All lanes on the bridge will be open for weekend and holiday traffic. During the time period, two of the four lanes will be closed beginning after 10:00 p.m. on Sunday and will include a limited third lane closure between 11:00 p.m. and 5:30 a.m. All of the lanes will re-open on Friday morning and will remain open for weekend traffic.

The Electrical Rehabilitation project is on schedule for completion in May 2006.

Cape May Lewes Ferry

In April, vehicle traffic increased 13.9% and passenger traffic increased 21.3%, when compared to April 2005. Compared to the average of the last three years, year-to-date vehicle traffic and passenger traffic increased 5.5% and 4.5%, respectively. In April 34.2% of all ferry reservations were made on the Internet.

In April, CMLF food and retail sales were up 32.9% and 39.8%, respectively, from April 2005. Compared to the average of the last three years, year-to-date food and retail sales increased 17.5% and 14.3%, respectively.

Commissioner's Koebig, Lowe, Favre, and Cooper accompanied Jim Walls, George Iannetta, Alan Ahren and I to the Sysco Lankford facility in Pocomoke City, MD, to evaluate their food product line. A trip to our current vendor, US Food Service is being planned in the very near future for the same attendees.

The MV New Jersey and MV Cape May successfully passed routine US Coast Guard inspections.

Airports

Staff continued the planning and preparations for the start-up of scheduled service at New Castle Airport by Delta Connection carrier Atlantic Southeast Airlines in June. Ongoing coordination meetings were held with the Transportation Security Administration, Atlantic Southeast Airlines, and many Authority departments, to ensure the successful introduction of this new commercial service.

The Millville Airport was inspected for Stormwater Pollution and Prevention Control Measures and received a verbal commendation from New Jersey Department of Environmental Protection (NJDEP). Our Millville Airport staff and Francis Faunt, Safety & Environmental Specialist, are commended for these outstanding results.

Economic Development

The groundbreaking ceremony for the South Jersey Technology Park was held on April 11th. Commissioners Wallace, Parkowski, Dorn Simmerman and Koebig; Board Secretary Pankok; Don Rainear, staff and I attended. The Innovation Center, the first building in the park, is scheduled to open in 2007. The Authority provided \$5 million for this project.

Also on April 11th, the Authority, along with State legislators, announced the welcoming of Cruise West to the docks of the Cape May Lewes Ferry complex in Cape May, New Jersey. Twice a year, guests on the 102-passenger Nantucket Clipper will disembark at the terminal before being transported by trolley to historic Cape May.

Finance

Victor Ferzetti, Acting CFO briefed Commissioner’s on recommended strategies to address oncoming energy costs. On May 3, 2006 the Authority received three cost proposals for electric supply in Delaware. A one-year contract was executed with Direct Energy, which will deliver an estimated 57% increase, based on fiscal year 2005 utilization, compared to the Delmarva rate increase of 107%. We will continue to monitor the markets for opportunities to extend the term and purchase energy at favorable rates.

Staff reviewed and discussed the audit findings with Bowman & Company for calendar year 2005. Throughout the month, staff continued to work on the 2005 Comprehensive Annual Financial Report (CAFR).

Information Technology

Gerry DiNicola Owens, CIO represented the Authority at the E-ZPass Interagency (IAG) Executive Committee Meeting in Atlantic City on Thursday, April 27th. Topics of interest included the renewal of the IAG Executive Director’s contract for a second year, revisions to Reciprocity II & III (E-ZPass public and private parking), a discussion on whether a need existed to hire a technology consultant to assist in the selection and subsequent contract negotiations for the next generation technology, and a proposal to change the operating agreement to allow the inclusion of non-toll agency members.

Public Relations

The Authority hosted Southern New Jersey Development Council’s Transportation Committee meeting for approximately 20 members. At this meeting, Don Rainear and I presented a briefing on the DRBA, economic development activities, our Capital Improvement Program and upcoming Consultant RFP’s and construction contracts.

The Authority hosted the Mid-Atlantic Association of Women in Law Enforcement (MAAWLE) Dinner on the green at the Lewes Terminal. I attended this function, which along with over 200 MAAWLE members.

The CMLF helped kick-off the Lewes 375th birthday party celebration on April 22nd, with a tent party sponsored by ING. Approximately 500 people attended – in the rain – but a good time was had by all.

Safety

The Authority had a good safety performance record during the month of April. Six relatively minor injuries occurred, resulting in no lost time from work. Year-to-date employee injuries are 31 versus 35 for the same period in 2005. Lost workday injuries are holding steady at two versus eight, compared to last year.

Employee Happenings

Permanent Full-time staffing levels at the end of April:

Authorized Positions	481
Positions Filled	446
Positions Filled (on LTD)	7
Total Positions that are Vacant	28
Vacant Positions in the Hiring process	15

Staff Sergeant Bert Littleton retired effective April 28th after 27 years of service. Jerry Vinciguerra, Senior Toll Collector has announced his retirement effective April 28th after almost 20 years of service. Congratulations to these two fine employees for their years of service and dedication.

Jim Watson, Automotive Maintenance Specialist, was recognized as the Engineering and Maintenance Employee-of-the-Quarter in April. An award ceremony was held to recognize the occasion. Congratulations to Jim.

Major Corporal John Barnett and Leonard Seczinski received an award at the annual Delaware State Police Awards Breakfast in Dover on April 28th. This award was for their

participation in the search and recovery operations following a mid-air collision between two demonstration aircraft in the Delaware Bay last year.

Kenny Hynson, Community Relations Administrator was inducted into the Delaware African American Sports Hall of Fame. Congratulations to Kenny for this statewide recognition and honor.

On April 20th, Consuella Petty-Judkins was a guest speaker at an employment workshop sponsored by Maximus. Maximus is an organization that partners with the Delaware Division of Social Services and the Department of Labor by providing job seekers with instruction in job readiness, job search techniques, time management, and problem solving skills as they relate to employment.

I conducted a "Lunch with Jim" series this month with supervisors of the Police Department. Over a 2-hour period we discussed a range of topics from Authority finances and the Pension to Training and Education procedures and the media. The lunch session was very beneficial as it allows me the time to listen to individuals or groups concerns and to provide information about the Authority in an informal setting.

Upcoming Events

- June 6: Committee Meetings, New Castle, Delaware
- June 16: Monthly Commission Meeting, Dover, Delaware
- June 9: Customer Appreciation Event, Cape May Ferry terminal
- June 23: Customer Appreciation Event, Lewes Ferry terminal

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9410. COMMITTEE REPORT – BUDGET & FINANCE

Commissioner Simmerman noted that the Community Contributions Resolution 06-22 was amended. The Most Worshipful Prince Hall Lodge Free and Accepted Mason of Delaware was placed on hold thereby decreasing the amount spent in Delaware by \$5,000 to \$30,150 and a grand total Community Contributions payment of \$61,776 for the month of May. And, the correct name of the recipient of DRBA funding for Lewes/Rehoboth Council of Churches is Office of Management and Budget, State of Delaware. Further, Resolution 06-24 is recommended to be tabled and will be brought before the July 18, 2006 Commissioners meeting. Noting these changes, Commissioner Simmerman presented the following Budget & Finance Committee meeting minutes of May 2, 2006.

BUDGET & FINANCE COMMITTEE MEETING
Tuesday, May 2, 2006
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee was held on Tuesday, May 2, 2006, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

Commissioners from Delaware

PRESENT

Committee Chair Simmerman
Commissioner Favre, Committee Member via Phone
Commissioner Dorn
Commissioner Koebig
Chairperson Wallace

Committee Vice-Chair Patterson
Commissioner Hensley, Committee Member
Commissioner Cooper
Commissioner Lowe

Staff

Authority Secretary

Jim Johnson, Jr.
Victor Ferzetti

Tom Pankok

Jim Walls
Trudy Spence-Parker
Gerry DiNicola Owens
Joe Larotonda
Ken Hynson
TJ Murray
Anna Marie Gonnella Rosato
Kelly Phillips Parker
John Jones
AJ Crescenzi

- I. Committee Chair Simmerman welcomed the Budget & Finance Committee and opened the meeting at approximately 9:28 a.m. The Authority Secretary 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.
- II. The Committee reviewed the Community Contribution requests for the month of May. In addition, it was reported that there were three Community Contribution requests in April which Commissioners noted conflicts and abstained from voting on those requests. With the noted abstentions, those requests resulted in a no quorum situation and will be added to the Resolution presented to the full Board for consideration at the May meeting.
- III. The Acting Chief Financial Officer reviewed the proposed Resolution listing vendors over \$25,000. After review, Chairperson Wallace added that it would be prudent to add a not-to-exceed or maximum amount column to the list. Committee Chair Simmerman noted any item over \$50,000 is mandated to be publicly bid except for sole source, utilities, or government contract. After discussion, the Acting CFO reported that an "Estimated Expense" column would be added to the list. The Committee recommended approval of the vendor list. A Resolution will be presented to the full Board for consideration at the May meeting.
- IV. The Acting CFO provided a briefing on the increased electricity rates in Delaware and the future impact to the Authority. Using the Authority's larger Delaware accounts and 2005 usage, the cost to the Authority is approximately \$550,000. With usage remaining level, the anticipated cost increase would be 107% or \$1.1 million. With approximately six competitors approved to sell electricity in this area, the Acting CFO recommended a strategy similar to the bond process whereby staff is authorized to expedite a purchase up to a certain price. Staff would work in conjunction with a consultant to solicit and receive quotes, to lock-in an amount lower than an estimated \$1.1 million, to execute a one-year contract and then to look for market opportunities to purchase electricity for a longer term at favorable rates. Since quotes would only be valid for a one-day period, staff would need to act quickly. After discussion, on motion by Commissioner Hensley, seconded by Commissioner Patterson, the Committee authorized the Acting CFO to move forward as recommended. Committee Chair Simmerman requested that the Acting CFO notify all Commissioners once the transaction has been completed.

Chairperson Wallace recommended passive solar as a way to cut electricity costs. The Acting CFO added that staff would be investigating ways to lower expenses and would include solar as well.

- V. At the direction of the Committee, the Acting CFO provided a follow-up discussion on the Authority's Employee Pension Plan potential future liability as it relates to the future right to lump sum distributions. Staff worked in conjunction with Mercer, the Authority's Pension Actuarial, on ways to soften the affects on current employees.

The Acting CFO reviewed different options and the cost savings to each; however after review, made the following recommendations.

- Remove the lump sum option for all new hires effective at Resolution
 - Remove the lump sum option on all future benefits for current actives effective 1/1/2007
 - Continue to allow lump sum payment for benefits earned through 12/31/2006
 - Offer a free enhancement to the annuity options for current actives
- Free 50% joint and survivor annuity (married)
- Free 10-year certain & continuous annuity (single)
- Enhancement will serve as a trade-off for perceived take-away and also incent annuity options in an effort to preserve intended lifetime security aspect of retirement program
 - This does not apply to retired or terminated vested participants

The cost to fund the recommendations would be a one-time payment of \$2.3 million or \$300,000 annually as opposed to \$7 million or \$900,000 annually if the Authority did nothing and continued to offer the lump sum distribution. After the discussion, on motion by Commissioner Patterson, seconded by Commissioner Hensley, the Committee recommended approval of the recommendation as presented and further recommended the one-time payment of \$2.3 million out of the General Fund. The Committee further added the importance of fiduciary responsibility and were addressing this issue in a timely manner rather than waiting for a crisis situation. This change should provide peace of mind to future Boards and employees.

Committee Chair Simmerman then requested an Executive Session, for Commissioners, Executive Director and Acting CFO. The following matters of a confidential nature were discussed.

- LONG TERM PLANNING ALTERNATIVES

After the discussion, staff returned and the meeting resumed.

- VI The Acting CFO reported that the Authority refunded the Internal Revenue Service in the amount of \$2.5 million for the interest earnings above the 2000 A & B bond yield. The Authority Chair and Vice Chair were informed and the payments made by April 10, 2006.

With no further business to discuss, on motion by Commissioner Patterson, the Budget & Finance Committee adjourned at 10:22 a.m.

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9411. COMMITTEE REPORT – PERSONNEL & INSURANCE

Commissioner Dorn presented the following Personnel & Insurance meeting minutes for May 2, 2006.

PERSONNEL & INSURANCE COMMITTEE MEETING

Tuesday, May 2, 2006

Delaware Memorial Bridge Complex

New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel & Insurance Committee was held on Tuesday, May 2, 2006, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

Commissioners from Delaware

PRESENT

Committee Chair Dorn
Commissioner Koebig, Committee Member
Commissioner Simmerman
Commissioner Cooper, Committee Member
Commissioner Lowe, Committee Member
Commissioner Patterson

Staff
Jim Johnson
Don Rainear
Victor Ferzetti
Jim Walls
Trudy Spence-Parker
Gerry DiNicola Owens

Authority Secretary
Tom Pankok

- I. Committee Chair Dorn welcomed the Personnel & Insurance Committee and opened the meeting at approximately 10:42 a.m. The Authority Secretary reported that the public meeting of the Personnel & Insurance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
- II. The Committee Chair requested an Executive Session, closed to the public to discuss matters of a confidential nature. On motion by Commissioner Lowe, seconded by Commissioner Koebig, the Session was closed.

The following matters of a confidential nature were discussed.

- PERSONNEL MATTERS
- CURRENT LITIGATION

With no further business to discuss in Executive Session, on motion by Commissioner Koebig, seconded by Commissioner Lowe, the session was opened to the public.

With no further business to discuss, the Personnel & Insurance Committee meeting adjourned at 11:20 a.m.

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9412. COMMITTEE REPORT – PROJECTS COMMITTEE

Commissioner Hensley called on Commissioner Dorn to report on the Projects Committee meeting of May 2, 2006. Commissioner Dorn presented the following meeting minutes.

PROJECTS COMMITTEE
Tuesday, May 2, 2006
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of the Delaware River and Bay Authority's Projects Committee was held on Tuesday, May 2, 2006, at the Delaware Memorial Bridge Administration Building, New Castle, Delaware.

Commissioners from Delaware

Commissioners from New Jersey

PRESENT
Commissioner Hensley, Committee Chair
Commissioner Patterson, Committee Mbr
Commissioner Lowe, Committee Mbr
Commissioner Cooper
Commissioner Dorn, Committee Vice Chair
Commissioner Simmerman, Committee Mbr
Commissioner Koebig, Committee Mbr

Staff

Jim Johnson
Don Rainear
Jim Walls
Trudy Spence-Parker
Gerry DiNicola-Owens
Victor Ferzetti
John Jones
Steve Williams
Kelly Phillips-Parker
A. J. Crescenzi
John Sarro
Anne Marie Gonnella-Rosato
Michelle Griscom-Collins
Todd Miller
Alex Coles

Authority Secretary

Tom Pankok

- I. The Projects Committee meeting convened at approximately 11:15 AM. Those in attendance were provided an informational package consisting of an agenda, two draft resolutions, bid opening, two contract close-out letters, and monthly contractor payment chart.
- II. Bid Openings/Award Actions: The COO presented one bid tab to the Committee for consideration (DMB-06-02, Repainting, West Approach Truss Spans, 2nd Structure, Annual Bridge Painting). This is the annual bridge painting contract for the Delaware Memorial Bridge. Five (5) bidders submitted bids at the March 30th bid opening. Allied Painting was the lowest bidder; however at the time of bid opening, Allied Painting submitted an insufficient bid bond. Staff negotiated a settlement with Allied Paint for damages of \$10,000 for the lost time and incurred expenses related to the erroneous bid. Staff recommended that Allied Painting be disqualified, that the Authority accept the settlement, and that the award be made to Marini's Brothers, the second lowest and responsive bidder. The 2nd bid is in line with the engineer's estimate and capital budget amount. The Projects Committee concurred with the recommendation and authorized the award action to be presented at the May board meeting.
- III. Resolutions: The COO presented two resolutions linked to the Delta Airlines/Atlantic Southeast Airlines (ASA) initiative to begin commercial airline service at the New Castle County airport. Delta/ASA plans to provide service to and from Atlanta, Georgia twice daily, seven days a week. A tentative date of June 28th has been chosen for a ribbon cutting ceremony with flights beginning on June 29th. Lease negotiations are being finalized. The Director of Airports gave a business plan presentation to the Committee regarding revenue (from landing fees, fuel fees, lease fees, etc.), utility expenses (i.e. electric, custodial, waste removal, etc.), capital expenses, contract terms and commitments, and other pertinent issues. Approximately \$54,000 of capital work must be done at the airport prior to June 29th with the Authority seeking reimbursement for approximately \$10,000 of the capital costs from Delta/ASA and TSA. The first resolution authorized the Executive Director to finalize the terms and conditions of the Use and Lease Agreement with Atlantic Southeast Airlines. The second resolution authorized the Executive Director to finalize the terms and conditions of the Lease Agreement with the Transportation Security Administration. The Projects Committee supports the initiative and recommended that both resolutions be presented at the May board meeting.
- IV. Contract Close-Out Actions: The COO presented two contract close-out actions.
 - CMLF-05-03, Drydocking and Repairs, MV Delaware: This contract was awarded to Lyons Shipyard, Inc. of Norfolk, Virginia for the bid price of \$1,494,240.00. Changes in quantities to reflect actual field conditions subtracted \$209,653.00 from the original price. Staff recommended and the

Projects Committee concurred that the contract be closed at a final contract price of \$1,284,587.00.

- CMLF-04-11R-2, Drydocking and Repairs, Three Forts Dock Barges: This contract was awarded to General Ship Repair of Baltimore, Maryland for the bid price of \$330,175.00. Changes in quantities to reflect actual field conditions added \$24,290.00 to the original price. Staff recommended and the Projects Committee concurred that the contract be closed at a final contract price of \$354,465.00.

IV. Miscellaneous Items/Updates:

- CMLF Marine Master Plan Update (CS-05-04R): The COO reported that seven (7) proposals were submitted on April 25th, in response to the publicly advertised competitive RFP process. The Authority will assemble a review panel to evaluate all received proposals. The COO informed the Committee that an award recommendation should be made in July.
- Cape May Dredging Update: The Director of Engineering and Maintenance provided an update on maintenance dredging in Cape May. Based on reduced US Army Corps of Engineer's dredging in the area, the Authority can expect to perform maintenance dredging of the ferry turning basin every year. This year, dredging costs will be in the \$300,000 range. Additionally, it was reported that the Authority's dredge disposal site will reach capacity by 2007 and that solutions such as raising berms, spoil leveling, and finding alternate uses for dredge spoils will be explored.
- Delaware Memorial Bridge (DMB) Traffic Update: The Director of Engineering and Maintenance provided an update on Delaware Memorial Bridge traffic. Currently, there are four active projects on the DMB which necessitates up to two lanes in each direction being closed, Sunday night through Friday morning up to the Memorial Day weekend. No double lane closures are scheduled between Memorial Day and Labor Day. Although, the Authority has scheduled these projects in a manner to minimize impact to the traveling public, during morning and evening rush hours, some delays are expected. The safety of the public and construction workers is our highest priority.

V. Contractor Payment (through April): The COO presented a new pay chart format to the Committee, then informed the Committee of monthly construction contractor payments to be made in May.

VI. There being no further business for the Projects Committee, the public meeting was adjourned at approximately 12:30 PM.

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9413. COMMITTEE REPORT – ECONOMIC DEVELOPMENT

Commissioner Koebig presented the following Economic Development meeting minutes for May 2, 2006.

ECONOMIC DEVELOPMENT COMMITTEE
Tuesday, May 2, 2006
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, May 2, 2006, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

Commissioners from Delaware

PRESENT

Committee Chair Koebig
Commissioner Dorn, Committee Member
Commissioner Simmerman

Committee Vice-Chair Lowe
Commissioner Cooper, Committee Member
Commissioner Patterson, Committee Member
Commissioner Hensley

Staff

Jim Johnson, Jr.
Don Rainear
Victor Ferzetti
Jim Walls
Trudy Spence-Parker
Gerry Owens
AJ Crescenzi
Michelle Griscom-Collins
Anna Marie Gonnella Rosato
Todd Miller

I. The Committee Chair Koebig welcomed the meeting of the Economic Development Committee and opened the meeting at approximately 11:20 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.

II. The Deputy Executive Director presented three Lease Agreements at the Millville Airport for consideration.

- Lease Agreement between the Delaware River and Bay Authority and Flight Line Girls
- Lease Agreement between the Delaware River and Bay Authority and General Polygon Systems
- Lease Agreement between the Delaware River and Bay Authority and Munitions Management Group, LLC

Commissioner Patterson motioned to recommend all three Lease Agreements and Commissioner Dorn seconded. Resolutions authorizing the Lease Agreements will be presented to the full Board for consideration at the May meeting.

III. The Deputy Executive Director provided an update on the following projects.

- Salem Business Centre Sale
- Easter Seals
- National Guard

There being no further business to discuss, on motion by Commissioner Dorn, the Economic Development Committee adjourned at 11:26 a.m.

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9414. COMMITTEE MEETING – AUDIT & GOVERNANCE

Commissioner Cooper presented the Audit & Governance Committee meeting minutes for May 2, 2006.

AUDIT & GOVERNANCE COMMITTEE MEETING
Tuesday, May 2, 2006
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, May 2, 2006, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Commissioner Dorn, Committee Member
Commissioner Simmerman, Committee Member
Commissioner Koebig

Commissioners from Delaware

Committee Chair Cooper
Commissioner Hensley, Committee Member
Commissioner Lowe, Committee Member
Commissioner Patterson

Staff

Jim Johnson, Jr.
Don Rainear
Victor Ferzetti
Jim Walls
Trudy Spence-Parker
Gerry Owens
Joe Larotonda
Anna Marie Gonnella Rosato
Kelly Phillips Parker

Authority Secretary

Tom Pankok

Invited Guests

Bowman & Company, LLP
Steven Ryan
Bryan Healey

- IV. Committee Chair Cooper welcomed the Audit & Governance Committee and opened the meeting at approximately 10:25 a.m. The Authority Secretary reported that the public meeting of the Audit & Governance Committee had been duly advertised in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
- V. Committee Chair Cooper explained the importance of the audit function being paramount to any business in that it reports on the current status of the business and any issues which may need addressing. The Authority has a fiduciary responsibility to have an audit conducted by independent auditors. With that, Committee Chair Cooper introduced Steven Ryan and Bryan Healey from Bowman & Company, the Authority's Independent Auditors.

Mr. Steven Ryan reported that a field audit had been completed and they were currently finalizing the FY 05 Report. The preliminary findings found no major finance issues and the auditors were impressed by the amount of changes implemented since Bowman & Company began conducting audits four years ago. A minor issues was presented and discussed as follows.

- Leases and Tracking of Leases – The Auditors found no major financial problems; however, they noted that there was a significant amount of manual effort that currently went into managing leases. The auditors stressed that lease software which interfaced with MUNIS would create efficiency and allow the better use of existing personnel. The Chief Information Officer reported that the IT department is currently in the process of investigating property management software.

The auditors also reported that all other conditions identified in the FY 2004 Audit were addressed this year by the finance department. The Committee thanked the Auditors for their work.

Committee Chair Cooper reported that the Authority had various software systems working independently which have to be manually reconciled, was outdated, and needed to be replaced. The Chief Operations Officer reported that several of the systems are under review and planned to be replaced in the near future. The Executive Director reported that he would look into the status of current and new software systems and report back to the Committee in thirty days.

There being no further business to discuss, on motion by Commissioner Lowe, the Audit Committee meeting adjourned at 10:40 a.m.

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9415. DELAWARE RIVER AND BAY AUTHORITY – TRAFFIC AND REVENUE SUMMARY.

The Acting Chief Financial Officer (CFO) presented a chart 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 March.

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

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9416. DELAWARE RIVER AND BAY AUTHORITY – STATEMENT OF INCOME AND EXPENSE.

The Acting CFO presented a chart showing a statement of income and expenses for the month of March with comparisons to the same period last year.

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

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9417. DELAWARE RIVER AND BAY AUTHORITY – OPERATING EXPENSE BY DIVISION.

The Acting CFO presented a chart showing expenses by division for the quarter to date (through April 30, 2006) vs. the projected quarter and for year to date vs. total budget.

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

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9418. DELAWARE RIVER AND BAY AUTHORITY – CAPITAL IMPROVEMENT PROGRAM.

The Acting CFO presented a chart for the month of April 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 charts were ordered filed with the permanent records of the Authority.

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9419. DELAWARE RIVER AND BAY AUTHORITY – CASH POSITION (MARKET VALUE) AS OF APRIL 30, 2006.

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

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

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9420. PUBLIC COMMENT ON ACTION ITEMS.

Chairperson Wallace noted changes in the action items. Resolution 06-24 authorizing the amendment of the Restated DRBA Retirement Plan will be tabled until the July Commissioners meeting and after a series of meetings to be held by the Executive Director Authority wide. Community Contributions Resolution 06-22 will be amended to place The Most Worshipful Prince Hall Lodge Free and Accepted Mason of Delaware on hold thereby decreasing the amount spent in Delaware by \$5,000 to a total of \$30,150 and a grand total Community Contributions payment of \$61,776 for the month of May. And, the correct name of the recipient of DRBA funding for Lewes/Rehoboth Council of Churches is Office of Management and Budget, State of Delaware. With the noted changes, Chairperson Wallace proceeded to present the following action items that were being considered and asked for public comment.

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- Resolution 06-22 Approval of Community Contribution Requests
- Resolution 06-23 Authorizes Expenditures \$25,000 and Over
- Resolution 06-24 Amendment to the Restated DRBA Employee's Retirement Plan
- Resolution 06-25 Lease Agreement with Flight Line Girls, Millville Airport
- Resolution 06-26 Lease Agreement with General Polygon Systems, Millville Airport
- Resolution 06-27 Lease Agreement with Munitions Management Group, Millville Airport
- Resolution 06-28 Lease Agreement with Transportation Security Adm., New Castle Airport
- Resolution 06-29 Use and Lease Agreement, Atlantic Southeast Airlines, New Castle Airport
- Contract DMB-06-02 Repainting West Approach Truss Spans
- Close-out CMLF-05-03 Drydocking and Repairs- M/V Delaware
- Close-out CMLF-04-11 R-2 Drydocking and Repairs- Three Forts Dock Barges

There were no comments from the public.

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9421. SUMMARY OF AUTHORIZED CONTRACT PAYMENTS.

The Chief Operating Officer (CFO) read the following Summary of Authorized Contract Payments for May, 2006.

<u>Contractor</u>		<u>Payment</u>
DMB-06-01	Eastern Highway Specialists	\$126,473.40
DMB-05-02	Utility One Source	\$ 62,214.90
DMB-04-04	J.D. Eckman, Inc.	\$361,817.58
DMB-01-06	Cianbro Corporation	\$255,680.55
CMLF-04-11R2	General Ship Repair	\$ 10,000.00
CMLF-05-04	Colonna's Shipyard, Inc.	\$929,923.35
NCA-01-02	Diamond Materials	\$330,783.43
MVA-04-01	Delta Line Construction	\$136,682.39

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9322. APPROVAL OF REPAINTING WEST APPROACH TRUSS SPANS, DMB- CONTRACT DMB-06-02.

The COO reported that five (5) bids were received for the repainting west approach truss spans at the DMB. The lowest bidder, Allied Painting, Inc., of Franklinville, New Jersey, submitted the lowest price of \$1,858,800.00; however, its bond proposal was insufficient. Staff negotiated a settlement with Allied Painting for damages of \$10,000 for the loss of time and incurred expenses related to the erroneous bid. The second lowest and responsive bidder was Marini's Brothers, Inc., of New Castle, Delaware with a bid quote of \$2,804,725.00. Marini's Brothers bid is in line with the engineer's cost estimate and capital budget amount. The COO and the Projects Committee recommend the Authority

WHEREAS, the Authority has developed a Community Contributions Policy which outlines the purpose of the program and process for consideration of requests; and

WHEREAS, the policy requires full board approval for any Community Contribution; and

WHEREAS; the Budget and Finance Committee met and approved Community Contributions for the month of May, 2006; and

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves the following Community Contributions.

Community Contributions

New Jersey

Bridgeton Area Chamber of Commerce	\$ 3,500
Burdette Tomlin Memorial Foundation	\$ 10,000
Kiwanis Club of Cape May Foundation	\$ 3,500
Paulsboro Community Development Center Incorporated	\$ 3,626
Pennsville Babe Ruth League	\$ 1,500
Pennsville Little League Incorporated	\$ 1,500
Pennsville Township Historical Society	\$ 1,000
Salem County Humane Society	\$ 1,000
The African American Heritage Museum of Southern New Jersey Incorporated	\$ 6,000
Total	\$ 31,626

Delaware

Beebe Medical Foundation (For Beebe Medical Center)	\$ 10,000
Delaware District 3 Little League Incorporated	\$ 5,000
Friends of Cape Henlopen State Park Incorporated	\$ 650
Lewes Rehoboth Council of Churches corrected name: Office of Management and Budget, State of Delaware	\$ 5,000
New Castle Little League	\$ 2,500
The Nemours Foundation (Nemours Partnership for Children's Health)	\$ 2,000
Urban Youth Golf Program Association	\$ 5,000
Total	\$30,150
Grand Total (New Jersey and Delaware)	\$61,776

A motion to approve Resolution 06-22 as amended was made by Commissioner Simmerman, seconded by Commissioner Lowe. With Commissioner Favre abstaining from voting on the Kiwanis Club of Cape May Foundation, Commissioner Koebig abstaining from voting on Burdette Tomlin Memorial Foundation, Commissioner Simmerman abstaining from voting on Bridgeton Area Chamber of Commerce and Commissioner Patterson abstaining from the entire Delaware list of contributions, Resolution 06-22 was approved by a roll call vote of 10-0 with the above noted abstentions where such votes were 9 in favor and 1 abstention.

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RESOLUTION 06-23 - AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1 THROUGH DECEMBER 31, 2006.

WHEREAS, The Delaware River and Bay Authority (the "Authority") adopted Resolution 01-84 requiring Commissioner review and approval of all Authority expenditures in excess of \$25,000; and

WHEREAS, the Authority anticipates expenditures at or over the \$25,000 amount to the following vendors:

DELAWARE RIVER & BAY AUTHORITY
 PROJECTED VENDORS TO BE PAID OVER \$25,000
 OPERATION EXPENDITURES
 FOR THE PERIOD 1/1/06 THROUGH 12/31/06

VENDOR	SERVICE DESCRIPTION	DETERMINATION
Dambach, Inc	“EZ Pass Only” signs for Delaware Memorial Bridge	Quotes
Environmental Coatings, Inc	New environmentally friendly vessel coating	Proprietary product

NOW, THEREFORE, BE IT RESOLVED, that the Authority authorizes expenditures to the above listed vendors for the described purposes and authorizes payment.

On motion by Commissioner Dorn, seconded by Commissioner Simmerman, Resolution 06-23 was approved by a roll call vote of 10-0.

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RESOLUTION 06-24 – AUTHORIZES THE 06-24 AMENDMENT TO THE RESTATED DELAWARE RIVER AND BAY AUTHORITY EMPLOYEES’ RETIREMENT PLAN

WHEREAS, The Delaware River and Bay Authority (the “Authority”) currently maintains The Restated Delaware River and Bay Authority Employees’ Retirement Plan (the “Retirement Plan”); and

WHEREAS, pursuant to Section 8.1(a) of the Retirement Plan, the Authority has the right to amend the Retirement Plan pursuant to a resolution of the Commissioners of the Authority; and

WHEREAS, the Authority desires to amend the Retirement Plan as it relates to benefit distribution options upon a participant’s retirement in order to stabilize the future financial liabilities of the Retirement Plan; and

WHEREAS, current participants in the Retirement Plan have the ability to select a “Lump Sum” benefit at retirement; and

WHEREAS, current participants in the Retirement Plan also have the option to select survivor benefits in the form of a reduced annuity under the Retirement Plan; and

WHEREAS, the Commissioners have deemed it advisable to amend the Retirement Plan to eliminate the full “Lump Sum” benefit distribution option for all future benefits of current active participants earned after January 1, 2007; and

WHEREAS, the Commissioners have deemed it advisable to amend the Retirement Plan to immediately eliminate the full “Lump Sum” benefit distribution option for all new employees hired after the adoption of this Resolution 06-24; and

WHEREAS, the Commissioners have deemed it advisable to amend the Retirement Plan to offer an unreduced “50% Joint and Survivor” annuity benefit distribution option and an unreduced “10-year Certain and Continuous” annuity benefit distribution option and an enhancement for the 66.66% and 100% Joint and Survivor annuity benefit for all persons who were active participants as of the date of this resolution.

NOW THEREFORE BE IT RESOLVED, the Executive Director is authorized to (I) execute an amendment to the Retirement Plan, in accordance with applicable law, to provide that, effective January 1, 2007, the full "Lump Sum" benefit distribution option is eliminated for all active participants on all future benefits earned after such date and (II) effective immediately, eliminate the full "Lump Sum" benefit distribution option for all new hires and (III) offer an enhancement to all eligible participants for the "Joint and Survivor" benefit distribution options and the "10 Year Certain and Continuous" benefit distribution option for persons who were active participants as of the date of this resolution and (IV) to fund the amendments with a one-time contribution from the General Fund.

After discussion at the Executive Session, Resolution 06-24 was recommended for tabling until the Executive Director conducts a series of meetings with employees on the proposed amendment to the Restated DRBA Employees' Retirement Plan.

On motion by Commissioner Simmerman to table Resolution 06-24, seconded by Commissioner Dorn, Resolution 06-24 was tabled by a roll call vote of 10-0.

Chairperson Wallace noted that Resolution 06-24 will be considered for action at the Commissioners July 18, 2006 meeting.

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RESOLUTION 06-25 LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE FLIGHT LINE GIRLS AT THE MILLVILLE AIRPORT

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

WHEREAS, Flight Line Girls recently purchased the Flight Line Restaurant and have requested to assume the existing Flight Line Lease; and

WHEREAS, Flight Line Girls desires to modify the lease for Building 302 totaling approximately 1,600 square feet at the Airport in order to operate a restaurant; and

WHEREAS, Flight Line Girls has agreed to pay the Authority \$4,200.00 annual rent based upon rental comparisons for comparable space at Millville Airport during the first term of the Lease Agreement with annual Consumer Price Index (CPI) increases; and

WHEREAS, the initial term of the Lease Agreement is for five (5) years; and

WHEREAS, Flight Line Girls shall have the option of renewing this Agreement for two (2) periods of five (5) years each; and

WHEREAS, rent during the option periods shall be based upon the Fair Market Value (FMV) and shall be adjusted annually by the CPI; and

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

On motion by Commissioner Simmerman, seconded by Commissioner Patterson, Resolution 06-25 was approved by a roll call vote of 10-0.

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RESOLUTION 06-26 LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND GENERAL POLYGON SYSTEMS, MILLVILLE AIRPORT, MILLVILLE, NEW JERSEY

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

WHEREAS, General Polygon Systems desires to renew its lease for Building 203 totaling approximately 5,100 square feet at the Airport in order to operate a machine shop; and

WHEREAS, General Polygon Systems has agreed to pay the Authority \$15,877.00 annual rent during the first term of the Lease Agreement; and

WHEREAS, the initial term of the Lease Agreement is for one (1) year; and

WHEREAS, General Polygon Systems shall have the option of renewing this Agreement for two (2) periods of five (5) years each; and

WHEREAS, rent during the option periods shall be based upon the Fair Market Value (FMV) and shall be adjusted annually by the Consumer Price Index (CPI).

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

On motion by Commissioner Favre, seconded by Commissioner Simmerman, Resolution 06-26 was approved by a roll call vote of 10-0.

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RESOLUTION 06-27 LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND MUNITIONS MANAGEMENT GROUP, LLC, AT THE MILLVILLE AIRPORT

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

WHEREAS, Munitions Management Group LLC. desires to lease portions of Building 10 totaling approximately 750 square feet at the Airport to include 2 office areas, a bathroom and a single garage bay in order to operate a field office while surveying the Airport for unexploded ordnances; and

WHEREAS, Munitions Management Group, LLC. has agreed to pay the Authority \$3,562.50 annual rent based upon rental comparisons for comparable space at Millville Airport during the first term of the Lease Agreement; and

WHEREAS, the initial term of the Lease Agreement is for one (1) year; and

WHEREAS, Munitions Management Group, LLC shall have the option of renewing this Agreement for two (2) periods of six (6) months each; and

WHEREAS, rent during the option periods shall be based upon the Consumer Price Index CPI.

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

On motion by Commissioner Simmerman, seconded by Commissioner Dorn, Resolution 06-27 was approved by a roll call vote of 10-0.

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RESOLUTION 06-28 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE TRANSPORTATION SECURITY ADMINISTRATION.

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

WHEREAS, the Transportation Security Administration (the "TSA") desires to lease 136 square feet of space known as office 5101-C in the Terminal building of the New Castle Airport in order to have office space; and

WHEREAS, the TSA has agreed to pay the authority \$2,448.00 in annual rent during the first year of the Lease Agreement with annual Consumer Price Index (CPI) increases; and

WHEREAS, the initial term of the Lease Agreement is for three (3) years; and

WHEREAS, the TSA shall have the option of renewing this Lease Agreement for three (3) periods of three (3) years each; and

WHEREAS, rent during the option periods shall be based upon the Fair Market Value (FMV) and shall be adjusted each year by the CPI; and

WHEREAS, the TSA will also be executing a License Agreement with the Authority for their use of space in "Common Use" areas of the Terminal Building; and

WHEREAS, the TSA will be allowed to terminate the Lease Agreement early if commercial airline services cease at New Castle Airport.

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

On motion by Commissioner Favre, seconded by Commissioner Cooper, Resolution 06-28 was approved by a roll call vote of 10-0.

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RESOLUTION 06-29 - AIRPORT USE AND LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND ATLANTIC SOUTHEAST AIRLINES AT THE NEW CASTLE AIRPORT

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

WHEREAS, the Atlantic Southeast Airlines (the "ASA") desires to lease approximately 750 square feet of exclusive use space in the Terminal building in order to operate an air transportation airline; and

WHEREAS, ASA has agreed to pay the authority \$18.00 per square foot in annual rent during the first year of the Airport Use and Lease Agreement with annual Consumer Price Index (CPI) increases; and

WHEREAS, the initial term of the Lease Agreement is for two (2) years; and

WHEREAS, ASA will also be using additional common areas of the Terminal and ramp areas on a non-exclusive basis; and

WHEREAS, User Fees for non-exclusive use areas shall be charged for airport facilities and usage. These fees will be reviewed after a 6 month period to ensure fees are reflective of actual usage.

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

On motion by Commissioner Cooper, seconded by Commissioner Patterson, Resolution 06-29 was approved by a roll call vote of 10-0.

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9426. COMMISSIONERS PUBLIC FORUM

Chairperson Wallace asked if any members of the public would like to address the Commission.

Dr. Joseph Salvatore, Chairman of the Naval Air Station Wildwood Aviation Museum, stated that this is the third appearance before the Commissioners regarding insurance for special air events at the Museum. He noted the economic value of the Museum and its winning of the New Jersey Travel and Tourism Award and the New Jersey Presidents Award.

Chairperson Wallace stated that the issue was discussed earlier in the Commissioners Executive Session and that Deputy Executive Director Rainear will meet with him to continue the discussion.

John Yeager, bridge electrician, stated that the electrical department rewired both structures of the bridge and that the rewiring will allow for the switching of energy from Delaware to New Jersey utilities in an effort that he believes will save the Authority in energy costs.

Frank Bankard, Local 542 stated that he sent a letter to the Authority for recognition of certain employees to be part of MEBA and asked if the Commissioners could expedite his request. He also referred to Resolution 06-24 and its impact on 542 members and requested the establishment of a panel to make recommendations to the Board of Commissioners.

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Chairperson Wallace noted that the Authority is in receipt of his letter and that the Executive Director will be conducting a series of meetings with employees regarding the proposed amendments to the Restated DRBA Employees' Retirement Plan.

Commissioner Dorn invited Reverend James Hatch to today's meeting noting his professional experience and that the Reverend feels he may be able to assist Authority personnel in recruitment.

Reverend Hatch, associated with Eureka Baptist Church in Wildwood, New Jersey, spoke of his professional experience and that he would like the opportunity to work with staff in its recruiting efforts.

Commissioner Dorn recommended Reverend Hatch meet with the Chief of Human Resources and her staff.

Vice-Chairperson Parkowski stated that he wanted to complement Dr. Salvatore for his work at the Cape May Airport and that he is pleased that the insurance issues involving special events at the airport will be resolved.

Commissioner Patterson noted that the June 16 Commissioners meeting will be back in Dover. He stated that it would be good to hold the meeting at the Delaware State University where there are productive youth programs being conducted and that there is a sense of pride in the partnership between the Authority and the University.

There were no further comments.

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There being no further business before the Commission, a motion to adjourn was made by Commissioner Koebig, seconded by Commissioner Dorn and unanimously carried.

The meeting was adjourned 11:35 a.m.

Respectfully submitted,

THE DELAWARE RIVER AND BAY AUTHORITY

Thomas A. Pankok
Secretary