

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, October 21, 2014

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was held on Tuesday, October 21, 2014, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Dorn

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Gerry Owens
TJ Murray
Edith Brako
Rick Arroyo
Dave Winch
Travis Crawford
Shoukry Elnahal
Jim Salmon
Joe Larotonda
Joe Nadel

Commissioners from Delaware

Committee Vice-Chair Traynor
Commissioner Downes, Committee Member
Commissioner Murphy, Committee Member
Commissioner Ford
Commissioner Lathem
Vice-Chairperson Lowe-via phone

Mike Houghton - DE

1. Committee Vice-Chair Traynor opened the Budget & Finance Committee meeting at approximately 9:15 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 Vice-Chair Traynor called for a motion to accept the Budget & Finance Committee Minutes from September 16, 2014. Commissioner Murphy made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 14-32 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

The Chief Financial Officer (CFO) presented and reviewed each of the vendor on the Over \$25,000 Vendor List. After discussion, Commissioner Downes made a motion, Commissioner Murphy seconded, and the Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the October meeting later today.

b. RESOLUTION 14-33 – AUTHORIZES AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND PARKER MCCAY, P.A. TO SERVE AS OUTSIDE LEGAL COUNSEL REPRESENTING THE AUTHORITY'S INTERESTS IN THE STATE OF NEW JERSEY

c. RESOLUTION 14-34 – AUTHORIZES AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND MORRIS, NICHOLS, ARSHT & TUNNELL, LLP TO SERVE AS OUTSIDE LEGAL COUNSEL REPRESENTING THE AUTHORITY'S INTERESTS IN THE STATE OF DELAWARE

Prior to the start of the discussion, the CFO requested that both Delaware and New Jersey Legal Counsel be dismissed from the discussion. Both left the room and the CFO proceeded. The CFO reported that very different cost proposals were received from the firms from New Jersey and Delaware. The CFO researched and found that there are different markets between New Jersey and Delaware. Based on the research, the rate of \$250 per hour proposed by the number one ranked New Jersey firm, Parker McCay, appears to be in the range of legal fees paid by the other governmental entities using New Jersey Counsel services. In Delaware, legal fees paid by governmental agencies ranged from \$355-\$608 per hour. The CFO entered into negotiations with the number one ranked Delaware firm, Morris, Nichols, Arsht, & Tunnell (MNAT). The CFO reported that MNAT fees had been unchanged for fourteen (14) years. The CFO reviewed MNAT's two-tier fee structure which incrementally increases each year.

The Committee discussed at length with Commissioner Downes noting the increases in yearly legal fees and that employees have not received any annual increases. Committee Vice-Chair Traynor noted the differences in markets between Delaware and New Jersey and did not think that New Jersey's practices should apply to Delaware. Commissioner Wilson questioned whether Parker McCay would balk at the difference in fees and the CFO reported that he believes Parker McCay is aware and does not object to the situation. The Committee questioned

whether there were potential savings by using the Authority's Staff Attorney (SA). The Executive Director (ED) noted that staff is very aware of the cost of legal fees and it was never anticipated to have savings in legal fees by hiring a Staff Attorney; however, the Authority is being better served in that the SA has helped to mitigate problem areas. The ED noted that, in the future, staff may be able to manage fees by using the less expensive attorneys where circumstances permit. After discussion, Commissioner Downes made a motion to approve Resolutions 14-33 and 14-34, Commissioner Wilson seconded, and the Committee recommended forwarding the two (2) Resolutions to the full Board for approval. The Resolutions will be presented to the full Board for consideration at the October meeting later today.

d. RESOLUTION 14-35 – AUTHORIZATION OF THE PURCHASE AGREEMENT FOR THE SALE OF SURPLUS PROPERTY

The CFO presented and reviewed the Resolution. After discussion, Commissioner Murphy made a motion, Commissioner Downes seconded, and the Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the October meeting later today.

4. Discussion Items:

a. Preliminary FY 2015 Operating Budget –

The CFO reported the Budget Sessions with department managers had been completed and presented and discussed the following material.

- Revenue Analysis for the Period 2014-2015
- Major Increases/Decreases FY 2015
- Expenditure Analysis by Division 2011-2015 (Exhibit A)
- Expenditure Analysis by Category 2011-2015 (Exhibit B)
- FY 2015 Preliminary Financial Model

The CFO reported Preliminary FY 2015 Budget of \$81,578,508 reflects an increase of \$343,976 or 0.4% over the FY 2014 Adopted Budget. The FY 2015 Preliminary Financial Model assumes modest revenue and expense growth and forecasts a debt service coverage ratio of 1.8x, exceeding the 1.25x requirement of the Authority's Trust Agreement. The FY 2015 Preliminary Financial Model would suggest discussions of a toll increase to occur not earlier than the 2018/2019 timeframe. Staff will continue to refine, finalize, and present the final FY 2015 Budget for approval at the November Committee meeting.

b. Letter of Credit (LOC) –

The CFO reported that the Authority currently has \$30 million of variable rate debt, backed by a LOC with TD Bank. The LOC is set to expire in December, 2014. A new three (3) year proposal has been received from TD Bank. Staff analyzed the proposal and it is the recommendation to remain with TD Bank as the rates are very competitive and TD Bank is rated

at or above other LOC providers. In addition, the CFO believes that the use of an LOC provider with less market share offers more options and less exposure to market disruption. New Jersey Legal Counsel questioned whether this was the recommendation of the Authority's Financial Advisor (FA) and also questioned whether there would be any penalty for early termination in the event the Authority decided to go to a fixed rate. The CFO reported that this was the recommendation of the FA. The CFO responded that the agreement currently proposes no less than two (2) years of fees be paid if terminated early, but he would look to reduce that commitment if possible. After discussion, Committee Vice-Chair Traynor questioned whether anyone in the Committee was opposed to the CFO's recommendation remain with TD Bank and renew the LOC for a three (3) year period. There was no objection.

5. Miscellaneous:

a. Insurance Broker Services – the CFO reported that Willis is selling nine (9) of their offices including the office in Delaware to USI Holdings, noting that USI is the ninth largest broker of U.S. business. It is the intent of the team to meet with USI to review and confirm that the Authority is going to receive the same level of services as Willis provided. The CFO will evaluate and come back to the Committee if there are any issues.

6. With no further business to discuss, Commissioner Downes made a motion to adjourn and the Budget & Finance Committee adjourned at 10:25 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, October 21, 2014

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee was held on Tuesday, October 21, 2014, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

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

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Gerry Owens
TJ Murray
Col. Arroyo
Dave Winch
Edith Brako
Jim Salmon

Commissioners from Delaware

Committee Chair Ford
Commissioner Downes, Committee Member
Commissioner Traynor, Committee Member
Commissioner Lathem
Commissioner Murphy
Vice-Chairperson Lowe-via phone

Mike Houghton - DE

1. Committee Chair Ford welcomed the Economic Development Committee and opened the meeting at approximately 10:26 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Economic Development Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Ford called for a motion to accept the Economic Development Committee Minutes from September 16, 2014. Commissioner Downes made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Action Items:

a. RESOLUTION 14-40 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DASSAULT FALCON JET-WILMINGTON CORP.

The Chief Financial Officer (CFO) reported that the Resolution would not be presented at this time and would be presented at a future meeting.

b. RESOLUTION 14-41 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND ESTATES AVIATION SERVICES LLC

The DED presented the Resolution and reviewed the terms of the Agreement. After discussion, Commissioner Wilson made a motion, Commissioner Downes seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full Board for consideration at the October meeting later today.

4. Open Discussion/Other Issues:

Dassault Update:

Commissioner Lathem requested an update on Dassault Falcon Jet. The Executive Director (ED) reported that he and Governor Markell would be meeting with the President of Dassault this week. The Authority is working with Dassault regarding their short-term needs while also considering their long term growth. The State of Delaware has been very engaged and the Authority has a good working relationship with Dassault's director of local operations.

5. The DED requested an Executive Session. Committee Chair Ford requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Wilson, seconded by Commissioner Dorn, and the Session was closed.

The following matters of a confidential nature were discussed.

- LONG TERM PLANNING

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

6. Miscellaneous:

The ED reported that staff was notified that the Thunderbirds will at the 2015 Millville Air Show and staff will be working to finalize details.

7. With no further business to discuss, a motion to adjourn was made by Commissioner Dorn, and the Economic Development Committee adjourned at 10:48 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, October 21, 2014

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was held on Tuesday, October 21, 2014, at the Delaware Memorial Bridge Complex, New Castle, Delaware

Commissioners from New Jersey

PRESENT

Committee Chair Dorn
Commissioner Wilson, Committee Member
Commissioner Smith

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Commissioners from Delaware

Committee Vice-Chair Lathem
Commissioner Murphy, Committee Member
Commissioner Traynor, Committee Member
Commissioner Downes
Commissioner Ford
Vice-Chairperson Lowe-via phone

Mike Houghton - DE

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Gerry Owens

1. Committee Chair Dorn welcomed the Personnel Committee and opened the meeting at 10:50 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Personnel Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Dorn called for a motion to accept the Personnel Committee Minutes from September 16, 2014. Commissioner Lathem made a motion, Commissioner Murphy seconded, and the Committee Minutes were accepted.
3. Committee Chair Dorn requested an Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Lathem seconded by Commissioner Murphy, and the Session was closed.

The following matters of a confidential nature were discussed.

- PERSONNEL MATTERS
- LABOR NEGOTIATIONS

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

4. Resolutions:

a. Resolution 14-36 – RESOLUTION OF THE DELAWARE RIVER AND BAY AUTHORITY DELAYING THE START DATE FOR CERTAIN MODIFICATIONS TO THE BENEFITS PLAN DESIGN

b. RESOLUTION 14-37 – RESOLUTION BY THE DELAWARE RIVER AND BAY AUTHORITY AUTHORIZING MODIFICATIONS TO THE BENEFITS PLAN DESIGN

c. RESOLUTION 14-38 – AUTHORIZES THE AMENDMENTS TO THE RESTATED DELAWARE RIVER AND BAY AUTHORITY EMPLOYEES' RETIREMENT PLAN, DEFINED CONTRIBUTION PLAN, AND MEDICAL AND LIFE INSURANCE RETIREMENT PLANS FOR PERMANENT FULL-TIME EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2015

Commissioner Traynor made a motion to approve the three (3) Resolutions, Commissioner Murphy seconded, and the Committee recommended forwarding the three (3) Resolutions to the full Board for approval. The Resolutions will be presented to the full Board for consideration at the October meeting later today.

5. Miscellaneous:

Port Captain Position – The Executive Director (ED) requested consent to offer the Port Captain position to the highest ranking candidate, Stan Hansen. Commissioner Murphy made a motion, Commissioner Wilson seconded, and the Committee authorized an offer of employment be extended to the selected candidate at a salary equal to the midpoint.

6. With no further business to discuss, Commissioner Lathem made a motion to adjourn, and the Personnel Committee adjourned at 11:29 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, October 21, 2014

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, October 21, 2014, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

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

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold – NJ

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Heath Gehrke
Victor Ferzetti
Chris Findlay
Edith Brako
Dave Winch
Shoukry Elnahal

Commissioners from Delaware

Committee Vice-Chair Murphy
Commissioner Ford, Committee Member
Commissioner Lathem, Committee Member
Commissioner Downes
Commissioner Traynor
Vice-Chairperson Lowe

Mike Houghton - DE

Guest

Linda Walls

4. Committee Chair Smith opened the Projects Committee meeting at approximately 11:20 a.m. Committee Chair Smith 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.

5. Committee Chair Smith called for a motion to accept the Projects Committee Minutes from September 16, 2014. Commissioner Wilson made a motion, Commissioner Lathem seconded, and the Committee Minutes were accepted. Those in attendance were provided an informational package consisting of an agenda, one (1) bid opening, two (2) contract close-outs and one (1) monthly contractor payment charts (through September).

6. Resolutions: None

4. Bid Openings:

Contract No. CMLF-14-03: Drydocking and Repairs M/V Cape Henlopen. A public Bid Opening was held on September 25, 2014, in which six (6) bids were submitted. The COO reported that the contract consists of routine drydocking activities including blast painting and minor steel work. The COO recommended the contract award to the lowest bidder, Thames Shipyard & Repair Co. of New London, Connecticut, in the amount of \$1,630,079.81. A motion was made by Commissioner Dorn, seconded by Commissioner Downes, and the Projects Committee concurred with the recommendation and authorized the action to be presented at the October Commission meeting later today.

5. Contract Close-Out Actions:

Contract No. NCA-13-03: Terminal Ramp Repair. The scope of work on this contract was to perform repairs to the Terminal Ramp at the New Castle Airport (ILG). The final contract amount is \$79,612.77. The COO recommended close-out of the contract and final payment to Diamond Materials LLC, of Wilmington, Delaware. A motion to move the close-out action to the full Board was made by Commissioner Lathem, seconded by Committee Vice-Chair Murphy, and the Projects Committee unanimously approved the close-out action to be presented at the October meeting later today.

Contract No. MVA-12-01: Terminal Apron Rehabilitation and Expansion – Phase I. The scope of work on this contract was the rehabilitation of the Apron in front of the Terminal at Millville Airport (MIV). The final contract amount is \$843,660.52. The COO recommended close-out of the contract and final payment to South State, Inc., of Bridgeton, New Jersey. A motion to move the close-out action to the full Board was made by Commissioner Lathem, seconded by Commissioner Wilson, and the Projects Committee unanimously approved the close-out action to be presented at the October meeting later today.

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

7. Miscellaneous Items/Updates:

- a. ILG/Frontier Airlines Update – The COO reported that Frontier Airlines flights to Chicago, Denver, Atlanta, Ft. Meyers, and Tampa will cease at the end of October. Service to Orlando will continue with four flights per week from November through

March. Tampa flights twice per week will resume in December and continue through March.

- b. DMB Main Cable Preservation Project Procurement Process – The COO will continue to work closely with Engineering Department to create a complete package for presentation to the Committee at the November meeting.

8. Move to Executive Session:

The COO recommended the Committee move to Executive Session, closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Dorn, seconded by Commissioner Lathem, and the Session was closed.

The following matters of a confidential nature were discussed.

- LEGAL MATTERS

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

9. With no further business to discuss, Commissioner Lathem made a motion to adjourn and the Projects Committee adjourned at 12:45 p.m.