

DELAWARE RIVER AND BAY AUTHORITY

AUDIT & GOVERNANCE COMMITTEE MEETING

Tuesday, July 16, 2013

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, July 16, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

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

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Jim Salmon
Anna Marie Gonnella Rosato

Commissioners from Delaware

Committee Chair Downes-arrived after the roll call
Commissioner Lathem, Committee Member
Commissioner Murphy
Commissioner Traynor

Vice-Chairperson Lowe

Mike Houghton – DE

1. Committee Vice-Chair Smith welcomed the Audit & Governance Committee and opened the meeting at 9:07 a.m. The Deputy Executive Director reported that the public meeting of the Audit & Governance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Vice-Chair Smith called for a motion to accept the Audit & Governance Committee Minutes from May 21, 2013. Commissioner Dorn made a motion, Commissioner Lathem seconded, and the Committee Minutes were accepted.
3. Extension of Auditing Services Contract:

Committee Vice-Chair Smith turned the meeting over to the Chief Financial Officer (CFO). The CFO reported that the Board approved Resolution 10-43 – Authorizing Clifton Gunderson (now known as CliftonLarsonAllen) to Provide Independent Auditing Services for an initial term of three (3) years with two (2) one (1) year renewals. The CFO reported that the Auditors have completed the 2010, 2011, 2012 Audits and have performed their services in a timely and professional manner. The CFO recommended that the Committee extend the first of the two one (1) year renewal periods. Commissioner Mroz questioned the timeliness of the approval and why it was not evaluated sooner. The CFO reported that the recommendation is being presented today to allow for enough time to conduct an RFP in the event the Committee chose not to extend the renewal. The CFO added that Best Practices calls for a seven (7) year range term of auditing services. After discussion, the Committee unanimously approved the recommendation to extend Auditing Services contract for one (1) year.

4. The Executive Director requested an Executive Session. Committee Vice-Chair Smith called for a motion to move the meeting to Executive Session to discuss matters of a confidential nature. Commissioner Lathem made a motion, Commissioner Dorn seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

- LONG RANGE PLANNING ALTERNATIVES

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

6. With no further business to discuss, Commissioner Lathem made a motion to adjourn and the Audit & Governance Committee meeting adjourned at 9:44 a.m.

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, July 16, 2013
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, July 16, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey
PRESENT

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

Chairperson Hogan

Legal Counsel
Phil Norcross - NJ

Governors' Representatives
Amy Herbold - NJ

Staff
Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Anna Marie Gonnella Rosato
Jim Salmon
Travis Crawford
Joe Gibbons

Commissioners from Delaware

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

Vice-Chairperson Lowe

Mike Houghton - DE

1. Committee Chair Mroz opened the Budget & Finance Committee meeting at approximately 9:44 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 Mroz called for a motion to accept the Budget & Finance Committee Minutes from June 18, 2013. Commissioner Traynor made a motion, Commissioner Murphy seconded, and the Committee Minutes were accepted.

3. Resolutions:

a. RESOLUTION 13-24 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD JANUARY 1, 2013 THROUGH DECEMBER 31, 2013 –

The Chief Financial Officer (CFO) presented the Over \$25,000 Vendor list, and reviewed and discussed each individual item and he and the Chief Operations Officer (COO) provided additional information requested by Committee Chair Mroz. There was discussion with regard to Committee Chair Mroz's question of how the quote was calculated for Labor Ready, Inc. Commissioner Lathem also inquired about the firm. The Chief Human Resource Officer (CHRO) reported that Labor Ready was responsive to concerns. The CHRO added that the Authority is taking into consideration the Arbitrator's recent decision for the Authority to cease and desist using seasonal workers. The temporary need for additional workers during the peak season for vessel cleaning is necessary to operations. The Executive Director (ED) added that if any Commissioner has information regarding Labor Ready to please pass along to staff. The Director-Ferry Operations added that the contract is based on time and material. The CFO reviewed the remaining vendors. After discussion, and with no further questions, Commissioner Downes made a motion, Commissioner Murphy seconded, and the 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 July meeting later today.

4. Mid-Year Review of Authority Revenue and Expenditures:

The CFO presented and reviewed the following information.

- Year-to-Date Revenue Traffic Comparison 2012-2013 – Commercial and Non-Commercial Traffic at the Bridge year-to-date is improving with the economy. At the ferry long-term, overall traffic has declined 40% since 2002 as SR1 continues to be an alternative to the ferry. Year-to-Date Ferry traffic has declined 14% as compared to 2012. The inclement weather over the past year has been a contributing factor. Commissioner Murphy questioned the point at which ferry crossings might need to be decreased. The Director-Ferry Operations answered that the schedule has been published through October 2013. Authority Vice-Chair Lowe noted that fares may need to be evaluated if we are moving toward an era of frugality.
- Projected vs Adopted Year-To-Date 2013 Revenue Review – Total Authority Year-to-Date Revenue is \$628,000 or 1.1% less than projected. The CFO informed the Committee that he does not believe the Bridge's revenue will meet the current projections in the second half of the year and forecasts Year End Revenue at the Bridge at approximately \$1 million off the 2013 Adopted Revenue. He forecasts the Projected Total Year End Revenue at the Authority to be \$2.8 million under the 2013 Adopted Revenue. At this time, the CFO reported he does not see any need to make any modifications to the 2013 Budget.

- Total Budget Comparison by Category Year-to-Date Through June 2013 & 2012 – Expenses are in line with last year and to date the Authority has expended 41.3% of the 2013 Adopted Budget.
- Statements of Income and Expense Year-to-Date Through June 2013 & 2012 – The CFO noted that the Authority transitioned to an “activity based” budget in 2013 and the 2012 numbers have been adjusted to give a better comparison. The CFO reviewed each of the financial changes in the various operations. Compared to 2012, the Year-to-Date Net Operating Income decreased \$1.4 Million.

Commissioner Downes had several questions with regard to differences in Traffic Revenue and Income Statement Revenue. The CFO provided clarification. Committee Chair Mroz thanked the CFO for the report and requested the financial information for the month of July be distributed to all Board members since there are no meetings scheduled for August.

5. Miscellaneous: None.

With no further business to discuss, a motion to adjourn was made by Commissioner Traynor, and the Budget & Finance Committee adjourned at 10:35 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, July 16, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee was held on Tuesday, July 16, 2013, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

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

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell

Commissioners from Delaware

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

Vice-Chairperson Lowe

Mike Houghton - DE

1. Committee Chair Dorn welcomed the Personnel Committee and opened the meeting at 10:36 a.m. The Deputy Executive Director reported that the public meeting of the Personnel Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Chair Dorn called for a motion to accept the Personnel Committee Minutes from June 18, 2013. Commissioner Lathem made a motion, Commissioner Traynor 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 Wilson, seconded by Commissioner Traynor, and the Session was closed.

The following matters of a confidential nature were discussed.

- LABOR NEGOTIATIONS
- LEGAL MATTERS

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

5. With no further business to discuss, Commissioner Murphy made a motion to adjourn, and the Personnel Committee adjourned at 10:44 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, July 16, 2013

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, July 16, 2013, 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
Commissioner Mroz

Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Amy Herbold - NJ

Staff

Scott Green
Frank Minor
Victor Ferzetti
Jim Walls
Gerry Owens
Charlotte Crowell
Michelle Griscom
Anna Marie Gonnella Rosato
Jim Salmon
Travis Crawford

Commissioners from Delaware

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

Vice-Chairperson Lowe

Mike Houghton - DE

1. Committee Vice-Chair Smith welcomed the Economic Development Committee and opened the meeting at approximately 10:44 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 Vice-Chair Smith called for a motion to accept the Economic Development Committee Minutes from June 18, 2013. Commissioner Dorn made a motion, Commissioner Traynor seconded, and the Committee Minutes were accepted.

3. Action Items:

a. RESOLUTION 13-25 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CMY DISTILLERY, LLC AT THE CAPE MAY AIRPORT –

The Deputy Executive Director (DED) presented the Resolution and discussed the terms of the lease. After discussion, Commissioner Wilson made a motion, Commissioner Dorn seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full board for consideration at the July meeting later today.

b. RESOLUTION 13-26 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE UNITED STATES OF AMERICA AT THE MILLVILLE AIRPORT –

The Chief Financial Officer (CFO) presented the Resolution and discussed the terms of the lease. The CFO reported that, although the market appraisal has not been received, the annual rate set will be in accordance with the appraisal. Commissioner Lathem questioned the use of the facility as a prisoner transfer and whether public notices would be required. Authority Chair Hogan reported that prisoner transfers are currently in operation, the use of this facility would be less intrusive to the public. The Executive Director reported that he was not aware of any public notice needed; however, staff will investigate. After discussion, Commissioner Dorn made a motion, Commissioner Wilson seconded, and the Economic Development Committee unanimously recommended forwarding the Resolution to the full board for consideration at the July meeting later today.

4. Open Discussions/Other Issues:

The Deputy Executive Director reported he will be attending a meeting July 17, 2013, at Rowan University, along with Executives from Frontier Airlines, to introduce them to the region. The Directors of Airport and Ferry Operations will also be in attendance as ambassadors to promote the Airports, Cape May-Lewes Ferry and the Delaware City-Salem Ferry.

5. With no further business to discuss, a motion to adjourn was made by Commissioner Downes, and the Economic Development Committee adjourned at 10:58 a.m.

THE DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE

Tuesday, July 16, 2013

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of the Delaware River and Bay Authority's Projects Committee was held on Tuesday, July 16, 2013, at the Delaware Memorial Bridge, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

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

Chairperson Hogan

Legal Counsel

Phil Norcross – NJ

Governors' Representatives

Amy Herbold – NJ

Staff

Scott Green
Frank Minor
Jim Walls
Charlotte Crowell
Victor Ferzetti
Gerry DiNicola-Owens
Jim Salmon
Anna Marie Gonnella-Rosato
Shoukry Elnahal
Steve Williams
Joe Gibbons
Travis Crawford

Commissioners from Delaware

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

Vice-Chairperson Lowe

Michael Houghton - DE

1. Committee Chair Smith welcomed the Projects Committee and opened the meeting at approximately 11:00 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.

2. Committee Chair Smith called for a motion to accept the Projects Committee minutes from June 18, 2013. Commissioner Wilson made a motion to accept the minutes, Commissioner

Lathem seconded the motion, and the Committee Minutes were approved. Those in attendance were provided an informational package consisting of an agenda, two (2) Resolutions, two (2) Bid Openings, two (2) Contract Close-outs and one (1) monthly contractor payment chart (through June).

3. Resolutions:

Resolution No. 13-27 – Adoption of Minimum Standards for Aeronautical Services at Millville Airport. The COO reported that this Resolution authorizes the establishment of minimum standards for aeronautical services at the Millville Airport. The COO recommended adoption of this Resolution. A motion was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee concurred with the recommendation and authorized the action to be presented at the July Commissioner meeting later today.

Resolution No. 13-28 – Adoption of Minimum Standards for Aeronautical Services at Cape May Airport. The COO reported that this Resolution authorizes the establishment of minimum standards for aeronautical services at the Cape May Airport. The COO recommended adoption of this Resolution. A motion was made by Commissioner Lathem, seconded by Commissioner Dorn, and the Projects Committee concurred with the recommendation and authorized the action to be presented at the July Commissioner meeting later today.

4. Bid Openings:

Contract No. CMLF-13-03 Supply of Ultra Low Sulfur Diesel Fuel – Cape May Lewes Ferry. A public Bid Opening was held on June 12, 2013, in which five (5) bids were submitted. The COO reported that this contract is for supplying ultra-low sulfur diesel fuel for the Cape May-Lewes Ferry vessels. The COO recommended the contract award to the lowest bidder, PAPCO, Inc. of Aston, Pennsylvania, based on their Fuel Delivery Charge (per gallon) of \$0.0366. A motion was made by Commissioner Dorn, seconded by Committee Vice-Chair Murphy, and the Projects Committee concurred with the recommendation and authorized the action to be presented at the July Commission meeting later today.

5. Contract Close-Out Actions:

Contract No. CMLF-08-02 – Freeman Highway Bridge Rehabilitation-Lewes. The scope of work on this contract was to rehabilitate the bridge on Freeman Highway in Lewes, Delaware. The final contract amount is \$2,376,684.66. The COO recommended close-out of the contract and final payment to Mumford and Miller Concrete, Inc. of Middletown, 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 June meeting later today.

Contract No. CMLF-12-07 – Drydocking & Repairs M/V Delaware Ferry. The scope of work on this contract consisted of drydocking and repairs of the Motor Vessel Delaware. The final contract amount is \$403,688.80. The COO recommended close-out of the contract and final payment to Thames Shipyard and Repair Co. of New London, Connecticut. A motion to move

the close-out action to the full Board was made by Commissioner Dorn, seconded by Commissioner Lathem, and the Projects Committee unanimously approved the close-out action to be presented at the July meeting later today.

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

7. Miscellaneous Items/Updates:

Frontier Airlines

The COO reported that the new commercial air service start-up by Frontier Airlines at New Castle Airport on July 1, 2013, went smoothly. The COO commended staff for their exceptional work in preparing our facilities for this new airline service. Airline customer response has been very positive and flights have experienced strong customer demand. The COO further reported that short and long-term customer parking expansion options are being developed to ensure sufficient capacity for expected growth in Frontier Airlines' ridership demands.

Critical Needs Update

The COO reported that the Executive Director had issued a Critical Needs Determination for the repair of the reduction gears on the M/V Twin Capes. CMLF engineering staff identified indications of a bearing failure in the starboard main engine reduction gears and engaged Chalmers & Kubeck to assist in the investigation, analysis, and repair of the reduction gears assembly. The estimated cost for this repair was \$200,000. The vessel was removed from service between June 24th and July 12th while the necessary repairs were completed. The COO commended our CMLF engineering staff for their prompt and appropriate actions. A copy of the Critical Needs Determination was sent to the Chair and Vice-Chair and filed in the Authority records.

8. The COO requested an 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.

LONG RANGE PLANNING MATTERS

The Projects Committee reconvened at approximately 11:28 a.m.

9. With no further business to discuss, Commissioner Dorn made a motion to adjourn, seconded by Committee Vice-Chair Murphy, and the Projects Committee adjourned at 11:28 a.m.