

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, March 19, 2019

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, March 19, 2019 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Decker

Commissioner Ratchford, Committee Member - absent

Commissioner Ford, Committee Member

Commissioner Lathem

Commissioner Carey

Commissioners of New Jersey

Committee Vice-Chair Bennett – absent

Commissioner Smith, Committee Member

Commissioner Wilson, Committee Member – absent

Commissioner Ransome

Commissioner McCann

Chairperson Lowe

Vice-Chairperson Hogan

Mike Houghton – DE

Phil Norcross – NJ

Governors' Representatives

Craig Ambrose – NJ

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Jim Salmon

Dave Winch

TJ Murray

Michelle Hammel

Caroline Walker

Tara Donofrio

Michele Pyle

Joe Larotonda

Jim Danna

John Sarro

Heath Gehrke

Guests

Dave Boomershine – Boomershine Consulting

Jim Dugan – Brown Advisory

Keith Stone – Brown Advisory

Tyler Smith – Brown Advisory

Robert DeClementi – Labor Union 199

Ken Dryden – DE Concerned Residents for

Environmental Justice

1. Committee Chair Decker opened the Budget & Finance Committee meeting at approximately 9:00 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Budget & Finance Committee had been duly noticed in accordance with the Authority's Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Decker called for a motion to accept the Budget & Finance Committee Minutes from February 20, 2019. Commissioner Smith made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.
3. Discussion Items:

- **Pension and OPEB Valuation Review**

The Chief Financial Officer (CFO) introduced Dave Boomershine from Boomershine Consulting to discuss the Authority's 2018 Pension Plan valuation. Mr. Boomershine discussed and highlighted the following:

- Recent History
- Demographics
- Assets
- Market Value Changes
- Valuation Assumptions
- Total Funded Status
- Total Recommended Contributions
- Conclusions
- GASB Changes
- Future Direction

Mr. Boomershine advised the pension plan has become a more "mature" plan as the number of retirees now exceeds the number of active members at the Authority. The CFO noted 121 of vested benefit members are not retirees. Mr. Boomershine advised the market value gain will be recognized over 5 years and there has been a slight actuarial value gain for investments including 15.1% increase in 2017 for investment return. Mr. Boomershine advised that outflow of expenses exceeding income is a sign of plan maturity. Mr. Boomershine advised after assumption changes the funded ratio remains the same as 2017 at 85% funded and continues to remain healthy. Mr. Boomershine noted annual contributions have increased, but decreased as a percentage of payroll to below 20%. The CFO advised for the future, staff will work with the consultant to evaluate using additional resources to de-risk plan liabilities and costs. Mr. Boomershine also discussed the Authority's OPEB Benefits actuarial review noting that the 59 percent funded ratio far exceeds the national average of 10 percent. The following information was discussed:

- Plan History
- Funding Basis
- Potential Impact of Accounting
- Valuation Results Summary
- Future Direction

Mr. Boomershine noted the importance of how the Authority's funding of the Annual Required Contribution enables the usage of a discount rate basis of 7.25% to reduce annual cost and lower liability. Mr. Boomershine also advised the potential impact of accounting and how Bond Rating Agencies view funding plans with a higher discount rate. Mr. Boomershine advised to continue additional contributions as able until 80% funding level is attained and continuing to manage healthcare experience.

- **2018 Investment Review**

The CFO introduced Jim Dugan and Keith Stone from Brown Advisory to discuss the Authority's 2018 Investment Review. The following information was discussed:

- Executive Summary
- DRBA Employees' Retirement Plan and OPEB Trust
- Private Equity and Real Estate Investments
- DRBA Authority Funds
- The Big Picture: Our Investment Outlook

Mr. Dugan advised annual returns in 2018 were negative for just the second time in the last 10 years, but have rebalanced through the year as stocks rose again during the market decline. Mr. Dugan advised the Authority funds have maintained an elevated level of short-term securities and cash in the general fund to support capital improvement projects. Mr. Dugan advised equities turned negative in 2018, but noted a significant rebound in stocks in early 2019. Mr. Dugan advised the investment earnings for 2018 were -\$8.1 million due to declines in both the equity and fixed income markets. However, the rebound in the markets generated investment earnings of \$15.1 million through February 2019. Mr. Dugan noted the retirement plan has grown by \$78.3 million including total of contributions and withdrawals. Private Equity, real estate program and income generation have been the main drivers for high portfolio performance. Mr. Stone discussed the change in the investment policy statement to include an allocation to alternatives including private equity, private real estate and commodities. Mr. Stone advised the reason for inclusion was for additional diversification and potential for higher returns and noted the program continues to be built out slowly. Mr. Stone noted the importance of continuing to invest in private equity and the thought of another near recession has been concerned when building the portfolio.

- **Moody's Investor's Service Recent Publication**

The CFO discussed the January 2019 publication from Moody's Investor Service regarding the veto of the Authority's first proposed toll increase discussing the negative risks related to credit rating. The CFO noted both Moody's and S&P have been notified of the revised and approved toll structure.

- **IRS Rebate- 2008 Issuance Variable Rate Bonds**

The CFO informed the Committee of a \$140,000 payment that has been made to the IRS relating to positive arbitrage earnings on the 2008 variable rate bonds.

- **Food Distribution at Cape May-Lewes Ferry**

The CFO discussed a request for proposal process (RFP) for obtaining a qualified food vendor to serve as the primary supplier of food products intended for resale to the public at the Ferry. The CFO advised the proposal process would include developing a request for proposal asking for prices based on margins, allow for alternate products, and focus on quality of food products being offered. The CFO noted local vendors have been identified in Cape May and Lewes areas. The CFO recommended to the Committee to add these, as well as any additionally identified vendors, to the over25 resolution for the April meeting. The CFO noted that he had provided this information to Commissioner Bennett, who was unable to attend today's meeting, and received feedback and support for working with local vendors and further endorsed the procurement plan.

4. Due to Committee Chair Decker leaving the room, Commissioner Smith requested an Executive Session closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Ford, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

- **LONG RANGE PLANNING ALTERNATIVES**

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

5. Action Items:

- **RESOLUTION 19-08 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2019 THROUGH DECEMBER 31, 2019**

The Chief Financial Officer (CFO) presented and reported on the Over \$25,000 list. Commissioner Ford made a motion, Commissioner Smith seconded, and the Budget & Finance Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the March meeting later today.

- **RESOLUTION 19-09 – AUTHORIZES AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND GREAT AMERICAN TROLLEY CO. TO PROVIDE FIXED-ROUTE SHUTTLE BUS SERVICES BETWEEN THE CAPE MAY TERMINAL AND THE CAPE MAY WELCOME CENTER**

Commissioner Smith made a motion, Commissioner Ford seconded, and the Budget & Finance Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the March meeting later today.

6. With no further business to discuss, Committee Chair Decker made a motion to adjourn and the Budget & Finance Committee adjourned at 10:56 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING – PUBLIC SESSION

Tuesday, March 19, 2019

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Personnel Committee Meeting was held on Tuesday, March 19, 2019 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioner of Delaware

Committee Chair Lathem
Commissioner Decker Committee Member
Commissioner Carey, Committee Member
Commissioner Ratchford - absent
Commissioner Ford

Chairman Lowe

Legal Counsel

Mike Houghton – DE

Governors’ Representatives

Craig Ambrose – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Dave Winch
Michelle Hammel
Caroline Walker
Michele Pyle
Tara Donofrio
Heath Gehrke
John Sarro

Commissioners of New Jersey

Committee Vice-Chair Smith
Commissioner Ransome, Committee Member
Commissioner McCann, Committee Member
Commissioner Wilson - via teleconference
Commissioner Bennett -absent

Vice Chairman Hogan

Phil Norcross – NJ

Guests

Ken Dryden
Delaware Concerned Residents for
Environmental Justice
Robert DeClementi
Labor Union 199

1. Committee Chair Lathem opened the Personnel Committee meeting at approximately 10:55 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 Lathem called for a motion to accept the Personnel Committee Minutes from February 20, 2019. Commissioner McCann made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Committee Chair Lathem requested an Executive Session closed to the public to discuss matters of a confidential nature. A motion was made by Commissioner Smith, seconded by Commissioner McCann, and the Session was closed.

The following matters of a confidential nature were discussed:

- LABOR
- PERSONNEL MATTERS

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

4. Discussion Items

- The Chief Human Resource Officer informed the Committee there will be job fairs for the Cape May-Lewes Ferry at both the Lewes and Cape May terminals in March and April. The flyers were distributed. DRBA is hiring for the summer season and have many vacancies to fill.

5. With no further business to discuss, Committee Chair Lathem made a motion to adjourn, Commissioner Smith seconded, and the Personnel Committee adjourned at 11:25 am.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, March 19, 2019

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee Meeting was held on Tuesday, March 19, 2019 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioner of New Jersey

Committee Chair Ransome

Commissioner Bennett, Comm. Member – absent
telephone

Commissioner Wilson, Committee Member - telephone

Commissioner McCann

Commissioner Smith

Vice-Chairperson Hogan

Legal Counsel

Phil Norcross – NJ

Governors' Representatives

Craig Ambrose – NJ

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Jim Salmon

TJ Murray

Michelle Hammel

Caroline Walker

Michele Pyle

Tara Donofrio

John Sarro

Heath Gehrke

Commissioners of Delaware

Committee Vice-Chair Ford

Commissioner Ratchford, Committee Member-

Commissioner Carey, Committee Member

Commissioner Lathem

Commissioner Decker

Chairperson Lowe

Mike Houghton – DE

Guest

Mr. Ken Dryden

5. Committee Chair Ransome opened the Economic Development Committee meeting at approximately 11:26 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

6. Committee Chair Ransome called for a motion to accept the Economic Development Committee Minutes from February 20, 2019. Commissioner Lathem made a motion, Commissioner Lowe seconded, and the Committee Minutes were accepted.

7. Discussion Items:

Delaware Aviation Economic Impact study is performed every 5 years by DelDOT and State of Delaware. The resulting economic impact report is used primarily to aid local municipalities and airport managers around the state of Delaware. It provides statewide airport spending information, direct/induced employment, and measures overall airport economic activity to help airport decision-makers with tools to defend the airport. It also measures state and local taxes as a measure of what the airports contribute back to the community.

In 2016, the state of New Jersey performed a similar assessment of airports economic impact.

Copies of the Delaware Report and information for Cape May and Millville Airports from the New Jersey report were made available to the Commissioners.

4. Resolutions:

- **RESOLUTION 19-10 - AUTHORIZES A LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DELMO SPORTS, LLC AT THE CAPE MAY AIRPORT**

After discussion, Committee Chair Ransome made a motion, Commissioner Lathem, seconded, and the Economic Development Committee recommended forwarding Resolution 19-10 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the March meeting later today.

- **RESOLUTION 19-11 - LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND PENTAGON PERFORMANCE, INC. AT THE MILLVILLE AIRPORT**

After discussion, Committee Chair Ransome made a motion, Commissioner Lathem, seconded, and the Economic Development Committee recommended forwarding Resolution 19-11 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the March meeting later today.

- **RESOLUTION 19-12 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE MAY BREWING LLC**

After discussion. Committee Chair Ransome made a motion, Commissioner Lathem, seconded, and the Economic Development Committee recommended forwarding Resolution 19-12 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the March meeting later today.

With no further business to discuss, Committee Chair Ransome adjourned the Economic Development Committee at 11:39 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING - PUBLIC SESSION

Tuesday, March 19, 2019

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was held on Tuesday, March 19, 2019 at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioner of Delaware

Committee Chair Ratchford - absent
Commissioner Ford, Committee Member

Commissioner Lathem, Committee Member
Commissioner Decker
Commissioner Carey

Chairman Lowe

Legal Counsel

Mike Houghton – DE -absent

Governors' Representatives

Craig Ambrose – NJ

Staff

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Dave Winch
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Michelle Hammel
Michele Pyle
Tara Donofrio
Caroline Walker
John Sarro
Heath Gehrke

Commissioners of New Jersey

Committee Vice-Chair Ransome
Commissioner Bennett, Committee Member -
absent

Commissioner McCann, Committee Member
Commissioner Wilson –via teleconference
Commissioner Smith

Vice Chairman Hogan

Phil Norcross – NJ

Guests

Ken Dryden
Delaware Concerned Residents for
Environmental Justice
Robert DeClementi
Labor Union 199

1. Committee Vice-Chair Ransome opened the Projects Committee meeting at 11:40 a.m.
2. Committee Vice-Chair Ransome called for a motion to accept the Projects Committee Minutes from February 20, 2019. Commissioner Lathem made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.

3. Contract Close-Out Actions:

- Contract No. DMB-16-01 Towing Services for I-295 SB Reconstruction

While I-295 was restricted to two lanes during the recent construction, DRBA paid a towing contractor to be on call during the DRBA's non-working hours to quickly clear accidents. The vendor was Nicks Auto Repair LLC of Penns Grove, NJ with a final cost of \$194,650.

Committee Vice-Chair Ransome called for a motion, Commissioner Lathem made a motion, seconded by Commissioner McCann and the Projects Committee concurred with the recommendation and authorized the close-out actions to be presented to the full board at the March meeting later today.

4. Contractor Payment Review:

The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through February 2019. DRBA had 6 payments totaling approximately \$1.6 million for projects at the bridge, ferry and four airports.

4. Discussion Items:

- CRODA Update

Croda reimbursed the Delaware River and Bay (DRBA) for all losses resulting from the Delaware Memorial Bridge being shut down in November 2018. As of now, ethylene oxide is not being manufactured at the plant. Croda is conducting their own safety review and then requires regulatory approval from Delaware's Department of Natural Resources and Environmental Control before they can restart the reactor. Ethylene oxide is being stored there as it has been since 1940's.

The DRBA is planning over the next twelve months another table top exercise with Croda officials, Town Hall meeting with DRBA employees plus two employee drills; one to rehearse sheltering in place and one evacuating to the airport.

- I-295 Construction Update

After almost three years of construction, all lanes are moving again on I-295. The major task remaining is the final 2 inches of blacktop to be layered onto the roadway. Due to the weather, this has been delayed. The final paving will be done at night, but must wait until temperatures exceed 50 degrees around the clock. The work will take about two weeks.

- Large Ship Passing Under the Bridge

In March 2018 ship Zhen Hua 16 passed under the bridge, carrying tall cranes, at low tide close to midnight, clearing the bottom of the bridge by about 5 ½ feet. As a precaution, the bridge was closed for about 20 minutes. This year's ship is the Zhen Hua 25, currently anchored off Cape Henlopen, where the cranes are being lowered. This vertical to horizontal position takes four full days. Preparation with the Coast Guard, the shipper, the port, river pilots and the Delaware River and Bay Authority is being conducted. This passing will occur twice with a northbound and southbound passage.

The air gap sensor that was put in place for last year's transit, measures the exact distance between the bottom of the bridge and the water's surface, has supplied a year's worth of actual tidal data.

From the previous passage, it was determined by the DRBA's engineering department, the ship can only pass during low tide. With maximum bridge load, bumper to bumper traffic the entire length, the bridge can sag as much as 5 feet. With this year's clearance estimated at 4 and 4.5 feet at low tide, the need is to eliminate any possibility of maximum load conditions, by closing the bridge to traffic.

Unless the weather changes, the northbound passage will occur Monday, March 25, 2019 at about 11 pm. Southbound will occur the following Tuesday, April 2, 2019 at 5:00 am low tide.

Commissioner Lathem inquired of alternative routes if the bridge is closed again to which the Chief Operations Officer explained that Colonel Arroyo is working on them and it will be presented at a future meeting.

5. With no further business to discuss, Committee Co-Chair Ransome made a motion to adjourn, Commissioner Lathem seconded, and the Projects Committee adjourned at 11:47 am.