

DELAWARE RIVER AND BAY AUTHORITY
GOVERNANCE/AUDIT COMMITTEE MEETING
Tuesday, December 21, 2021
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Governance/Audit Committee Meeting was conducted via Zoom on Tuesday, December 21, 2021, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Faust
Commissioner Carey, Committee Member
Commissioner Decker, Committee Member
- absent
Commissioner Becker-absent
Commissioner Ratchford

Commissioners of New Jersey

Committee Vice-Chair McCann - absent
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member

Commissioner Ransome
Commissioner Baldini

Chairperson Hogan

Vice-Chairperson Lathem

Mike Houghton – DE

Phil Norcross – NJ

Governors' Representatives

Albert Shields –DE -absent

Rudy Rodas – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Jim Salmon
TJ Murray
Michelle Warner
Michelle Griscom
Michele Pyle
Tara Donofrio
Emily Weaver
Heath Gehrke
Andrew Houghton
Kyle Bickhart

Guests

Andy Lee, CPA
CliftonLarsonAllen
Luke Winter, CPA
CliftonLarsonAllen
Jeff Davis
Tom O'Donnell
Lauren Iacobucci
Eric Stern
Chip Moran
Dante Nocito
Allen

1. Committee Chair Faust opened the Governance/Audit Committee meeting at 10:39 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Governance/Audit 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 Faust called for a motion to accept the Governance/Audit Committee Minutes from July 29, 2021. Commissioner Smith made a motion, Commissioner Wilson seconded, and the Committee Minutes were accepted.
3. Discussion Item:

) 2021 Audit Scope of Work

The Chief Financial Officer (CFO) introduced Andy Lee and Luke Winter, who are the principal and the engagement manager, respectively, in charge of the Audit by CliftonLarsonAllen (CLA). The CFO turned the meeting over to Mr. Lee, who discussed their scope of work and some of their pre-audit planning materials. Their main focuses were the Audit Scope and Deliverables, Responsibility Overview, Audit Timeline, and Risk Assessment.

Mr. Lee explained the timeline for the Audit, from planning until final reporting to the Board in May and emphasized that any items of significance would be promptly communicated throughout their work. Mr. Winter reviewed the Consideration of Fraud and GASB update noting four emerging issues. Committee Chair Faust asked Mr. Lee if he felt the Authority was taking the proper actions to meet the new requirements. Mr. Lee shared that he believes that the CFO and his team are in a great position to be fully prepared for, as follows:

<u>Effective Date</u>	<u>Report</u>
) 2021	GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period
) 2022	GASB 87 – Leases GASB 93 - Replacement of Interbank Offered Rates
) 2023	GASB 96 - Subscription-Based Information Technology Arrangements

4. With no further business to discuss, Committee Chair Faust called for a motion to adjourn; Commissioner Smith made a motion, Commissioner Wilson seconded, and the Governance/Audit Committee adjourned at 10:58a.m.

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
TUESDAY, DECEMBER 21, 2021
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was conducted via zoom on Tuesday, December 21, 2021, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

Committee Chair McCann - absent
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Ransome
Commissioner Baldini
Chairperson Hogan

Phillip Norcross - NJ

Governors' Representatives

Rudy Rodas – New Jersey

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Jim Salmon
TJ Murray
Tara Donofrio
Michelle Pyle
Michelle Griscom
Emily Weaver

Commissioners of Delaware

Committee Vice-Chair Decker
Commissioner Ratchford, Committee Member
Commissioner Becker, Committee Member-absent
Commissioner Faust
Commissioner Carey
Vice-Chairperson Lathem

Michael Houghton - DE

Governor's Representatives

Guests

Jim Dugan – Brown Advisory
Andy Lee, CPA, CliftonLarsonAllen
Luke Winter, CPA, CliftonLarsonAllen
Jeff Davis
Tom O'Donnell
Lauren Iacobucci
Eric Stern
Chip Moran
Dante Nocito

1. Committee Member Smith opened the Budget & Finance Committee meeting at approximately 10:57 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 Information Regulations, read the Statement of Notice, and called the roll.

2. Committee Member Smith called for a motion to accept the Budget & Finance Committee Minutes from November 16, 2021. Commissioner Wilson made a motion, Commissioner Ratchford, seconded, and the Committee Minutes were accepted
3. Discussion Items:

Briefing of 2021/2022 Debt Issuance

The CFO introduced Jim Dugan from Brown Advisory. Mr. Dugan recapped 2021 and 2022 Bond Issues and described them as successful. Regarding the Series 2021 new money bonds, the \$75 million par amount has a 4% coupon on the 1/1/46 term bonds to yield a 1.86%. This is the lowest rate term bond ever issued by the Authority. The all-in total interest cost was 2.45%. Series 2022 Bonds settling in October 2022 the all-in cost was 2.27%. The total debt service savings was \$21.9 million/\$1.14 million per year. The net present value today is \$17.2 million dollars of savings. The rating agencies Moody's A1; S&P A was affirmed. Reports showed positive and negative credit comments. Mr. Dugan discussed how well the Authority has done in recent years during Covid-19 and S&P highlighted strong management and governance at the Authority. The biggest concern is the reliance on the Delaware Memorial Bridge as a single asset. The CFO noted a comment regarding leverage made by Moody's, which is a measure of the amount of debt outstanding to revenue produced. The CFO discussed reviewing this with his team for planning purposes. Mr. Dugan discussed the investor outreach, noting that 32 investment firms viewed the marketing materials. The environment for the bond market during the year has been interesting given the impacts of Covid and inflation concerns. The pricing of the bond issues was December 1, 2022, to best position the issuances for market liquidity and attempt to avoid potential disruptions. Investor demand was robust with orders from 35 investment firms totaling over \$1.5 billion for both series. New co-managers submitted orders commensurate with their 15% participation. Overall, they earned 12.4% of the manager compensation. Mr. Ferzetti stated that the Co-Managers actively supported the transaction were pleased to be part of the underwriting team. Mr. Dugan discussed history of DRBA term bond yields, noting that these were the lowest yields in the history of the Authority.

Contract Extension: Contract CS-17-01, Airport Legal Counsel (Kaplan, Kirsch and Rockwell.) (Option Term 2)

The CFO recommended that the committee approve Option Year 2 contract extension for Kaplan Kirsch and Rockwell under the current agreement. Committee Member Smith made a motion to consent the extension, all committee members agreed.

CMLF – 2022 Proposed Fare Modifications

The COO introduced Director of Ferry Operations Heath Gehrke. Mr. Gehrke discussed the fare change goals as follows:

SUMMARY OF PROPOSED CHANGES:

DECREASES

Reduce Child Rate (6–13) by \$1 in-season (currently \$5 one way and \$9 round trip). Reduces cost of travel for families.

Make permanent “Blue and Red” discounted rate (-\$2 per trip) implemented for first responders in 2019.

Add new \$12/\$17/\$20 fare for scooters (scooters currently charged motorcycle fares, which are double).

INCREASES

Implement inflationary increase in vehicle fares: \$2 in-season and \$1 off-season (no increase to Return-Trip fare.)

Establish new “Rewards Members” program for passengers who create and pre-book with their customer profile. Mr. Gehrke noted that customers that signed up to become members would be insulated from the vehicle fare increases being proposed.

Modify group rates slightly to require larger-sized groups to qualify. Implement “No-Show” fee and \$1 increase to cancellation fees.

Mr. Gehrke reviewed the estimated financial impacts of the proposed changes and net impact of \$131,600.

Vice-Chairperson Lathem suggested a no-show fee of \$10.00.

Commissioner Wilson inquired if Commissioners qualify for employee discounts.

Mr. Gehrke would discuss the recommendation with the Executive Director.

4. Action Items:

Resolution 21-49 – Authorizing Authority Expenditures Pursuant to Resolution 01 84 for the Period, January 1, 2022, through December 31, 2022

The CFO discussed the new items and vendors on the list. The CFO highlighted and explained the operational savings associated with Chamming Electric and ConvergeOne. Commissioner Decker questioned the number of alcohol vendors on the resolution. The CFO explained that various distributors hold the rights to certain brands served by food service. With no further questions, Commissioner Decker made a motion, Commissioner Ratchford seconded, and the Budget & Finance Committee recommended

forwarding Resolution 21-49 to the full Board. The Resolution will be presented to the full Board for consideration at the December meeting later today.

With no further business to discuss, Committee member Smith adjourned the Budget and Finance Committee 11:32 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

TUESDAY, DECEMBER 21, 2021

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Economic Development Committee Meeting was conducted via Zoom on Tuesday, December 21, 2021, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Ratchford
Commissioner Carey, Comm. Member
Commissioner Becker, Comm. Member-absent
Commissioner Decker
Commissioner Faust

Vice-Chairperson Lathem

Commissioners of New Jersey

Committee Vice-Chair Ransome
Commissioner Wilson, Comm. Member
Commissioner Baldini, Comm. Member
Commissioner McCann - absent
Commissioner Smith

Chairperson Hogan

Governors' Representatives

Governors' Representatives

Rudy Rodas, New Jersey

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michelle Griscom
Jim Salmon
Dave Hoppenjans
Brian Lutes
TJ Murray
Tara Donofrio
Michele Pyle
Emily Weaver

Guests

Jeff Davis
Dante Nocito
Eric Stern
Lauren Iacobucci
Tom O'Donnell
Chip Moran
Allen

1. Committee Chair Ratchford opened the Economic Development Committee meeting at approximately 11:32 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 Ratchford called for a motion to accept the Economic Development Committee Minutes from November 16, 2021. Commissioner Ransome made a motion, Commissioner Carey seconded, and the Committee Minutes were accepted.

3. Resolutions:

RESOLUTION 21-50 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND LOVE THE COOK & COMPANY LLC

After discussions, Commissioner Ransome made a motion, Commissioner Carey, seconded, and the Economic Development Committee recommended forwarding Resolution 21-50 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

RESOLUTION 21-51 – AUTHORIZES A LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DELMOPRO, LLC AT THE CAPE MAY AIRPORT

After discussions, Commissioner Decker made a motion, Commissioner Carey, seconded, and the Economic Development Committee recommended forwarding Resolution 21-51 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

RESOLUTION 21-52 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE ISLAND FOODS, LLC

After discussions, Commissioner Wilson made a motion, Commissioner Decker, seconded, and the Economic Development Committee recommended forwarding Resolution 21-52 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

RESOLUTION 21-53 – LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE FEDERAL AVIATION ADMINISTRATION

After discussions, Commissioner Ransome made a motion, Commissioner Wilson, seconded, and the Economic Development Committee recommended forwarding Resolution 21-53 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

RESOLUTION 21-54 – LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE MAY BREWING LLC

After discussions, Commissioner Baldini made a motion, Commissioner Carey, seconded, and the Economic Development Committee recommended forwarding Resolution 21-54 to the full Board for

approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

Committee Chair Ratchford adjourned the Economic Development Committee at 11:43 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, December 21, 2021

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee Meeting was conducted via Zoom on Tuesday, December 21, 2021, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

New Jersey Commissioners

Committee Chair Ransome
Commissioner McCann, Committee Member- absent
Commissioner Baldini, Committee Member

Commissioner Smith
Commissioner Wilson

Chairman Hogan

Legal Counsel

Phil Norcross- NJ

Governors' Representatives

Rudy Rodas – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
TJ Murray
Michelle Griscom
Tara Donofrio
Emily Weaver
Heath Gehrke
Dave Hoppenjans
Greg Pawlowski
Brian Lutes
Jen Shivers

Delaware Commissioners

Committee Vice-Chair Ratchford
Commissioner Faust, Committee Member
Commissioner Becker, Committee Member
-absent
Commissioner Decker
Commissioner Carey

Vice Chairman Lathem

Mike Houghton – DE

Albert Shields – DE absent

Guests

Jeff Davis
Tom O'Donnell
Lauren Iacobucci
Eric Stern
Chip Moran
Dante Nocito
Allen

Andy Houghton
Kyle Bickhart

1. Committee Chair Ransome opened the Projects Committee meeting at 11:46 a.m.
2. Committee Chair Ransome called for a motion to accept the Projects Committee Minutes from November 16, 2021. Vice-Chair Ratchford made a motion, Commissioner Faust seconded, and the Committee Minutes were accepted.
3. Bid Openings

) **CMLF-22-01 Dry-Docking and Repairs, M/V Cape Henlopen**

A public bid opening was held on December 03, 2021, in which (1) bid was submitted.

The COO recommended awarding the contract, in the amount of \$7,235,849.00 to Caddell Dry Dock & Repair Co, Inc.

Committee Chair Ransome called for a motion to accept the award, to which Committee Vice-Chair Ratchford made a motion, seconded by Commissioner Faust and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board at the December meeting later today

) **DMB-20-A Ship Collision Protection System**

A public bid opening was held on December 07, 2021, in which (6) bids were submitted coming in \$25.2 million more than the engineer's estimate; therefore, the COO does not recommend awarding this bid.

When the DRBA received the Federal Grant, the project was anticipated to be a \$45 million project; it is now \$119 million in combined DRBA and Federal funding. The steel prices as well as the concrete caps came in millions higher than estimated. From a regulatory as well as insurance point of view, the projects must eventually be completed as well as the DRBA would like to utilize the \$22.3 million grant as there is no additional federal funding.

There are two options, first one being to start over with a different design engineer. The current engineer considered various plans and determined them to be more expensive. In addition, if any plans are changed, a new permit must be filed with the Army Corp of Engineers, which could delay the start, jeopardizing the federal grant which must be utilized by September 2025.

The Second option presented by our engineers is Construction Manager/General Contractor (CM/GC construction) which is federally approved. This proposal is the only approach that offers the possibility of decreasing the cost and finishing on the current schedule to preserve the federal grant. If not, we would have to pay \$500,000 in federal funds that have been drawn. The con to this proposal is the Authority nor current staff have any experience in this type of delivery system. In addition, the DRBA could solicit a new design engineer and they may not be able to develop another plan to meet all conditions. Lastly, this is the largest bid the Authority has undertaken in the worst bid climate in history.

The COO also noted there are two caveats one being every DRBA department will need to fast track this project and the second being the bid opening of the UHPC overlay for the DMB which will have a bid opening in two weeks, which could also come in significantly over budget. The UHPC project is a higher priority; in the eventuality of higher bid, staff would recommend moving forward with it over the ship collision protection system.

Staff recommends the CM/GC approach to the ship collision protection system.

The COO commended the DRBA's Greg Pawlowski, Senior Project Engineer and Chief Engineer, Dave Hoppenjans who have done an outstanding job on alternates for this project.

Currently, the COO recommends rejecting all bids on this ship collision protection system.

Commissioner Decker inquired if any other bids offered a cheaper alternative to which the COO clarified they all had specific design to quote. One contractor is considering alternatives to which the Chief Engineer noted it looks promising.

Commissioner Decker inquired if there are alternative funds to which the COO noted staff does not want to transfer funds from one project to this one in the CIP. Commissioner Decker noted his concerns with the cost of material today, it is going to be challenging to meet the budget.

Committee Chair Ransome inquired if plan re-designs will be needed to offer cost saving ideas to which the Chief Engineer noted the plan is to optimize the current one.

Commissioner Faust inquired of the threat and risk level needed to update the protection system to which the COO clarified the current system was not designed for the larger ships passing through be it to prevent an unintentional or intentional hit.

Commissioner Ratchford inquired if the DRBA does not complete construction in five years, would it jeopardize the grant to which the COO clarified the DRBA would only lose funding for the portion completed after the deadline.

Commissioner Ratchford noted the DRBA has excellent engineers but inquired if more staff is needed to complete both the ship collision and the UHPC project simultaneously to

which the COO noted the concerns are financial not managerial to which the Chief Engineer concurred.

Commissioner Ratchford inquired if the staff has anticipated a lot of change orders for the ship collision project to which the COO noted the same concerns were addressed by staff engineer Pawlowski with a contingency.

Committee Chair Ransome called for a motion to reject the bids, to which Commissioner Faust made a motion, seconded by Vice-Chair Ratchford, and Projects Committee concurred with the recommendation to reject all bids and authorize the action to be presented to the full Board at the December meeting later today.

4. Resolution

) **RESOLUTION 21-55 – Adopting the Delaware River and Bay Authority’s 2022 Capital Improvement Program**

After discussions, Committee Chair Ransome called for a motion, Committee Vice-Chair Ratchford made a motion, Commissioner Faust seconded, and the Projects Committee recommended forwarding Resolution 21- 55 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the December meeting later today.

Counsel noted that Commissioner Faust had previously advised the Board of a client conflict that required her recusal on matters involving actions taken at New Castle Airport. Commissioner Faust abstained from voting on moving Resolution 21-55 to the full board.

5. Contract Closeout

) **CMLF-L21-01 Lewes Ferry Terminal Signing Improvements**

The COO recommended close-out of the contract and final payment to Collinson, Inc of Uwchland, PA with a final contract amount of \$200,926.26

Committee Chair Ransome called for a motion to approve the contract closeout, to which Vice-Chair made a motion, seconded by Commissioner Faust and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the December meeting later today.

6. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payment summary to be made for the work completed through November 2021 for (19) payments totaling approximately \$7.2 million for projects at the bridge, ferry, and airports.

7. Discussion Items

) **Construction Projects Progress**

The monthly construction highlights report was previously presented via email to the Commissioners. The COO asked if there were any questions on that report. There were none.

8. With no further business to discuss, Committee Chair Ransome called for a motion to adjourn; Commissioner Faust made a motion and Commissioner Baldini seconded, and the Projects Committee adjourned at 12:25 p.m.