

**DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING**

Wednesday, February 21, 2024

Delaware Memorial Bridge

New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Budget & Finance Committee Meeting was conducted on Wednesday, February 21, 2024, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Decker
Commissioner Becker, Comm. Member
Commissioner Ratchford, Comm. Member
Commissioner Carey
Commissioner Faust – Zoom

Chairperson Lathem

Legal Counsel

Phillip Norcross - NJ

Governors’ Representatives

Alexis Franklin – NJ - Zoom

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Charlotte Crowell
Gerry Owens
Michelle Warner
TJ Murray
James Salmon
Tara Donofrio
Michelle Pyle

Commissioners of New Jersey

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

Vice-Chairperson Hogan

Legal Counsel

Kate Betterly – DE

Governor’s Representatives

Michael Houghton – DE - Absent

Guests

Jessica Donnelly, PRAG Ins.

1. Committee Chair Decker opened the Budget & Finance Committee meeting at approximately 10:29 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Budget & Finance Committee had been duly notified in accordance with the Authority’s Freedom Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Decker called for a voice vote to accept the Budget & Finance Committee Minutes from January 17, 2024. Commissioner Becker made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Discussion Items:

- **2024 Bond Issuance- Results**

The CFO introduced Jessica Donnelly from PRAG, our advisor for debt issuance new money and refunding transactions. We had a successful transaction for the Authority. In September 2023, the Authority approved a bond issue that included the refunding of the Authority's outstanding Series 2014A and 2014C Bonds for savings and funding of a portion of the Authority's capital improvement program. – Citigroup was approved as the Senior manager with JP Morgan as co-senior and Loop, Bancroft, and Stern Brothers as comanagers. The Authority originally planned to price its bonds the week of October 23, 2023, but due to a significant increase in tax-exempt rates, the Authority decided to pause the transaction until market conditions improved. After material rate improvements in November, the working group determined to re-start the transaction on an accelerated timeline to take advantage of the improved rate environment. On December 14, 2023, Citigroup announced they would be closing their municipal division at the end of January of 2024. – The Authority management worked with the Board to adjust the syndicate and appointed JP Morgan as the senior manager. Considering the improved debt metrics, the Authority made a significant push for higher ratings at its meetings in early January. Ultimately, the Authority received an S&P upgrade from an 'A' with a stable outlook to an 'A+' rating, again with a stable outlook. The Authority's bonds were also rated 'A1' by Moody's, the equivalent to an 'A+', also with a stable outlook. The Authority completed pricing on January 23, 2024, receiving overwhelming investor demand. – During the pricing, the Authority received nearly \$1.1 billion of orders for its bonds from 59 unique institutional and professional retail investors or roughly 7 times as many orders as the Authority needed for its \$155 million issue. Retail investors (including professional retail) were prioritized during the sale and submitted over \$477 million of orders. Due to the significant demand for the bonds during the pricing, the Authority and its underwriters were able to reduce credit spreads to the AAA MMD tax-exempt index by 2 to 12 basis points across all maturities, lowering borrowing cost on the bonds to 3.65%. The Series 2024A bonds generated \$45 million of bond proceeds to finance Additional Facilities within the Authority's current Five-Year Capital Plan while the Refunding Series 2024B generated \$16.30 million of gross savings, or \$10.25 million of net present value savings, or 8.03% savings of refunded bonds.

Authority refunded all the Authority's currently callable bonds for significant savings. The refunding achieved \$16.30 million of gross debt service savings, or over \$10.25 million on a net present value basis, over 8.03% of refunded bonds after the release of the debt service funds on hand. The bonds are invested in State and Local Government Series certificates earning 5.4% through the redemption date on 5/1/2024. The Authority's New Money Bonds raised \$45 million in project funds. Authority structured the new money amortization to create an overall aggregate level debt service structure through 2032.

Mr. Norcross complimented the above transaction and discussed the co-manager given opportunities to participate in this transaction. They're not actively participating in the transaction/sale. How can we encourage them to expose so they participate in future

transactions? Chairperson Lathem expressed interest in how to promote co-manager opportunities. Ms. Donnelly discussed the concern and commented that this is generally a challenge across the entire market. Part of the challenge in bond pricing process is that institutions have a sense of competing for the \$1.1 billion in orders and want a piece of transactions in the allocation process. Institutions representing the investors go to the book running “parent” to place the order if they have a relationship with them because they are trying to get as much of the bonds as possible. However, some firms came in through co-managers because JP doesn’t work with them directly. The CFO noted that we monitored the orders that came in to assure that the orders were fairly considered during the allocation process. Professional retail acting on behalf of trust fund behaves like a bond institutional fund. Retail investors get discouraged when they don’t get bonds. It’s not a direct answer to the question but we were doing everything you can do to push and emphasize it fairly and equitably.

- **FY24 Insurance Renewals Briefing**

The CFO reminded the committee that during the operating budget process we discussed the insurance market driving up costs and looking for opportunities to save during the renewal process. The focus would be less on minimizing limits while looking at deductibles. Beginning with the general liability limits, greater savings were achieved with \$100k deductible without assuming much risk. It is extremely rare to have a deductible for an excess umbrella policy since it covers existing underlying policies. Increase due to added exposures and market conditions DRBA has a low auto claim history. Based on projected loss forecasting, the \$100K deductible was the best option since DRBA is paying most claims from its self-insurance fund. No changes on auto liability (buses) and liquor liability. Workers Compensation we reviewed deductibles of \$750K and \$1M. Increased exposure due to increase in payroll estimate. Most cost-effective level was at \$750K. Commercial property deductible was increased to \$250k to reduce premium without increasing limit risk. Public officials reviewed several options for both a higher deductible (\$250k) and lower limits to (\$7.5m & \$5M). Going to \$7.5M with a \$250k deductible offered the best savings and limit combination. The one disappointing bridge property evaluated going from \$5M to \$10M or \$15M surprisingly the savings were only \$150,000 which was rejected. We will reevaluate how to remarket this in the future. Cybersecurity was doubled limits to \$2M and increased deductible to \$250K. Chairperson Hogan asked if \$2M was too low for the Authority. The CFO suggested it was reasonable to our level of risk. Larger amounts are available but come with increasing prices. Chairperson Hogan expressed concern regarding cybersecurity limits of \$2M.

- **Food and Retail**

The COO discussed overall performance for food and retail.

2023 Performance:

Sales 3646

Expenses 3026

Net profit 617 (**highest since 1998**)

Profitable years since 2002: 2019, 2021, 2022, 2023

2023 Profit/loss by site:

Vessels	475
Lewes	279
<u>Cape May</u>	<u>-138</u>
Total	617

CAPE MAY

Exit Zero held final event 2-10-24, operations have now ceased. Lease expires 3-1-24; final cleanup remains.

Aramark Term Sheet signed; contract execution expected ca. 3 weeks.

Base rent Year 1: 75; Year 2: 100; Year 3: 120; 2.5% increase annually thereafter

12.5% of gross sales 1,000-1,750; 16.0% of gross sales 1,750-5,000; tiers adjust 2.5% annually. Common area maintenance & utilities: 2.5% of gross sales/month.

With no further business to discuss, Committee Chair adjourned the Budget and Finance Committee 11:07 a.m.

**DELAWARE RIVER AND BAY AUTHORITY
ECONOMIC DEVELOPMENT COMMITTEE MEETING**

Wednesday, February 21, 2024

Delaware Memorial Bridge

New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Economic Development Committee Meeting was conducted on Wednesday, February 21, 2024, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

Committee Chair Baldini – via: Zoom
Commissioner Wilson, Comm. Member – via: Zoom
Commissioner Ransome, Comm. Member
Commissioner McCann – via: Zoom
Commissioner Smith

Vice-Chairperson Hogan

Legal Counsel

Phillip Norcross - NJ

Governors’ Representatives

Alexis Franklin - NJ - via: Zoom

Staff

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

Commissioners of Delaware

Committee Vice-Chair Becker
Commissioner Carey, Comm. Member
Commissioner Ratchford, Comm. Member
Commissioner Decker
Commissioner Faust – via: Zoom

Chairperson Lathem

Legal Counsel

Kate Betterly – DE

Governors’ Representatives

Michael Houghton – DE - Absent

Guests

1. Committee Chair Baldini opened the Economic Development Committee meeting at approximately 11:07 a.m. The Deputy Executive Director (DED) reported that the public meeting of the Economic Development Committee had been duly notified in accordance with the Authority’s Freedom of Information Regulations, read the Statement of Notice, and called the roll.
2. Committee Chair Baldini called for a motion to accept the Economic Development Committee Minutes from the January 17, 2024, meeting. Commissioner Becker made a motion, Commissioner Ratchford seconded, and the Committee Minutes were accepted.

3. Resolutions:

RESOLUTION 24-06 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DELAWARE STATE UNIVERSITY AT THE DELAWARE AIRPARK

The Deputy Executive Director presented and discussed the Resolution. This Resolution would lease approximately 22,500 sq. ft to construct a 150' x 150' apron with temporary hangars and classrooms to operate ROTC helicopter training program. Chairperson Lathem requested a map of Delaware Airpark to be presented next month. Vice-Chairperson Hogan discussed making fixed wing airplane pilots nervous. The CFO confirmed this operator was not able to secure an amount of insurance adequate to the Authority. Chairperson Lathem discussed Commissioner Decker should have been involved in conversations concerning Resolutions 24-06. Commissioner Decker discussed if DSU was charging for the land rent. The Executive Director discussed setting this up as a win and win allowing the program to be successful. With no additional questions, Commissioner Carey made a motion, Commissioner Becker seconded, and the Economic Development Committee recommended forwarding Resolution 24-06 to the full Board. The Resolution will be presented to the full Board for consideration at the February meeting later today.

RESOLUTION 24-07 - AUTHORIZES A LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND DELMOPRO, LLC AT THE CAPE MAY AIRPORT

The Deputy Executive Director presented and discussed the Resolution. With no additional questions, Commissioner Ransome made a motion, Commissioner Becker seconded, and the Economic Development Committee recommended forwarding Resolution 24-07 to the full Board. The Resolution will be presented to the full Board for consideration at the February meeting later today.

RESOLUTION 24-08 - LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND CAPE MAY BREWING LLC

The Deputy Executive Director presented and discussed the Resolution. With no additional questions, Commissioner Becker made a motion, Commissioner Ratchford seconded, and the Economic Development Committee recommended forwarding Resolution 24-08 to the full Board. The Resolution will be presented to the full Board for consideration at the February meeting later today.

Committee Chair Baldini adjourned Economic Development Committee at 11:32 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Wednesday, February 21, 2024

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Personnel Committee Meeting was conducted in person and via Zoom on Wednesday, February 21, 2024, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Delaware Commissioners

Committee Chair Carey
Commissioner Decker, Committee Member
Commissioner Faust, Committee Member -via Zoom

Commissioner Becker
Commissioner Ratchford

Chairman Lathem

Legal Counsel

Kate Betterly - DE

Governors’ Representatives

Mike Houghton- DE - absent

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Jim Salmon
Michelle Warner
Michele Pyle
Tara Donofrio
TJ Murray
Kyle Bickhart
Andy Houghton

New Jersey Commissioners

Committee Vice-Chair Smith
Commissioner Ransome, Committee Member
Commissioner McCann, Committee Member -
via Zoom

Commissioner Wilson - via Zoom
Commissioner Baldini - via Zoom

Vice Chairman Hogan

Phil Norcross– NJ

Alexis Franklin – NJ – via Zoom

Guests

1. Committee Vice-Chair Smith opened the Personnel Committee meeting at 11:32 a.m.
2. Committee Vice-Chair Smith called for a motion to accept the Personnel Committee Minutes from September 19, 2023. Commissioner Faust made a motion, Commissioner Decker seconded, and the Committee Minutes were accepted.
3. Discussion Items

- **Summary of the Organization**

The HR Demographics are available for the Board's individual review.

4. Resolution

- **Resolution 24-09 – Authorizes an amendment to the Employees' Retirement Plan, for retirees hired or rehired as Casual Employees on or after January 1, 2024.**

The CHRO reviewed the need for this resolution, particularly with its more seasonal operations, the Authority has sometimes found it difficult to attract enough applicants, leading to the risk of being understaffed during peak periods. Pursuant to Resolution 17-59, the Authority amended the Employees' Retirement Plan to allow the rehiring of experienced retirees to be rehired in casual positions without jeopardy to their current retirement benefits, and without jeopardizing the qualified status of the Employees' Retirement Plan, subject to certain limitations as follows:

- 1) The Participant is not rehired within six (6) months from the date of his or her initial date of retirement; and
- 2) The Participant is rehired in a casual position; and
- 3) After being rehired, the Participant works no more than 28 hours on average per week; and
- 4) The Participant, as a rehired employee in a casual position, earns no more than \$30,000 in total earnings in a calendar year as annual compensation; and
- 5) The Participant's return to employment was not pre-arranged between the Participant and the Employer at or about the time of the Participant's initial date of retirement.

The CHRO noted the purpose of the resolution is to increase the annual earnings from \$30k to \$50k to ensure DRBA is able to staff critical positions during the peak season especially at the Cape May Lewes Ferry. She noted the total earnings have not increased since the 2017 implementation. The Executive Director added the new maximum earnings recommendation would be equal to the current State of Delaware limitation.

Commissioner Decker inquired about rehiring employees as a contract employee to which the CHRO confirmed it has not been done. DRBA Legal Counsel Michelle Warner noted confirmed it has not been done and if it were to be requested, it would have to be considered case-by-case as to whom and why.

After discussions, Committee Vice-Chair Smith called for a motion, Committee Member Veronica Faust made a motion, Committee Chair Carey seconded, and the Personnel Committee recommended forwarding Resolution 24-09 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the February meeting later today.

5. With no further business to discuss, Committee Vice-Chair Smith called for a motion to adjourn; Committee Chair Carey made a motion, Commissioner Decker seconded, and the Personnel Committee adjourned at 11:37 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Wednesday, February 21, 2024

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority’s Projects Committee Meeting was conducted in person and via Zoom on Wednesday, January 17, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Delaware Commissioners

Committee Chair Ratchford
Commissioner Faust, Committee Member-
Zoom
Commissioner Becker, Committee Member

Commissioner Decker
Commissioner Carey

Chairman Lathem

Legal Counsel

Kate Betterly– DE

Governors’ Representatives

Mike Houghton- DE - absent

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
TJ Murray
Tara Donofrio
Kyle Bickhart
Andy Houghton
Shannon Goad
Heath Gehrke

New Jersey Commissioners

Committee Vice-Chair Ransome
Commissioner McCann, Committee Member
via Zoom
Commissioner Baldini, Committee Member
via Zoom

Commissioner Smith
Commissioner Wilson – via Zoom

Vice Chairman Hogan

Phil Norcross- NJ

Alexis Franklin – NJ – via Zoom

Guests

1. Committee Chair Ratchford opened the Projects Committee meeting at 11:37 a.m.
2. Committee Chair Ratchford called for a motion to accept the Projects Committee Minutes from January 17, 2024. Commissioner Becker made a motion, Committee Vice-Chair Ransome seconded, and the Committee Minutes were accepted.

3. Discussion Items

- **Construction Highlights Report**

COO noted the report can be found in the Board materials.

- **Ferry Vessel Design Update**

The COO's summary report is found in the Board materials; he also noted that the Steering Committee for the new vessel has been meeting and is abreast of the current findings. Director of Ferry Operations clarified the CMLF's current vessel is 320 feet; proposed vessel design is 275 ft. A 20-ft addition is 295 ft vessel, a 45-foot extension would be needed to match the current existing ferries. Committee Chair Ratchford reviewed the loss of 20 days due to high waves with a shorter vessel, could entail loss of revenue utilizing proposed new design, being shorter than current. The cost of the new design, plus comparing the existing vs proposed design, and effects on revenue need to be considered. The Chairman noted 339 days on average, for good sailing days, with 7 ft seas majority during off-season in the winter, is comparable to our current averages to which the Director of Ferry Operations concurred. In summary, 20 days is the average down days if unable to sail in 7 ft seas. The Chairman noted he is confident the steering committee is on the correct path considering all factors, including cost constraints, to which Committee member Commissioner Becker concurred. Commissioner Decker inquired as to why evaluate a new design, other than savings and efficiency, other than the carload to which the COO noted the captains requested the comparison to aid the decision. The COO noted the Steering Committee goal is to have a proposal at the March, 2024 meeting.

4. Resolution

Resolution 24-10 – Authorizing an agreement between the Delaware River & Bay Authority and S.T. Hudson Engineers, Inc. to provide general engineering services for the Authority's marine and ferry terminal facilities

Committee Chair Ratchford called for a motion to accept the resolution, to Committee Vice-Chair Ransome made a motion, seconded by which Commissioner Becker and Projects

Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today

5. Bid Openings

- DMB-21-11 War Memorial Rehabilitation

The COO noted this project has two purposes: make needed repairs to the memorial site plus to add the names of military personnel who were killed in the Vietnam War and subsequent conflicts, plus add space for names of those who might be killed in future wars. The COO noted the initial low bidder was disqualified because he proposed supplying name plaques that did not meet DRBA specifications.

A public bid opening was held on January 25, 2024, in which (2) bids were submitted.

The COO recommended awarding the contract, in the amount of \$4,967,022.22 to Wickersham Construction and Engineering, Inc. of Lancaster, PA.

Committee Chair Ratchford called for a motion to accept the bid, to which Commissioner Becker made a motion, seconded by Committee Vice-Chair Ransome and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board of Commissioners later today.

- DMB-24-01A Spot Repair & Overcoat, East Truss Spans – Second Structure

A public bid opening was held on January 23, 2024, in which (6) bids were submitted.

The COO recommended awarding the contract, in the amount of \$8,530,000.00. to Allied Painting, Inc. Cherry Hill, NJ.

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

6. Project Close-outs

- CMLF-C22-30 Building C-8 Roof Improvements

The COO recommended close-out of the contract and final payment to First Line Contracting, Inc. of New Hyde Park, NY with a final contract amount of \$553,000.00.

- WWD-22-04 Building W-109 Roof Improvements

The COO recommended close-out of the contract and final payment to First Line Contracting, Inc. of New Hyde Park, NY with a final contract amount of \$553,000.00.

Committee Chair Ratchford called for a motion to approve both contract closeouts, to which Committee Vice-Chair Ransome made a motion, seconded by Commissioner Becker and the Projects Committee concurred with the recommendation and authorized the two close-out actions to be presented to the full Board for consideration at the meeting later today.

7. Contractor Payment Review:

The COO reviewed for the Committee the monthly construction contractor payment summary to be made for the work completed through January 2024 for (11) payments totaling approximately \$2.3 million for projects at the bridge, ferry, and airports.

8. With no further business to discuss, Committee Chair Ratchford called for a motion to adjourn; Commissioner Becker made a motion and Committee Vice-Chair Ransome seconded, and the Projects Committee adjourned at 12:05 p.m.