

DELAWARE RIVER AND BAY AUTHORITY

AUDIT & GOVERNANCE COMMITTEE MEETING

Tuesday, June 20, 2017

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, June 20, 2017, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Committee Vice-Chair Wilson
Commissioner Smith, Committee Member
Commissioner Bennett
Commissioner Van Sant

Vice-Chairperson Hogan

Legal Counsel

Phil Norcross - NJ

Governors' Representatives

Labinot Berlijolli - NJ

Staff

Tom Cook
Frank Minor
Victor Ferzetti
Vince Meconi
Gerry Owens
Charlotte Crowell
Michelle Hammel
TJ Murray
Jim Salmon
Rick Arroyo
Sheriese Coy-Armour
Caroline Walker

Commissioners from Delaware

Commissioner Decker, Committee Member
Commissioner Ford

Chairperson Lowe

Mike Houghton - DE

Invited Guest

1. Committee Vice-Chair Wilson opened the Audit & Governance Committee meeting at 9:05 a.m. The Deputy Executive Director (DED) 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 Wilson called for a motion to accept the Audit & Governance Committee Minutes from May 16, 2017. Commissioner Decker made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. RESOLUTION 17-29 – AUTHORIZES INVESTMENT GUIDELINES AND DEFERRED COMPENSATION COMMITTEE FOR DELAWARE RIVER AND BAY AUTHORITY DEFINED CONTRIBUTION PLANS

The Chief Financial Officer (CFO) reported that the Resolution establishes: 1. An Investment Policy 2. Bylaws governing the action of the Committee 3. Fiduciary review Committee. The Committee will be advised by Bolton Partners or a similar type consultant, who will be used to review the investment portfolio annually and fees and charges every 3 years, as well as other activities outlined.

After discussion, Commissioner Smith made a motion, Commissioner Decker seconded, and the Audit & Governance Committee recommended forwarding the Resolution to the full Board for approval. The Resolution will be presented to the full Board for consideration at the June meeting later today.

The CFO also noted next month's agenda will include the Audit Committee and Staff Attorney's semi-annual status report for the last 6 month's Resolutions.

With no further business to discuss, Commissioner Decker made a motion to adjourn, and the Audit & Governance Committee adjourned at 9:10 a.m.

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, June 20, 2017
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, June 20, 2017, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Committee Chair Bennett

Commissioner Smith, Committee Member

Commissioner Wilson, Committee Member

Commissioner Van Sant

Chairperson Hogan

Commissioners from Delaware

Committee Vice-Chair Decker

Commissioner Ford, Committee Member

Vice-Chairperson Lowe

Legal Counsel

Phil Norcross – NJ

Mike Houghton - DE

Governors' Representatives

Labinot Berlajolli – NJ

Staff

Tom Cook

Frank Minor

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Michelle Hammel

Joe Larotonda

Jim Danna

Jim Salmon

Rick Arroyo

TJ Murray

Sheriese Coy-Armour

Caroline Walker

Prior to the start of the meeting, Authority Chair Hogan reported the creation of an Ad Hoc Federal Grant Oversight Committee. The Committee will consist of Co-Chairs

Commissioners Van Sant and Decker and with additional committee members of Commissioners Bennett and Ford. The Committee will work with the Executive Director to perform a bottom up evaluation of Federal Grants received Authority-wide. The Committee will report back to the Board in October.

1. Committee Chair Bennett opened the Budget & Finance Committee meeting at approximately 9:11 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 Bennett called for a motion to accept the Budget & Finance Committee Minutes from May 16, 2017. Commissioner Wilson made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Resolutions:

- RESOLUTION 17-30 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

The Chief Financial Officer (CFO) presented and reported on the Over \$25,000 List and highlighted two (2) vendors. The Authority uses Emory Hill as the current property management company to manage the operation of the Salem Business Center (SBC); however, Emory Hill will be adding the component of the SBC Maintenance Association. Regarding the TRGroup, the Authority desired a solution to establish wi-fi coverage for the Cape May-Lewes Ferry vessels traveling across the bay other than a satellite provider at an annual cost of approximately \$500,000. TRGroup installed a licensed microwave solution as a proof of concept on the M/V Delaware at a cost of approximately \$24,000. The \$63,000 will further expand service to the remaining two (2) vessels. Committee Chair Bennett applauded staff for finding an \$87,000 one-time cost solution vs. \$500,000 annually. Commissioner Decker 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 June meeting later today.

4. Miscellaneous:

Review of the 2016 Comprehensive Annual Financial Report (CAFR)

The CFO introduced the Director-Finance, Joe Larotonda, and Controller Jim Danna. The CFO turned the meeting over to the Director who provided an overview of the make-up of the CAFR: Introductory Section; Financial Section; and, Statistical Section. The Controller then presented and reviewed a summary which highlighted portions of the report. After the presentation, Committee Vice-Chair Lowe questioned whether there were any upriver bridge analyses conducted with regard to increased traffic. The Chief Information Officer reported that throughout the industry traffic has been increasing. The CFO noted that as the restricted funds (Construction Fund) of the Authority continue to decrease or run out, the Authority will begin

utilizing the un-restricted funds (General Fund and Revenue Fund). Authority Chair Hogan questioned whether the decrease in ferry traffic was due to less boats and the CFO reported that, historically, the ferry averaged 1.2 annual transactions. The primary reason for the decline was the opening of Delaware SR-1 as an alternative route to the ferry service. However, fewer vessels does impact and restrict vehicle capacity primarily during weekends in the summer season. Weather, such as the cool wet conditions in May also resulted in less ridership. Commissioner Van Sant reported that he maintains his position that the cost of a ticket for a family of four is too high and recommended a trial reduced fare. The Committee began a discussion and it was noted that a reduction of fares would result in increased losses, the ferry also operates on a seasonal demand but maintains year-round service. Commissioner Decker questioned the long term trend in ridership. The COO reported that he believes the decrease in ridership has bottomed out and has begun a shallow increase. New Jersey General Counsel added that the key is to give value for the customer's dollar and the COO added that we try to deliver first class service and currently achieves a 60% fare box recovery. Authority Delaware General Counsel added that the ferry operation is probably not capable of breaking even; however, making it a destination and consistently working to improve the operation to make it more efficient may help to lower the degree of subsidy. The Executive Director reminded the Committee that there will be an update provided at the September Planning Session.

5. With no further business to discuss, Commissioner Decker made a motion to adjourn and the Budget & Finance Committee adjourned at 9:46 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, June 20, 2017

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, June 20, 2017, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Committee Vice-Chair Van Sant
Commissioner Bennett, Committee Member
Commissioner Wilson, Committee Member
Commissioner Smith

Commissioners from Delaware

Committee Chair Ford
Commissioner Decker, Committee Member

Chairperson Hogan

Vice-Chairperson Lowe

Legal Counsel

Phil Norcross – NJ

Mike Houghton - DE

Governors' Representatives

Labinot Berlajolli – NJ

Staff

Tom Cook
Frank Minor
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Hammel
Jim Salmon
Rick Arroyo
Sheriese Coy-Armour
Caroline Walker

6. Committee Chair Ford opened the Economic Development Committee meeting at approximately 9:46 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.

7. Committee Chair Ford called for a motion to accept the Economic Development Committee Minutes from May 16, 2017. Commissioner Decker made a motion, Committee Chair Bennett seconded, and the Committee Minutes were accepted.

3. Committee Chair Ford requested an Executive Session to discuss matters of a confidential nature. Commissioner Wilson made a motion, Commissioner Bennett seconded, and the Session was closed.

The following matters of a confidential nature were discussed.

) LEASE NEGOTIATIONS

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

4. Open Discussion/Other issues:

ILG Update

The CFO reported that an existing tenant owns two hangars and is leasing a 24,000 square foot hangar. In proximity to their existing facilities is 3.2 acres of undeveloped land at the airport that has electric lines to power the FAA's VRO navigation system that acts as an aide for aircraft flying over Delaware which requires relocation. The FAA had programed in 2017 the relocation of the lines, but has deferred the program to 2018 or beyond. The business is trying to consolidate holdings to make a corridor of businesses at the airport. The tenant has requested the assistance of the DRBA to step in to cover the estimated \$150,000 costs if the FAA does not move the line. These 3.2 acres would generate an \$114,000 ground lease each year. If the committee agrees, the developer has requested the DBRA to submit a commitment letter to handle the matter if necessary. Commissioner Decker asked is it possible to get a reimbursement commitment from FAA? The CFO said staff will attempt to do so. Delaware Legal Counsel advised the Committee on maintaining a cooperative relationship with the FAA. Committee Chair Ford questioned if there would be any other relocation of utilities and the CFO stated he was not aware of any. If no opposition, the CFO stated he would like to remove this hurdle for the tenant and the Committee agreed with addressing the issue if necessary. Chairperson Hogan also noted the Police Colonel has extensive aviation knowledge and maybe there is a Homeland Security component to the discussion.

SkyWays

The CFO reported the reopening of negotiations and communication with the tenant concerning the site.

5. With no further business to discuss, Commissioner Decker made a motion to adjourn and the Economic Development Committee adjourned at 10:30 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday, June 20, 2017

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, June 20, 2017, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

PRESENT

Committee Chair Smith

Commissioner Van Sant, Committee Member

Commissioner Bennett

Commissioner Wilson

Chairperson Hogan

Commissioners from Delaware

Commissioner Carey, Committee Member-via phone

Commissioner Decker

Commissioner Ford

Vice-Chairperson Lowe

Legal Counsel

Phil Norcross – NJ

Mike Houghton - DE

Governors' Representatives

Labinot Berljajoli – NJ

Staff

Tom Cook

Frank Minor

Victor Ferzetti

Vince Meconi

Charlotte Crowell

Gerry Owens

Michelle Hammel

Caroline Walker

Invited Guest

Bill Bowser, Young Conaway Stargatt & Taylor

Prior to the start of the Committee meetings, TJ Murray presented the ten (10) newly hired summer interns. Each intern introduced themselves, provided a brief description of their area of study, school, and department they are assisting this summer. The Board welcomed the interns and wished them well.

8. Committee Chair Smith opened the Personnel Committee meeting at approximately 10:30 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 Smith called for a motion to accept the Personnel Committee Minutes from May 16, 2017. Commissioner Bennett made a motion, Commissioner Smith seconded, and the Committee Minutes were accepted.

3. Committee Chair Smith requested an Executive Session for Commissioners, Delaware Labor Counsel, New Jersey and Delaware General Legal Counsel, New Jersey Governor's Representative, and Authority Staff Attorney. All staff was asked to leave. A motion was made by Commissioner Bennett, seconded by Commissioner Smith, and the Session was closed.

The following matters of a confidential nature were discussed:

) LITIGATION MATTER

With no further business to discuss in the Commissioners Only Executive Session, the Executive staff returned and the Executive Session continued.

The following matters of a confidential nature were discussed:

) LITIGATION MATTER

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

4. With no further business to discuss, Commissioner Smith made a motion to adjourn and the Personnel Committee adjourned at 11:30 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

June 20, 2017

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Projects Committee was held on Tuesday, June 20, 2017, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners from New Jersey

Commissioners from Delaware

PRESENT

Committee Chair Van Sant

Commissioner Bennett, Committee Member

Commissioner Smith

Commissioner Wilson

Commissioner Ford, Committee Member

Commissioner Carey-via phone

Commissioner Decker

Chairperson Hogan

Vice-Chairperson Lowe

Legal Counsel

Phil Norcross - NJ

Mike Houghton - DE

Governors' Representatives

Labinot Berlajolli- NJ

Staff

Tom Cook

Frank Minor

Victor Ferzetti

Charlotte Crowell

Gerry Owens

Vincent Meconi

Jim Salmon

TJ Murray

Steve Williams

Heath Gehrke

Michelle Hammel

Alyona Stakhovskaya

John Sarro

1. Committee Chair Van Sant opened the Projects Committee meeting at approximately 11:30 am and reported that the public meeting of the Projects Committee

had been duly noticed in accordance with the Authority's Freedom of Information Regulations and that there was a quorum.

2. Committee Chair Van Sant called for a motion to accept the Projects Committee Minutes from May 16, 2017. Commissioner Bennett made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Resolutions: None

4. Bid Openings:

) DMB-16-12 PAINT SHOP HVAC UPGRADES

A public bid was held on June 6, 2017, in which (3) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$99,087.00 to I.D. Griffith, Inc. from Wilmington, DE.

A motion was made by Commissioner Van Sant, seconded by Commissioner Bennett and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the June meeting later today.

) DMB-17-04 FENCING UNDER DMB DELAWARE SIDE

A public bid was held on May 31, 2017, in which (5) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of \$129,250.50 to I.D. Hastings Fence, LLC from Townsend, DE.

A motion was made by Commissioner Ford, seconded by Commissioner Van Sant and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the June meeting later today.

) MIV-17-01 RUNWAY 10-28

A public bid was held on June 8, 2017, in which (2) bids were submitted. The COO recommended awarding the contract to the lowest bid, in the amount of 4,502,225.00 to South State, Inc. from Bridgeton, NJ.

A motion was made by Commissioner Bennett, seconded by Commissioner Ford and the Projects Committee concurred with the recommendation to accept and authorized the action to be presented to the full Board at the June meeting later today.

5. Contract Close-Out Actions:

) ILG-13-05 REHAB TAXIWAY A

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$2,602,821.07 The COO recommended close-out of the contract and

final payment to Diamond Materials, Inc. of Newark, DE. A motion was made by Commissioner Van Sant, seconded by Commissioner Ford, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the June meeting later today.

) 33N-14-01 RUNWAY 9-27 EXTENSION & ASSOCIATED IMPROVEMENTS
PACKAGE 2

The title of the close-out describes what work was performed for the Authority. The final contract amount is \$4,877,429.60. The COO recommended close-out of the contract and final payment to George & Lynch, Inc of Dover, DE. A motion was made by Commissioner Bennett, seconded by Commissioner Ford, and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full board at the June meeting later today.

6. Contractor Payment (through May): The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through May.
7. Miscellaneous Items/Updates:

) I-295 SB RECONSTRUCTION PROJECT UPDATE
)

We expect Phase 1 to be complete by the time of the July Board meeting. At the end of Phase 1, traffic will be switched from the right 2 lanes looking south to the left 2 lanes looking south, which have now been reconstructed. Phase 1 represents about 40% of the entire job. Phase 2 will involve the reconstruction of the right 2 lanes while traffic travels on the reconstructed left lanes. We expect the switchover will begin at 6 PM on Monday, July 10. From 6 PM Monday evening to 6 AM the following morning, one of the 2 lanes on 295 SB will be closed, as will be the exit ramp onto Rt 13. At 6 AM Tuesday, the 2 refurbished lanes and the Rt 13 exit ramp will reopen. At the same time as the refurbished lanes are reopened, the exit ramp to I-495 and the entrance ramp from Rt 13 will be closed. The I-495 exit ramp will be closed from 6 AM to 2 PM Tuesday. The entrance ramp from Rt 13 will be closed from 6 AM to about 5:30 PM Tuesday. The overnight lane restriction and the ramp closures will obviously cause some inconvenience and delay, but we hope it will be minimal. Unfortunately, the switchover is occurring 5 weeks behind schedule because of a construction problem related to the expansion joints between the concrete slabs on the bridge over Rt. 13. Work on this fix began yesterday and we expect it to be complete in time for the July 10 changeover. However, as this is not customary work, it could take longer. If it does, the switchover will take place the following Monday and Tuesday to keep the work on the lightest traffic days. The second variable is that we have an independent engineer reviewing both the design and installation work on the bridge, and they have not completed their review yet. We believe this is a contractor error and they have been directed to make the repair at their own expense.

) BRIDGE CHARITY RUN UPDATE

We met with Delaware Special Olympics leaders recently to finalize arrangements.

We finalized the date and time, which will be Sunday, October 1 at approximately 7:00 AM. We moved back the start time from 6:00 AM because we determined that the sun rises just before 7 AM that day and, for maximum safety, we want to conduct the run in daylight. We set a maximum limit of 2,500 runners, although we do not expect to have that many. The reason for the limit is that we want to have the run completed within one hour so that we can remove the lane closures and resume normal traffic patterns. In fact, we will have a bus trailing the pack of runners, and any who are still on the bridge after one hour will be picked up. We have scheduled a press conference on 6/21/2017 to announce the run. We expect a fair amount of publicity since a run has never been done on the DMB before.

) BRIDGE FIRE

On June 7, 2017, sparks from welding work being done underneath the SB span ignited construction material being stored on the ground. Very quickly, we were forced to close both spans. This may have been the first time the DRBA has ever closed both spans due to an event that was not weather-related. The NB span had to be closed because the smoke was so thick that it made driving unsafe. The SB span was closed because we were concerned about the structural integrity of the bridge. The fire was rather intense because the construction material that was engulfed consisted of rubber shock absorbers that were sitting on pallets ready for use in installing new guardrails on the I-295 reconstruction project. Rubber burns very hot and very long, with very black smoke. Fortunately, no one was injured in the blaze. It took about an hour for the fire to be brought under control by a combination of 9 different volunteer fire companies, the Fireboat from the city of Wilmington, and the foam tanker truck from the National Guard's firefighting equipment at ILG. At that point, we were able to resume traffic on the NB span because the smoke was minimal. Next, we had to determine the structural soundness of the SB span. The obvious damage to the pier was to the outside layer of concrete that was burned off by the heat. It took about 4 more hours of evaluation and inspection, but our in-house and consulting engineers concluded that while the damage to the pier was very ugly, it did not impact the bridge's structural integrity. The roadway, steelwork, and electrical cabling were not damaged at all. At that point, we reopened the SB span to traffic.

As to the cause, when a company does welding work, they are required by OSHA to have a designated employee standing underneath the work location equipped with fire extinguishers and fire blankets. That employee, called a firewatch, has only one task – if sparks do reach the ground, make sure they do not start a fire. The contractor, J.D. Eckman, did have the required firewatch on site with the specified equipment. However, for whatever reason, the firewatch chose to leave his post to move a vehicle and he did not tell the welders above. He was only gone a couple of minutes, but in those few minutes, a spark ignited the fire.

This incident shows that many regulations, especially where safety is concerned, are absolutely necessary. In any event, the contractor, to their credit, immediately acknowledged their responsibility and agreed to pay for all costs, including but not limited to our lost toll revenue, the cost of the repairs themselves, and the cost of claims from other contractors who lost material and/or could not work on the bridge during the blaze. They also agreed to enhanced safety inspections and monitoring as directed by us and at their expense. The number of vehicles for that day was off about 12,000 compared with last year, and our CFO has quantified the lost toll revenue at about \$83,000. Both those numbers are probably lower than we might have expected, but the bridge closures began after the morning rush hour & ended before the evening rush hour. The other costs are being tallied. COO publicly commended the seamless way in which DRBA engineering, maintenance, police, and safety departments worked together to get us through that difficult day.

The Board discussed the necessity to revise DRBA rules and procedures on storing flammable materials.

8. With no further business to discuss, Committee Chair Van Sant made a motion, seconded by Commissioner Bennett to adjourn, and the Projects Committee adjourned at 11:45 am.