

DELAWARE RIVER AND BAY AUTHORITY
BUDGET & FINANCE COMMITTEE MEETING
Tuesday, February 15, 2022
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, February 15, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

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

John Devlin - NJ

Governors' Representatives

Janice Venables – New Jersey

Staff

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

Commissioners of Delaware

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

Katherine Betterly - DE

Governor's Representatives

Guests

Jim Dugan – Brown Advisory
Tom Graff – Brown Advisory
Brandon Parrish – Brown Advisory

1. Committee Chair McCann opened the Budget & Finance Committee meeting at approximately 11:16 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 Chair McCann called for a motion to accept the Budget & Finance Committee Minutes from January 19, 2022. Commissioner Smith made a motion, Commissioner Decker, seconded, and the Committee Minutes were accepted
3. Discussion Items:

2021 Investment Review

The Chief Financial Officer (CFO) Victor Ferzetti introduced Jim Dugan, Tom Graff, and Brandon Parrish from Brown Advisory to discuss the 2021 Investment Review. Mr. Ferzetti explained that they would be reviewing 2021 investment returns, market conditions involving inflation and rising interest rates, and portfolio positioning for 2022, noting that there was additional information included should they desire to review and discuss at a later time.

Mr. Dugan explained the S&P 500 Stock index returned 28.71%, Bonds were on the weaker side as interest rates rise. Rates are rising due to higher inflation and Bloomberg Aggregate Bond Index returned -1.54% on the year. Mr. Dugan noted the DRBA Employees' Retirement Plan and OPEB returns in 2021 were approximately 15%. Looking at the Authority Funds the returns ranged from -1.1% to 0.1%.

Mr. Parrish reviewed Returns of Indices of Major Asset Classes. Mr. Parrish discussed the Private Equity for Capital Appreciation and Real Estate Allocation. Private Equity performance is up over 60% and the Real Estate is over 35%.

Mr. Dugan reviewed the Fixed Income performances compared to their respective indexes. The Authority's General Fund was down about 1% while the shorter-term funds such as the Reserve Maintenance and Construction Funds maintained their value despite the rising interest rates. Looking at 2021, Investment Earnings overall were strong, Gains/Market Appreciation up about \$22 million dollars, Interest \$6 million dollars and \$9 million in dividends. Total Investment Earnings for 2021 were just over \$37 million dollars.

Mr. Parrish discussed Pension Fund Returns by Asset Class, overall performed well increasing overall over 15%. Mr. Dugan discussed DRBA Retirement Plans in Private Equity and Real Estate generated very healthy returns to the portfolio performance. The Historical Market Value for the Retirement Plan has grown by \$134.3 million, net of contributions and withdrawals.

Commissioner Decker noted the State of Delaware uses Investment Consultants in addition to an Investment Committee made of members of the Pension Board. The State of Delaware interviews various firms on their investments and returns. Something similar may help the Authority.

Mr. Dugan noted that the Authority conservatively set introductory targets for Private Equity years ago. It is always a good measure to review the Asset Allocation targets. Mr. Dugan noted that Mr. Parrish, on this call, was familiar with such approaches as he worked for Pension Consulting in that role. Essentially Brown Advisory currently combines the role of investment

manager and consulting for Private Equity and Real Estate for the Authority, however other approaches can be considered.

Chairperson Hogan asked BA to define Real Estate as New Jersey is seeing softness in local real estate.

Mr. Dugan informed the committee that the Real Estate portfolio for the Authority is several different sectors. The largest is multi-family housing, then commercial real estate of the strip mall retail type, and industrial real estate. Warehouses have been in demand due to on-line shopping, while office space has been negatively impacted by Covid while employees are working from home.

Mr. Dugan reviewed details of Authority Funds v. various Benchmarks. Specifically, 2021 Interest Rates increased the most in the 4th Quarter with Treasury yields going from 1.5% to 2.0% currently. Historical Market Value for the General Fund has grown by \$52.7 million, net of contributions and withdrawals.

Mr. Graff discussed and reviewed the history of how inflation impacts stocks and bonds negatively when above 5%. The rise of inflation may be persistent which has increased the anticipated number of interest rate hikes in the future.

Mr. Dugan noted that the investment environment now is more challenging than after the initial sell off in early 2020. The Federal Reserve and Government were interjecting a lot of financial stimuli which created very strong tailwinds behind marketplace. The Federal Reserve is tightening back its stimulus and creating volatility in Stock and Bond Markets. Mr. Parrish discussed current positioning within both Authority and Pension plans. Lastly, the case for asset diversification was reviewed noting how Asset Class performance changes year-to-year. Therefore, highlighting the need to re-balance to targets and not chase prior year returns.

Action Items:

RESOLUTION 22-03 – AUTHORIZING EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD OF JANUARY 1, 2022, THROUGH DECEMBER 31, 2022

The CFO presented the Resolution with no questions, Commissioner Smith made a motion, Commissioner Ratchford seconded, and the Budget & Finance Committee recommended forwarding Resolution 22-03 to the full Board. The Resolution will be presented to the full Board for consideration at the February meeting later today.

With no further business to discuss, Committee Chair McCann adjourned the Budget and Finance Committee 11:55 a.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

Tuesday, February 15, 2022

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, February 15, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

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

Vice-Chairperson Lathem

Katherine Betterly – DE

Governors’ Representatives

Staff

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

Commissioners of New Jersey

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

Chairperson Hogan

John Devlin - NJ

Governors’ Representatives

Janice Venables, New Jersey

Guests

1. Committee Chair Ratchford opened the Economic Development Committee meeting at approximately 11:58 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 December 21, 2021 (there was no January 2022 EDC). Commissioner Carey made a motion, Commissioner Ransome seconded, and the December Committee Minutes were accepted.

3. Resolutions:

RESOLUTION 22-04 - LEASE AMENDMENT (SUPPLEMENT NO.6) BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE UNITED STATES OF AMERICA

After discussions, Commissioner Ransome made a motion, Commissioner Carey, seconded, and the Economic Development Committee recommended forwarding Resolution 22-04 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the February meeting later today.

RESOLUTION 22-05 - LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND VELOCITY MAINTENANCE SOLUTIONS, LLC. AT THE NEW CASTLE AIRPORT

After discussions, Commissioner Carey made a motion, Commissioner Decker, seconded, and the Economic Development Committee recommended forwarding Resolution 22-05 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the February meeting later today.

RESOLUTION 22-06 – LEASE AMENDMENT WITH SKY HANGARS LLC.

After discussions, Commissioner Ransome made a motion, Commissioner Becker, seconded, and the Economic Development Committee recommended forwarding Resolution 22-06 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the February meeting later today.

4. Discussion Items:

Update on the Salem Business Centre Sale

The Deputy Executive Director discussed the 90-day due diligence period of the sale of the Salem Business Centre which began January 11, 2022. To date there have been no problems encountered. The proposed buyer, D2 intends to develop itself and lease flex office space to interested parties. The sale price (offer) remains the same at \$15,625,000, minus any deposits already made by the buyer.

Merger of Frontier Airlines

The Deputy Executive Director confirmed the news of the planned merger of *Spirit* and *Frontier* Airlines announced on February 7, 2022. According to the basic information released, Frontier will own 51.5% of the new company.

Committee Chair Ratchford adjourned the Economic Development Committee at 12:08 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PERSONNEL COMMITTEE MEETING

Tuesday February 15, 2022

Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Personnel Committee Meeting was conducted via Zoom on Tuesday February 15, 2022, at the Delaware Memorial Bridge Complex, New Castle, Delaware.

New Jersey Commissioners

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

Delaware Commissioners

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

Chairman Hogan

Vice Chairman Lathem

Legal Counsel

John Devlin- NJ

Katherine Betterly - DE

Governors' Representatives

Janice Venables - NJ

Albert Shields -DE absent

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
Tara Donofrio
Emily Weaver
TJ Murray
Michelle Griscom
Tara Donofrio
John Sarro
Kyle Bickhart
John Sarro
Rick Arroyo
Toni deYoung
Rosa Booker

Staff

Andrew Ritchie
Heath Gehrke

Guests

Jim Dugan - Brown Advisory
Tom Graff - Brown Advisory
Brandon Parrish - Brown Advisory

1. Committee Chair Smith opened the Personnel Committee meeting at approximately 12:09 p.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 November 16, 2021. Commissioner Decker made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.
3. Discussion Items

The Chief Human Resources Officer (CHRO) noted the agenda item of Police Recruiting to be presented by the DRBA's COO Vince Meconi and Colonel Rick Arroyo.

- **Police Recruiting**

- Two sources of officers: certified (completed the academy) and non-certified.
- Since 2018, these are the numbers of individuals at each step of the process:
 - Qualified for written exam: 457 (207, 45% withdrew or did not attend)
 - Passed written exam: 221, 48% (29 failed)
 - Took PT test: 134, 29% (87 withdrew or did not attend)
 - Passed PT test: 119, 26% (15 failed)
 - Took oral interview #1: 105, 23% (14 withdrew or did not attend)
 - Passed oral interview #1: 76, 17% (29 failed)
 - Took oral interview #2: 71, 16% (5 withdrew or did not attend)
 - Passed oral interview #2: 61, 13% (10 failed)
 - Qualified for Academy: 16, 4% (45 withdrew or were disqualified)
- DRBA PD, as all police departments, are having difficulty in recruiting. Last year, only 3 recruits made it through the process only for them to drop out during the academy.
- Currently have 9 vacancies with 2-5 more expected in 2022 as compared to State of DE has 100 vacancies with the New Castle County at 45
- Upcoming April class has 3 recruits
- Second issue with staffing, is losing officers to other agencies; number one reason being superior pensions with the other agency as well as improved pay.

Committee Chair Smith asked the Colonel what is needed to assist him in recruiting. He noted the major need is the improved pension and pay.

Commissioner Decker inquired if a comparison report with options can be presented at the Planning Board meeting to which the ED confirmed.

Commissioner McCann inquired if a signing bonus would assist to which the Colonel noted that will not assist with retention.

- **Summary of the Organization**

The CHRO noted, as always, the HR Demographics are available for the Board's individual review.

4. With no further business to discuss, Committee Chair Smith called for a motion to adjourn; Commissioner Decker made a motion, Commissioner Ransome seconded, and the Personnel Committee adjourned at 12:32 p.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Tuesday, February 15, 2022

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, February 15, 2022, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

New Jersey Commissioners

Committee Chair Ransome
Commissioner McCann, Committee Member

Commissioner Baldini, Committee Member
Commissioner Smith
Commissioner Wilson - absent

Chairman Hogan

Legal Counsel

John Devlin- NJ

Governors' Representatives

Janice Venables - NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi
Charlotte Crowell
Gerry Owens
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Michelle Griscom
Tara Donofrio
Emily Weaver
Heath Gehrke
Kyle Bickhart
John Sarro
Rick Arroyo
Toni deYoung
Rosa Booker Andrew Ritchie

Delaware Commissioners

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

Vice Chairman Lathem

Katherine Betterly - DE

Albert Shields - DE - absent

Guests

Jim Dugan - Brown Advisory
Tom Graff - Brown Advisory
Brandon Parrish - Brown Advisory

1. Committee Chair Ransome opened the Projects Committee meeting at 12:33 p.m.
2. Committee Chair Ransome called for a motion to accept the Projects Committee Minutes from January 19, 2022. Committee Vice Chair Ratchford made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.
3. Resolution
 - **RESOLUTION 22-07** – Traffic signal installation and maintenance agreement between the Delaware River and Bay Authority, The City of Lewes, The Delaware Department of Transportation, Showfield, LLC and Gibbs Company on Freeman Highway in Lewes, Delaware

After discussions, Committee Chair Ransome called for a motion, Committee Vice Chair Ratchford made a motion, Commissioner McCann seconded, and the Projects Committee, recommended forwarding Resolution 22- 07 to the full Board for approval. Commissioner Becker abstained from the vote. The Resolution will be presented to the full Board for consideration at the February meeting later today.

4. Bid Openings

- **DMB-22-03: Toll Booth HVAC Replacement**

A public bid opening was held on January 27, 2022, in which (2) bids were submitted. The COO recommended awarding the contract, in the amount of \$358,700.00 to I.D. Griffith, Inc.

- **CMLF-C22-01: Cape May Terminal Food and Retail Office Renovations**

A public bid opening was held on January 27, 2022, in which (2) bids were submitted. The COO recommended awarding the contract, in the amount of \$238,926.06 to Kavi Construction, LLC.

- **DMB-21-15R: Replacement of Fuel Dispensers**

A public bid opening was held on January 28, 2022, in which (3) bids were submitted. The COO recommended awarding the contract, in the amount of \$275,000.00 to Chesapeake Pump & Electric, LLC.

Committee Chair Ransome called for a motion to accept the (3) awards, to which Vice-Chair Ratchford made a motion, seconded by Commissioner McCann, and Projects Committee concurred with the recommendation to accept and authorize the action to be presented to the full Board at the February meeting later today.

5. Contract Closeout

- **WWD-20-04 Cape May Airport Wayfinding Signage**

The COO recommended close-out of the contract and final payment to Allied Signage of Farmingdale, NJ with a final contract amount of \$251,100.01.

- **DMB-20-03 UHPC Pilot Project**

The COO recommended close-out of the contract and final payment to J.D. Eckman Inc of Atglen, PA with a final contract amount of \$7,543,172.50.

Committee Chair Ransome called for a motion to approve the two (2) contract closeouts, to which Committee Vice Chair Ratchford made a motion, seconded by Commissioner McCann and the Projects Committee concurred with the recommendation and authorized the (2) close-out actions to be presented to the full board at the February 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 January 2022 for (12) payments totaling approximately \$1.6 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. Chairman Hogan noted the efficient report and the assistance it provides the commissioners.

8. With no further business to discuss, Committee Chair Ransome called for a motion to adjourn; Commissioner McCann made a motion and Committee Vice Chair Ratchford seconded, and the Projects Committee adjourned at 12:40 p.m.