

DELAWARE RIVER AND BAY AUTHORITY
GOVERNANCE/AUDIT COMMITTEE MEETING
Wednesday, January 18, 2023
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Governance/Audit Committee Meeting was conducted on Wednesday, January 18, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware and via Zoom.

Commissioners of Delaware

Committee Chair Faust
Commissioner Carey, Committee Member
Commissioner Decker, Committee Member

Commissioner Becker
Commissioner Ratchford

Commissioners of New Jersey

Committee Vice-Chair McCann
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
-Absent
Commissioner Ransome
Commissioner Baldini

Chairperson Hogan – via Zoom

Vice-Chairperson Lathem

Legal Counsel

Mike Houghton – DE

Phil Norcross – NJ

Governors' Representatives

Jon Sheehan – DE absent

Robert Davidow – NJ

Staff

Tom Cook
Steve Williams
Victor Ferzetti
Vince Meconi - Absent
Charlotte Crowell
Gerry Owens
Michelle Warner
Michele Pyle
Jim Salmon
TJ Murray via Zoom
Tara Donofrio via Zoom
Andy Houghton via Zoom
Kyle Bickhart
Heath Gehrke
Shaun O'Brien
Michelle Barnard-Wright

Guests

1. Committee Chair Faust opened the Governance/Audit Committee meeting at 11:46 a.m.
2. Committee Chair Faust called for a motion to accept the Governance/Audit Committee Minutes from December 20, 2022. Commissioner Baldini made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.
3. Discussion Item

- **Resolution Implementation Review**

The Chief Financial Officer (CFO) noted the agenda item will be presented by Counsel.

Counsel & Chief Ethics Officer, Michelle Warner, presented an update on the status of Resolutions approved by the Board in 2022.

- **2022 Resolution Summary**

- 68 Resolutions Presented to Board
- 24 Dealing with leases, lease terminations, lease amendments, licenses or easements
- 17 Routine Matters (Budget, CIP, Investment Guidelines, Over 25 list, Benefits)
- 8 Revised Fees and/or Regulations at Ferry and Airports
- 7 Professional Services Contracts
- 5 Property Sale Agreements
- 3 Shared Services/Cost Share Agreements
- 2 Collective Bargaining Agreements
- 1 Grant Funding Acceptance
- 1 Settlement Agreement

12 are not yet fully implemented, however, all are in progress and anticipated to be finalized within the next 60 days.

Vice Chairperson Lathem asked whether resolutions ever expire on their own. He was informed that unless the resolution itself has a timeframe (i.e., a lease or professional services contract with a set term), resolutions do not expire on their own. Previously, resolutions were amended as needed, but since the Authority has had in-house counsel, rather than amending a portion of an outdated resolution, the old resolution is specifically repealed and replaced with the new one.

Committee Chair Faust noted the benefit to the Board receiving this semi-annual resolution audit.

4. With no further business to discuss, Committee Chair Faust called for a motion to adjourn; Commissioner McCann made a motion, Commissioner Decker seconded, and the Governance/Audit Committee adjourned at 11:54 a.m.

PROJECTS COMMITTEE MEETING

Wednesday, January 18, 2023

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 18, 2023, 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

Delaware Commissioners

Committee Vice-Chair Ratchford

Commissioner Faust, Committee Member

Commissioner Becker, Committee Member

Commissioner Decker

Commissioner Carey

Chairman Hogan – via Zoom

Vice Chairman Lathem

Legal Counsel

Phil Norcross– NJ

Mike Houghton – DE

Governors' Representatives

Robert Davidow– NJ

Jon Sheehan – DE Absent

Staff

Tom Cook

Steve Williams

Victor Ferzetti

Vince Meconi - Absent

Charlotte Crowell

Gerry Owens

Michelle Warner

Michele Pyle

Jim Salmon

TJ Murray via Zoom

Tara Donofrio via Zoom

Andy Houghton via Zoom

Kyle Bickhart

Heath Gehrke

Shaun O'Brien

Michelle Barnard-Wright

Guests

1. Committee Chair Ransome opened the Projects Committee meeting at 11:54 a.m.
2. Committee Chair Ransome called for a motion to accept the Projects Committee Minutes from December 20, 2022. Vice-Chair Ratchford made a motion, Commissioner Faust seconded, and the Committee Minutes were accepted.
3. Discussion Items

- **Construction Highlights Report**
- **Projects Committee Inspection of Ferry's MV Delaware at Caddell Dry-Docking, Staten Island**

Committee Chairman Ransome presented a review and slideshow depicting Committee Vice-Chair Ratchford, Executive Director Tom Cook, COO Vince Meconi, and Director of Ferry Operations Heath Gehrke, along with himself, inspection to the DRBA's Ferry MV Delaware at the Staten Island shipyard.

4. Bid Openings

- **ILG-22-04: Air Traffic Control Tower and Building Roof Replacement and Improvements**

A public bid opening was held on December 21, 2022, in which (3) bids were submitted.

The Ed recommended awarding the contract, in the amount of \$571,151.00 to Island Contracting Inc. of Beltsville, MD.

- **ILG-22-20: Dump Truck Body Upfits**

A public bid opening was held on December 14, 2022, in which (1) bids were submitted.

The ED recommended awarding the contract, in the amount of \$293,900.00 to J&J Truck Equipment of Somerset, PA.

- **MIV-22-01: Airfield Pavement Marking at Millville Airport and Cape May**

A public bid opening was held on December 21, 2022, in which (4) bids were submitted. The ED recommended awarding the contract, in the amount of \$181,389.10 to Hi-Lite Airfield Services LLC of Watertown, NY.

Committee Chair Ransome called for a motion to accept the (3) awards, to which Vice-Chair Ratchford made a motion, seconded by 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. Project Contract Closeouts

- **WWD-21-A Rehabilitate Runway 10-28 - Phase II**

The ED recommended close-out of the contract and final payment to Road-Con, Inc. of West Chester, PA with a final contract amount of \$2,027,884.50

- **CMLF-C20-08 Cape May Ferry Terminal Production Kitchen**

The ED recommended close-out of the contract and final payment to Fabbria Builders of Millville, NJ with a final contract amount of \$675,660.63.

Committee Chair Ransome called for a motion to approve the (2) contract closeouts, to which Vice-Chair Ratchford made a motion, seconded by Commissioner Becker and the Projects Committee concurred with the recommendation and authorized the close-out action to be presented to the full Board of Commissioners later today.

6. Resolution

- **Resolution 23-07: Authorizing an agreement between The Delaware River and Bay Authority and Crowley Engineering Services to provide vessel furniture and vessel interior design and renovations.**

After discussions, Committee Chair Ransome called for a motion, Committee Vice-Chair Ratchford made a motion, Commissioner Becker seconded, and the Projects Committee recommended forwarding Resolution 23- 07 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the January meeting later today.

7. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payment summary to be made for the work completed through December 2022 for (14) payments totaling approximately \$8.9 million for projects at the bridge, ferry, and airports.

8. With no further business to discuss, Committee Chair Ransome called for a motion to adjourn; Committee Member Becker made a motion and Committee Vice-Chair Ratchford seconded, and the Projects Committee adjourned at 12:06 p.m.

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

Wednesday, January 18, 2023
Delaware Memorial Bridge Complex
New Castle, Delaware

A public meeting of The Delaware River and Bay Authority's Budget & Finance Committee Meeting was conducted on Wednesday, January 18, 2023, from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of New Jersey

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

Chairperson Hogan - absent

Phillip Norcross – NJ

Governors' Representatives

Robert Davidow – New Jersey

Staff

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

Commissioners of Delaware

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

Vice-Chairperson Lathem

Michael Houghton – DE

Governor's Representatives

Guests

James Dugan, Brown Advisory
Brandon Parrish, Brown Advisory

1. Committee Chair McCann opened the Budget & Finance Committee meeting at approximately 11:00 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 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 December 20, 2022. Commissioner Ratchford made a motion, Commissioner Becker, seconded, and the Committee Minutes were accepted.

3. Discussion Items:

- 2022 Investment Performance Review

The CFO noted James Dugan of Brown Advisory will be retiring this year and thanked him for his expertise and service to the Authority. Mr. Dugan discussed the Executive Summary Market Overview:

Major Market Events for 12 Months Ending December 31, 2022.

The S&P 500 stock index returned -18.1% and the Bloomberg Aggregate Bond Index - 13.0%. Inflationary pressures caused both bonds and stocks to sell-off at the same time. The last time stocks and bonds declined in tandem was 1969. The War in Ukraine disrupted global energy markets, particularly in Europe given the region's reliance on Russian gas and oil; grain production and distribution of food has been negatively impacted. Higher and "stickier" inflation lead to a more aggressive Federal Reserve. Consumer Price Index at 6.5% year over year by December. Rising bond yields a two-edged sword for investors – current holdings will decline in value, but new investments are generating more income on a go-forward basis.

DRBA Employees' Retirement Plan and OPEB Returns in 2022 were approximately - 12.5%. Private investments helped cushion losses in equities and fixed income. The portfolio is overweight cash and fixed income relative to the revised asset allocation targets. The DRBA Authority Funds returns range from -4.9% to 2.0% depending on the average maturity of the portfolio. Greater focus during 2022 on shorter instruments for defense against higher interest rates. Maintain liquidity and high credit quality.

All broad equity categories produced double-digit negative returns. Rapidly rising interest rates put heavy pressure on growth-oriented equities which were the top performers in prior years. These high tech/growth companies make up nearly 30% of S&P 500. Commodities returns were positive as strong demand, supply chain issues, and the war in Ukraine drove prices higher. Bond returns were negative as interest rates rose sharply. Investors are now able to earn more than 3% on cash holdings. Yield on the Bloomberg US Aggregate Index was 4.68% at year-end. Overall earnings in 2022 declined as rapidly rising interest rates caused bond prices to decline and led to lower valuations for equities. Interest rates rose during the calendar year causing a decline in prices on existing holdings. However, the combined portfolio yield on Authority Funds rose from 1.8% to 4.3% from 2021 to 2022.

Mr. Parrish reviewed the various performance segments of the Authority Funds and Fiduciary Funds as well as how the funds are currently being positioned for 2023. Lastly, the consultant reviewed and answered committee questions regarding portfolio diversification and investment.

- 2022 4th Quarter Revenue & Expense Review

The CFO noted traffic and revenue were up about \$9 million dollars and expenses were down. Unfortunately, commercial traffic (5 axle trucks) is down but long term we remain optimistic.

4. Action Items:

RESOLUTION 23-01 – AUTHORIZING EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD OF JANUARY 1, 2023, THROUGH DECEMBER 31, 2023

The CFO presented and reviewed the Resolution. The CFO confirmed (2) quotes marketing of the airport and commercial air service and Wilmington Airport. Commissioner Decker questioned that the procurement and review thresholds seem a little outdated. He noted that they should be reviewed and discussed. Mr. Norcross discussed a balance between the Boards responsibility and letting management run the business. Commissioner Ratchford made a motion, Commissioner Becker seconded, and the Budget & Finance Committee recommended forwarding Resolution 23-01 to the full Board. The Resolution will be presented to the full Board for consideration at the January meeting later today.

RESOLUTION 23-02 – AUTHORIZING AN AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AN BOLTON PARTNERS, INC., TO PROVIDE ACTUARIAL VALUATION AND ADVISORY SERVICES TO THE AUTHORITY

The CFO presented and discussed the Resolution. With no questions, Commissioner Ratchford made a motion, Commissioner Becker seconded, and the Budget & Finance Committee recommended forwarding Resolution 23-02 to the full Board. The Resolution will be presented to the full Board for consideration at the January meeting later today.

RESOLUTION 23-03 - LEASE AMENDMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND FERRY PARK, LLC AT THE CAPE MAY FERRY TERMINAL

The CFO presented and reviewed the Resolution. With no questions, Commissioner Smith made a motion, Commissioner Decker seconded, and the Budget & Finance Committee recommended forwarding Resolution 23-03 to the full Board. The Resolution will be presented to the full Board for consideration at the January meeting later today.

With no further business to discuss, Committee Chair McCann adjourned the Budget and Finance Committee 12:10 p.m.