

DELAWARE RIVER AND BAY AUTHORITY

BUDGET & FINANCE COMMITTEE MEETING

Wednesday, February 17, 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 Wednesday, February 17, 2021 from the Delaware Memorial Bridge Complex, New Castle, Delaware

Commissioners of New Jersey

Committee Chair McCann
Commissioner Smith, Committee Member
Commissioner Wilson, Committee Member
Commissioner Ransome
Vacant

Chairperson Hogan

Phil 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
John Sarro
Heath Gehrke
Jennifer Shivers
Shaun O’Brien

Commissioners of Delaware

Committee Vice-Chair Decker
Commissioner Ford, Committee Member
Commissioner Ratchford, Committee Member
Commissioner Faust
Commissioner Carey

Vice-Chairperson Lathem

Michael Houghton - DE

Guests

Jim Dugan – Brown Advisory
Tyler Smith- Brown Advisory

1. Committee Chair McCann opened the Budget & Finance Committee meeting at approximately 10:44 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 McCann called for a motion to accept the Budget & Finance Committee Minutes from January 21, 2021. Commissioner Smith made a motion, Commissioner Ford seconded, and the Committee Minutes were accepted.

3. Discussion Items:

-) 2020 Investment Review

The Chief Financial Officer (CFO) Victor Ferzetti introduced Jim Dugan and Tyler Smith from Brown Advisory to discuss the 2020 Investment Review. Mr. Dugan explained that they would be going over an executive summary of the year and major market events.

Mr. Dugan explained a lot happened last year, but the S&P 500 Stock and the Bloomberg Barclays Aggregate Bond Index are both up. The Authority funds returns range from 1.7% - 4.6% depending upon maturity and credit quality structure. The Fiduciary Funds and Authority Funds investment growth of close to \$44 million is in line with 2019. Three of the last four years the Authority has benefited from a strong investment performance.

Mr. Dugan noted that net contributions to the Retirement Plan peaked in 2012 and 2013. The Authority has been making net withdrawals, which is being funded by the investment growth of the portfolio. Mr. Dugan reviewed the Asset Class Allocations as they currently compare to policy targets. The Authority began investing in Private Equity for Capital Appreciation and Real Estate with investments continuing to be built out over time. An overweight about 4% in large company U.S. Stocks is taking up the slack of current underweighted sectors.

MR. Dugan reviewed the Performance Summary in the various sectors noting that fixed income up about 10%. Equity returns were up about 15% in the last 3 months of the year, which generated most of the return the entire year. In 2020, there was a big surge in stocks particularly in small cap stocks. Overall, the 4th Quarter is where most of the money was made. Commodities were up 10% in the last 3 months, but remained negative for the year. The total portfolio of stocks and bonds were up 10% for the quarter and 15% for the year.

Private Equity and Private Real Estate tends to move slower as markets move up and down. Private Equities had a decent year up about 6% for the Quarter and about 13.5% for the trailing 12 months. Real Estate was under pressure during the year due to the pandemic, although the Authority doesn't have as much exposure in this area.

Mr. Norcross inquired if any of the Private Equity positions were impacted by SPACS? Mr. Dugan confirmed that they were and that such positions are liquidated as soon as possible when the situation occurs.

Mr. Dugan showed the Authority retirement plan compared to the Delaware and New Jersey plans as a point of comparison noting that the comparisons of time frame and portfolio construction differ between the plans. The Authority plan has a larger exposure to public markets and therefore tends to outperform the other plans when markets are strong. The State of Delaware for fiscal year end stands out at about 10% for 2020 when adjusted for their private equity investments.

Mr. Dugan discussed the shorter life of the OPEB Plan and its growth over 10-11 years was uninterrupted. The market value has been substantial and reflects the positive Equity Market of the last decade. Cash and fixed income total about 33% and growth components about 67% which is right on target.

Mr. Ferzetti closed the investment portion noting that there is a considerable amount of additional market and reporting information contained in Diligent, and to feel free to contact him if you have any questions regarding the material not covered due to time limitations.

4. Action Items: RESOLUTION 21-03 – AUTHORIZING AUTHORITY’S EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2021 THROUGH DECEMBER 31, 2021

The CFO discussed the new items and vendors on the list as equipment related purchases. After a brief discussion, Commissioner Ransome made a motion, Commissioner Decker seconded, and the Budget & Finance Committee recommended forwarding Resolution 21-03 to the full Board. The Resolution will be presented to the full Board for consideration at the meeting later today.

With no further business to discuss, Committee Chair McCann adjourned the Budget and Finance Committee at 11:27 p.m.

DELAWARE RIVER AND BAY AUTHORITY

ECONOMIC DEVELOPMENT COMMITTEE MEETING

February 17, 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 Wednesday, February 17, 2021 from the Delaware Memorial Bridge Complex, New Castle, Delaware.

Commissioners of Delaware

Committee Chair Ford
Commissioner Carey, Comm. Member
Commissioner Ratchford, Comm. Member
Commissioner Decker
Commissioner Faust

Vice-Chairperson Lathem

Michael Houghton – DE

Commissioners of New Jersey

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

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
John Sarro
Tara Donofrio
Michele Pyle

Guests

1. Chair Ford opened the Economic Development Committee meeting at approximately 11:27 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. Chair Ford called for a motion to accept the Economic Development Committee Minutes from January 21, 2021. Commissioner Ransome made a motion, Commissioner Decker seconded, and the Committee Minutes were accepted.

3. Resolutions:

) **RESOLUTION 21-04 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND JET EAST CORPORATE AVIATION**

The Deputy Executive Director discussed Jet East Corporate Aviation locating to Millville, New Jersey as their proposed East Coast maintenance center. The proposed agreement is for 70,000 sq. ft. of hangar and office space and includes a short term arrangement for some immediately aircraft arrivals. The rent for both facilities is just under \$550,000.00 annually for a 10-year term. The agreement also calls for a right of first refusal on the former Dallas Airmotive hangar for 6 months at \$6.00 a sq. ft. A corporate performance deposit of \$90,000.00 will cover the agreement during both the short and long term arrangement. A special thanks to the DRBA Property Manager Michelle Griscom for all the work she has done to develop the proposed agreement and handle the tenant negotiations.

Delaware Counsel, Mr. Houghton inquired about the source of funding improvement or expenditures made by the Authority to accommodate this tenant. The Deputy Executive Director confirmed the Authority is not spending any capital dollars, but is offering the tenant an allowance to perform their own fit out. The CFO discussed that while all airport lease payments received go into the DRBA airport fund, each airport is budgeted separately and are accounted separately such as for Millville Airport. The CFO congratulated the Deputy Executive Director and his staff for all their hard work.

Commissioner McCann discussed the \$550,000.00 rent payment has to be spent at Millville Airport. The CFO stated that Millville Airport currently spends significantly beyond that and the Authority is losing about \$750,000.00 per year at that facility. He again thanked Mr. Williams and his team.

The Executive Director stated this not only helps Millville Airport, but also has the potential to bring about 100 jobs to the area.

Vice-Chairperson Lathem confirmed each airport doesn't have its own airport fund. The CFO confirmed that is correct. With the process identified an operating basis and capital improvements. The key expectation from the FAA confirms that airport generated revenue has to go back to the airport for related-uses.

After discussions, Commissioner Ransome made a motion, Commissioner Decker, seconded, and the Economic Development Committee recommended forwarding Resolution 21-04 to the full Board for approval. The Resolution will be presented to the full Board for consideration at the meeting later today.

The Deputy Executive Director had one (1) update. He stated that it has been an exciting start to the year (2021) for airports. A week ago, the DRBA welcomed commercial passenger service

back to Delaware with Frontier Airlines to ILG offering service (3) days a week to Orlando, FL. Our media-only event last week went very well and it was live streamed and seen throughout the country on Facebook and LinkedIn. The airport has opened paid parking at a daily rate of \$5.00, and as of yesterday, Frontier has processed 217 passengers. Mr. Williams closed by publically thanking all DRBA staff who contributed to a successful re-start of air service. He gave a special thanks to Benjamin Clendaniel of Airport Operations, Gregory Suchanoff of Engineering, as well as John Sarro and James Salmon of the DED staff for their work before and during the first flight last week.

Commissioner Ransome congratulated Mr. Williams and his entire team.

4. Meeting Adjournment

Chairperson Ford

With no further business to discuss, Committee Chair Ford adjourned the Economic Development Committee at 11:54 a.m.

DELAWARE RIVER AND BAY AUTHORITY

PROJECTS COMMITTEE MEETING

Wednesday, February 17, 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 Wednesday, February 17, 2021 from the Delaware Memorial Bridge Complex, New Castle, Delaware.

New Jersey Commissioners

Committee Chair Ransome

Commissioner McCann, Committee Member

Commissioner Wilson

Commissioner Smith

Vacant

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

Jim Salmon

TJ Murray

Michele Pyle

Tara Donofrio

John Sarro

Heath Gehrke

Shaun O'Brien

Jen Shivers

Delaware Commissioners

Committee Vice-Chair Ratchford

Commissioner Ford, Committee Member

Commissioner Faust, Committee Member

Commissioner Decker

Commissioner Carey

Vice Chairman Lathem

Mike Houghton – DE

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 January 21, 2021. Committee Vice Chair Ratchford made a motion, Commissioner McCann seconded, and the Committee Minutes were accepted.
3. Bid Openings:

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

A public bid opening was held on January 26, 2021, in which (3) bids were submitted.

The COO recommended awarding the contract, in the amount of \$463,237 to Fabbri Builders, Inc. of Vineland, NJ.

Committee Chair Ransome called for a motion to accept, to which Commissioner McCann made a motion, 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 February meeting later today.

4. Contract Closeouts

) **DMB-19-23 – Administration Elevator Rehabilitation**

The COO recommended close-out of the contract and final payment to Delaware Elevator of Salisbury, MD with a final contract amount of \$483,140.

) **DMB-20-01 - First Structure - Coating Removal & Replacement,
East Truss Spans**

The COO recommended close-out of the contract and final payment to Allied Painting, Inc., of Cherry Hill, NJ with a final contract amount of \$10,252,530.47.

) **CMLF-19-10R - Monopile Replacement at Lewes, Delaware Ferry Terminal**

The COO recommended close-out of the contract and final payment to Corman Kokosing Construction, Company of Annapolis Junction, MD with a final contract amount of \$527,777.00

Committee Chair Ransome called for a motion to approve all three contract closeouts, to which Commissioner McCann made a motion, seconded by Vice-Chair Ratchford and the Projects Committee concurred with the recommendation and authorized the close-out actions to be presented to the full board at the February meeting later today.

5. Contractor Payment Reviews:

The COO reviewed for the Committee the monthly construction contractor payments to be made for the work completed through January, 2021. For January, the DRBA had (10) payments totaling approximately \$4.5 million for projects at the bridge, ferry, and airports.

6. Discussion Items

) **Construction Projects Progress**

The monthly construction highlights report was previously presented via email to the Commissioners to which no discussion, nor questions, were raised at this time.

7. With no further business to discuss, Committee Chair Ransome called for a motion to adjourn; Committee Vice-Chair Ratchford made a motion and Commissioner McCann seconded, and the Projects Committee adjourned at 11:59 a.m.