

SUMMARY STATEMENT

ITEM NO.: DRPA-16-117

SUBJECT: Adoption of Authority Premium Payment Flexible Benefits Plan for Eligible Represented Employees

COMMITTEE:

New Business

COMMITTEE MEETING DATE:

N/A

BOARD ACTION DATE:

October 19, 2016

PROPOSAL:

That the Board authorizes DRPA staff to adopt the attached “Authority Premium Payment Flexible Benefits Plan for Eligible Represented Employees” in conformity with U.S. Internal Revenue Service Code, Section 125(d) (“cafeteria plan”) for eligible represented employees who are obligated by a collective bargaining agreement to contribute to a multiemployer welfare fund through which the employee receives health insurance benefits.

PURPOSE:

To allow eligible represented employees to contribute to a multiemployer welfare fund on a pre-tax basis in compliance with U.S. Internal Revenue Service Code Section 125(d).

BACKGROUND:

Beginning January 1, 2017, there will be an increase in the Health & Welfare Fund monthly contribution rate per eligible represented employee. In order to permit employees to pay their portion of the Health and Welfare Fund contribution on a pre-tax basis, and to minimize the cost to employees, the DRPA will adopt a new Section 125 Plan. A copy of the proposed Authority Premium Payment Plan is attached hereto.

SUMMARY:

Amount: \$0

Source of Funds: N/A

Capital Project #: N/A

Operating Budget: N/A

Master Plan Status: N/A

Other Fund Sources: N/A

Duration of Contract: Premium Payment Plan for Eligible Represented Employees to take effect January 1, 2017

Other Parties Involved: Collective bargaining units

DRPA-16-117
New Business Date: October 19, 2016
Board Date: October 19, 2016
Adoption of Authority Premium
Payment Flexible Benefits Plan
for Eligible Represented Employees

RESOLUTION

RESOLVED: That the Board authorizes DRPA staff to adopt the attached “Authority Premium Payment Flexible Benefits Plan for Eligible Represented Employees” in conformity with U.S. Internal Revenue Service Code, Section 125(d) (“cafeteria plan”) for eligible represented employees who are obligated by a collective bargaining agreement to contribute to a multiemployer welfare fund through which the employee receives health insurance benefits.

RESOLVED: The Chairman, Vice Chairman and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chairman and Vice Chairman are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:

Amount:	\$0
Source of Funds:	N/A
Capital Project #:	N/A
Operating Budget:	N/A
Master Plan Status:	N/A
Other Fund Sources:	N/A
Duration of Contract:	Premium Payment Plan for Eligible Represented Employees to take effect January 1, 2017
Other Parties Involved:	Collective bargaining units

**Authority Premium Payment Flexible Benefits Plan
For Eligible Represented Employees**

Effective January 1, 2017

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INTRODUCTION

The Delaware River Port Authority of Pennsylvania and New Jersey (the “DRPA”) and the Port Authority Transit Corporation (“PATCO”) (together, the “Authority”) maintain the Authority Premium Payment Plan (the “Plan”) to permit Eligible Employees to pay their portion of the premiums or contributions to multiemployer welfare funds for certain qualified benefits on a pre-tax, salary reduction basis. This document sets forth the provisions, which, together with the materials, if any, incorporated by reference herein, constitute the Plan, effective as of January 1, 2017.

The Authority reserves the right to alter, amend, modify or terminate the Plan in whole or in part, at any time for any reason in a manner consistent with the provisions of Article VII.

This document, as it may be amended, together with the materials, if any, that this document incorporates by reference, shall constitute the Plan in its entirety. In the event any discrepancies exist between or among this document, and any amendment, the order of governance shall be as follows: the amendment, and last, this document.

This Plan is intended to qualify as a “cafeteria plan” within the meaning of section 125(d) of the Internal Revenue Code of 1986, as amended (the “Code”), and any other pertinent laws or regulations, so that the nontaxable benefits received pursuant to the Plan will be eligible for exclusion from such employee’s income for federal income tax purposes. The provisions of this Plan shall be interpreted in accordance with that intent.

ARTICLE I
DEFINITIONS

When used in the text of this document and any attachment or materials incorporated herein or amendment hereto, the following capitalized words and phrases have the meanings set forth below. Words in the masculine gender include the feminine gender, and vice versa. Wherever any words are used in the singular form, they shall be construed as if they were also used in the plural form in all cases where the plural form would so apply, and vice versa. Where the definitions include rules regarding the definition, those rules shall apply.

Annual Enrollment Period

Annual Enrollment Period means the period of time established by the Authority preceding the beginning of each Plan Year during which Eligible Employees may select among the options that are available under the Plan for themselves and, where applicable, their Dependents. Enrollment periods for other purposes (initial enrollment, Qualifying Changes in Status, Special Enrollment Events and certain mid-year enrollment events) are described in Section 2.02.

Authority

Authority means the Delaware River Port Authority of Pennsylvania and New Jersey and/or the Port Authority Transit Corporation, either independently or jointly, as appropriate.

Benefits Package

Benefits Package means for any Participant, the plan of benefits or an option for coverage under such a plan that is available to the Participant under an applicable collective bargaining agreement through a multiemployer welfare fund.

Child Coverage Order

A judgment, decree, or order resulting from a divorce, legal separation, annulment, or change in legal custody that requires accident or health coverage for the child of an Eligible Employee.

COBRA

COBRA means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and the rules and regulations promulgated thereunder.

Code

Code means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder.

Committee

Committee means a committee established by the Authority that is charged with the responsibility for administering and amending the Plan. The Committee's authority shall be subject to any restrictions imposed by the Board of Commissioners/Directors, the Chief Executive Officer, or the Office of General Counsel [S&L COMMENT: CONFIRM]. The Committee shall act in accordance with its established internal procedures and applicable law.

Compensation Reduction Amount

Compensation Reduction Amount means, for any Plan Year, the compensation that an Eligible Employee foregoes in accordance with Article IV and which thereby is not included in an Eligible Employee's income for federal income tax purposes.

Dependent

A Dependent means any individual who is: (1) a dependent of a Participant within the meaning of section 152 of the Code without regard to subsections (b)(1), (b)(2) and (d)(1)(B); (2) a child of a Participant to whom IRS Rev. Proc. 2008-48 applies; or (3) the Spouse of a Participant.

For purposes of group medical, a "Dependent" shall also include a child of a Participant (as defined under section 152(f)) who as of the end of the applicable Plan Year will not have attained age 27.

DRPA

DRPA means the Delaware River Port Authority of Pennsylvania and New Jersey.

Effective Date

The Effective Date of the Plan is January 1, 2017.

Eligible Employee

Eligible Employee means an individual who is eligible to participate in the Plan. An individual shall be eligible to participate in the Plan if the individual is employed by DRPA or PATCO and such employer is obligated under a collective bargaining agreement to contribute on behalf of such employee to a multiemployer welfare fund through which the employee and the employee's Spouse and Dependents, as applicable, receive health insurance benefits.

Enrollment Form

Enrollment Form means a form, if any, prescribed by the Plan Administrator or its delegate for purposes of enrolling for coverage under the Plan or for changing or waiving such coverage, including any applicable compensation reduction agreement relating to

this Plan. At the discretion of the Plan Administrator, the Enrollment Form may be furnished and/or administered by telephonic or electronic means.

HIPAA

HIPAA means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time and any comparable law that may be applicable.

Participant

Participant means any Eligible Employee who meets the requirements for participation under this Plan and for whom coverage is in effect under this Plan.

PATCO

PATCO means the Port Authority Transit Corporation.

Plan

Plan means this Authority Premium Payment Plan, as described herein. The Plan is set forth in this document, as amended from time to time.

Plan Administrator

Plan Administrator means the person, persons or committee identified to serve as Plan Administrator in Section 7.01.

Plan Year

Plan Year means each calendar year.

Qualifying Change in Status

Qualifying Change in Status means, as determined by the Plan Administrator, subject to any restriction under applicable law or applicable collective bargaining agreement and, with respect to any Benefits Package, any restriction under the plan document describing such Benefits Package, a change in:

- (a) an Eligible Employee's legal marital status, including, without limitation:
 - Marriage
 - Divorce
 - Legal Separation
 - Annulment and
 - Death of an Eligible Employee's Spouse

- (b) the number of an Eligible Employee's dependents, including, without limitation:
- Birth of a child
 - Placement of a child for adoption
 - Death of a child, and
 - Any individual becoming or ceasing to be a Dependent
- (c) Employee, or dependent of an Eligible Employee that is a termination or commencement of employment, a strike or lockout, a commencement of or a return from an unpaid leave of absence, or a change in worksite;
- (d) the employment status of an Eligible Employee, Spouse of an Eligible Employee, or dependent of an Eligible Employee that causes the individual to become or cease to be eligible for a Benefits Package;
- (e) the eligibility of an Eligible Employee's dependent for coverage under any Benefits Package;
- (f) the residence or worksite of an Eligible Employee, Spouse of an Eligible Employee, or dependent of an Eligible Employee; or
- (g) with respect to any Benefits Package, a Qualifying Change in Status in accordance with the rules, if any, prescribed in the plan document describing such Benefits Package.

Special Enrollment Event

Special Enrollment Event means, with respect to any Eligible Employee and any Benefits Package providing coverage under a health benefit plan subject to the special enrollment provisions of HIPAA:

- (a) the marriage of the Eligible Employee;
- (b) the birth of a child of the Eligible Employee, adoption of a child by the Eligible Employee or placement of a child with the Eligible Employee for adoption; or
- (c) the qualifying loss of Prior Coverage by the Eligible Employee or a Dependent. For purposes of this definition, qualifying loss means:
- (1) if the Prior Coverage is provided under the COBRA, the exhaustion of such coverage; or
 - (2) if the Prior Coverage is not described in Section (i), the loss of eligibility for such Prior Coverage or the termination of employer contributions toward the Prior Coverage.

Spouse

Spouse means the individual to whom a Participant is legally married under a state law or the law of a foreign jurisdiction.

USERRA

USERRA means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended from time to time, and any comparable law that may be applicable.

ARTICLE II
ELIGIBILITY AND ENROLLMENT

2.01 Eligibility

Each Eligible Employee shall be eligible to participate in the Plan as of the first day of the calendar month following the Eligible Employee's date of hire. In the event that an Eligible Employee terminates employment and is rehired as an Eligible Employee within the same Plan Year, such Eligible Employee shall again be eligible to participate in the Plan as of the date of rehire.

2.02 Enrollment

Except to the extent provided in Section 2.03, an Eligible Employee must enroll for coverage to become a Participant in the Plan. An Eligible Employee may elect, waive, or change coverage under this Plan in accordance with and only in accordance with the provisions of this Section.

(a) Initial Enrollment

An individual who is newly eligible to participate in the Plan must complete an Enrollment Form to enroll in and commence participation in the Plan. Such Enrollment Form must be completed, executed, and returned to the Plan Administrator no later than 31 days after date of hire. Such coverage will be effective as of the first day of the calendar month following the Eligible Employee's date of hire. If the Plan Administrator does not receive a properly completed Enrollment Form by the end of the applicable time period, the Eligible Employee's Coverage shall be determined in accordance with the default provisions of Section 2.03.

(b) Annual Enrollment Period

During the Annual Enrollment Period, an Eligible Employee may enroll for, waive, or change coverage under the Plan, or modify the rate of such Eligible Employee's contributions, if applicable, by submitting a properly completed Enrollment Form. Such new elections shall be effective on the first day of the Plan Year following the Annual Enrollment Period. If the Plan Administrator does not receive a properly completed Enrollment Form by the end of the Annual

Enrollment Period, the Eligible Employee shall be covered under the Plan as provided in Section 2.03.

- (c) Qualifying Change in Status
- (d) If an Eligible Employee experiences a Qualifying Change in Status and the Eligible Employee completes, executes, and returns to the Plan Administrator an Enrollment Form within 31 days after the date of the event, the Eligible Employee may enroll for, waive, or change the Eligible Employee's coverage provided that such election is, with respect to any Benefits Package, consistent with the Eligible Employee's Qualifying Change in Status and the terms of the plan document of the multiemployer fund describing that Benefits Package. Notwithstanding the foregoing, election changes due to Section 2.02(f)(10) herein may be made within sixty (60) days of the grant of eligibility or disqualification from such eligibility. Except as set forth in Section 2.02(d), the election shall be effective as of the first date of the calendar month following such Qualifying Change in Status.

There is no limit to the number of Qualifying Changes in Status that can occur during a Plan Year.

The administrator of the multiemployer fund providing the applicable Benefit Package shall make all determinations as to whether a Qualifying Change in Status has occurred and whether a requested change in coverage is consistent with a Qualifying Change in Status.

- (e) Special Enrollment Rules

An Eligible Employee may elect to enroll for coverage for any Benefits Package provided under a health benefits plan that is subject to HIPAA whenever a Special Enrollment Event occurs, provided that the Eligible Employee returns a completed Enrollment Form to the Plan Administrator within 31 days of the date on which the Special Enrollment Event occurs. Such enrollment shall be effective as of the following date:

- (1) If the Special Enrollment Event is the birth, adoption, or placement for adoption of a child of the Eligible Employee, enrollment shall be effective as of the date of the Special Enrollment Event.
- (2) If the Special Enrollment Event is not described in Subsection (1), enrollment shall be effective as of the day of the calendar month following the Special Enrollment Event.

- (f) Other Mid-Year Changes

An Eligible Employee may change his or her elections under this Plan and a Benefits Package in accordance with the terms and conditions established by the multiemployer welfare fund providing such Benefits Package.

2.03 Default Coverage

If a new Eligible Employee fails to submit a properly completed Enrollment Form within the applicable period described in Section 2.02, the Eligible Employee shall participate in this Plan only to the extent the Eligible Employee is covered under the default coverage provisions of a Benefits Package.

If an Eligible Employee fails to submit a properly completed Enrollment Form by the end of the Annual Enrollment Period, the Eligible Employee shall automatically be covered under the Plan in the next Plan Year to the same extent a contribution to a multiemployer welfare fund is required of the Authority on behalf of such Eligible Employee.

Coverage provided by default under this Section shall, for all purposes under the Plan, be treated as if it had been elected by an Eligible Employee. An Eligible Employee may change such coverage as provided in Section 2.02.

2.04 Enrollment Forms

The Plan Administrator shall prescribe one or more Enrollment Forms for purposes of enrolling, changing or waiving coverage under this Plan. Such Enrollment Forms may be provided by telephonic or electronic means.

Subject to Section 7.02(i), no election by an Eligible Employee to enroll for, change, or waive coverage under the Plan shall be effective unless the election is made in writing on the prescribed Enrollment Form and the form is timely filed with the Plan Administrator.

2.05 Sections Inapplicable to Certain Participants Participating Pursuant to a Collective Bargaining Agreement

The provisions of these Sections 2.02 through 2.04 shall not apply to the extent such provisions are inconsistent with the terms of an applicable collective bargaining agreement.

ARTICLE III
TERMINATION OF BENEFITS

3.01 Termination Date of Coverage

An individual's participation in the Plan shall terminate as of the earliest of:

- (a) the date of termination of this Plan;
- (b) the date as of which an applicable collective bargaining agreement provides for such individual's (or the classification of employees of which the individual is a member's) termination of participation.
- (c) the date as of which this Plan is amended to terminate benefits with respect to a classification of employees of which the individual is a member;

- (d) if applicable, the date as of which the individual elects to cease participating or waive coverage under this Plan, provided that the election is made in accordance with the rules of Article II;
- (e) the last day of the month in which the Participant fails to make any contribution required under this Plan for coverage when due;
- (f) the last day of the month in which the individual dies, retires, or otherwise ceases to be an Eligible Employee; or
- (g) the last day of the month in which the individual enters the armed forces of any country on active, full-time duty, subject to any right to continue coverage under USERRA, and subject to Authority's policy(ies) with respect to military service, including, without limitation, Series No. 135.

3.02 Coverage During Leaves of Absence

- (a) FMLA Leave. Notwithstanding anything in the Plan to the contrary, if a Participant goes on a qualifying leave of absence under the FMLA, then, to the extent required by the FMLA, the Authority shall continue to make the required contributions to the multiemployer welfare fund pursuant to the applicable collective bargaining agreement. An Employee who is absent from work because of an unpaid FMLA leave of absence (or paid FMLA leave of absence where coverage is not required to be continued) may, at the Participant's option, continue participation in the Plan so long as such Participant continues to make any required contributions by remitting payment to the Authority on or before each pay period for which the contributions would have been deducted from the Participant's paycheck if leave had not been taken. Any delinquent payments must be made within 30 days of their due date. If a Participant fails to make a payment as required under this Section 3.02(a), then, to the extent permitted by an applicable collective bargaining agreement, coverage shall be terminated for such Participant.
- (b) USERRA. A Participant who is absent from work because of a leave of absence for a period of duty in the uniformed services shall be entitled to continue participating in the Plan in accordance with USERRA.
- (c) Non-FMLA Leave. In the event that a Participant goes on unpaid leave of absence (other than a leave described in Sections 3.02(a) or (b)) that does not affect such Participant's eligibility to participate in the Plan, such Participant shall continue to participate in the Plan and the Participant shall pay such Participant's contribution for Benefits with after tax contributions while on leave. If a Participant fails to make a payment as required in this Section 3.02(c), then, to the extent permitted by the applicable collective bargaining agreement, coverage shall be terminated for such Participant. In the event that a Participant goes on an unpaid leave of absence (other than a leave described in Sections 3.02(a) or (b))

that affects eligibility, then the change in election rules provided in Article II shall apply, to the extent applicable.

3.03 Coverage Following Severance

Coverage for an individual shall be continued during a period for which the individual is entitled to severance benefits from the Authority to the extent and only to the extent provided under the applicable collective bargaining agreement.

ARTICLE IV [RESERVED]

ARTICLE V BENEFITS, FUNDING, AND CONTRIBUTIONS

5.01 Funding

For each Participant, the Authority shall contribute an amount equal to the Participant's Compensation Reduction Amount to the multiemployer welfare fund specified in the applicable collective bargaining agreement. The contribution of these amounts shall be made in accordance with the following rules:

- (a) The Participant's Compensation Reduction Amount to the multiemployer welfare fund and specified in the applicable collective bargaining agreement.
- (b) A Participant's Compensation Reduction Amount and any limitation thereof shall be prorated to reflect participation during a period shorter than the entire Plan Year.
- (c) All Compensation Reduction Amounts shall be applied to reduce the Participant's compensation for each pay period in as nearly equal amounts as the Plan Administrator deems practicable, except as the Plan Administrator shall otherwise determine.
- (d) The Compensation Reduction Amount associated with a Benefits Package shall be described in Enrollment Forms or other materials distributed to Eligible Employees, at the time of their initial eligibility to enroll, or in connection with the Annual Enrollment Period, Qualifying Change in Status, Special Enrollment Event, or other event relating to a mid-year change in coverage.

5.02 Duration of Election

Each compensation reduction agreement and each election or waiver of a Benefits Package under Section 2.02, if any, shall remain in effect until affirmatively revoked or changed by an Eligible Employee or until the Eligible Employee's participation in the Plan is terminated under Section 3.01, provided that such election shall be modified to the extent provided in Section 9.03. No compensation reduction agreement may be revoked

by any Participant during the Plan Year for which it is effective, except as provided in Article II.

ARTICLE VI
PAYMENT OF BENEFITS

6.01 Assignment of Benefits

Except to the extent permitted in any Benefits Package, no benefits shall be assignable, transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, and none of the following shall be liable for, or subject to, any obligation or liability of any Participant: the Plan, the Plan Administrator, the Claim Administrator and the Authority.

6.02 Participant's Responsibilities

Each Participant shall be responsible for providing the Plan Administrator or the Authority with his or her current address. Any notices required or permitted to be given to a Participant hereunder shall be deemed given if directed to the address most recently provided by the Participant and mailed by first class United States mail. The Plan Administrator and the Authority shall have no obligation or duty to locate a Participant.

ARTICLE VII
ADMINISTRATION OF THE PLAN

7.01 Administration of the Plan

The Committee shall serve as Plan Administrator, responsible for the administration of the Plan and shall make all determinations regarding eligibility and contributions under the Plan, subject to the requirements of the applicable collective bargaining agreement. The Plan Administrator may assign or delegate any of its responsibilities for administering this Plan or for carrying out its provisions. To the extent of any such assignment or delegation, the assignee or delegate shall have all of the authority and powers of the Plan Administrator. Any action taken by the Committee assigning any of its responsibilities as Plan Administrator to specific persons who are directors, officers, or employees of the Employer shall not constitute delegation of the Committee's responsibility, but rather shall be treated as the manner in which the Committee has determined internally to discharge such responsibility.

7.02 Powers of the Plan Administrator

The Plan Administrator is specifically given the discretionary authority and such powers as are necessary for the proper administration of this Plan, including, but not limited to, the following:

- (a) to have the authority and discretion to interpret the Plan, to decide questions and disputes, to supply omissions, to correct defects, and to resolve inconsistencies

and ambiguities arising under the Plan, which interpretations and decisions shall be final and binding for purposes of this Plan;

- (b) to resolve interpretation inconsistencies between the Plan and the terms of any group health plan maintained by the Authority, which inconsistencies will generally be resolved in favor of the group health plan document;
- (c) to authorize its agents to execute or deliver any instrument or make payments on the Plan Administrator's behalf;
- (d) to obtain from Participants and others, such information as shall be necessary for the proper administration of this Plan;
- (e) to appoint other committees with such authority and powers as the Plan Administrator deems necessary;
- (f) to retain counsel, employ agents, and provide for such clerical, accounting, actuarial, consulting, claims processing, and other services as it deems necessary or desirable to assist it in the administration of this Plan;
- (g) to make and to retain the right, authority, and discretion to make claim determinations and to review and make determinations upon review of any claim denial;
- (h) to prescribe forms and procedures that may be required for enrollment, claim filing, and other administrative purposes under the Plan and to require their use for such purposes and, notwithstanding anything in this Plan to the contrary, to the extent permitted by applicable law, to establish and maintain a procedure whereby any election or other submission requiring a written form may be made telephonically or electronically and whereby elections or submissions made in accordance with such procedure shall be deemed to have been made as if on the applicable written form;
- (i) to adopt rules for the administration of the Plan; and
- (j) to maintain records of administration of the Plan.

The Plan Administrator's exercise of this discretionary authority shall be binding upon all interested parties, including, but not limited to, the Participant, the Participant's estate, any beneficiary of the Participant and the Authority.

No determination of the Plan Administrator or the Claim Administrator in one case shall create a bias or retroactive adjustment in any other case. Expenses for the administration of the Plan shall be paid by the Authority.

7.03 Claims Procedure

With respect to claims arising under this Plan, a Participant shall submit claims to the Plan Administrator as soon as possible following the occurrence of the event on which the claim is based. The Plan Administrator shall review such claim and respond thereto within a reasonable time. With respect to claims arising under any Benefits Package, a Participant shall submit claims in accordance with the claims procedure of such Benefits Package.

7.04 Records and Reports

The Claim Administrator and Plan Administrator shall maintain all such books, accounts, records and other data as may be necessary for the proper administration of this Plan.

The Plan Administrator shall make available to each Participant for examination at reasonable times during normal business hours such records under the Plan in its possession as pertain to such Participant.

1.01 Coordination with Benefits Package(s)

To the extent necessary or appropriate, the Plan Administrator shall coordinate its determinations and responsibilities with the plan administrator or administrators of the Benefits Package(s) in accordance with such rules as the Plan Administrator and such other plan administrator or administrators shall determine.

7.05 Responsibility for Administration

The Committee and its members and the Authority and their respective employees shall not be liable for any loss due to an error or omission in the administration of the Plan unless the loss is due to actions they have taken that are fraudulent or in bad faith. The Committee and its members and the Authority and their respective employees may rely upon information from any source assumed reasonably and in good faith to be correct.

7.06 Indemnification

To the extent permitted by law, the Authority shall indemnify and hold harmless each director, officer, or employee of DRPA, PATCO, or the Authority to whom administrative responsibility with respect to this Plan is allocated or delegated, from and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission to act, in connection with the performance of his or her duties, responsibilities and obligations under this Plan, other than such liabilities, costs and expenses as may result from the gross negligence or willful misconduct of any such person or amounts paid by such person in a settlement to which the Authority does not consent. DRPA, PATCO, or the Authority may obtain, pay for and keep current a policy or policies of insurance, insuring any of its employees who has any administrative responsibility with respect to this Plan from and against any and all liabilities, costs and expenses incurred by any such person as a result of any act, or omission to act, in

connection with the performance of his or her duties, responsibilities and obligations under this Plan.

ARTICLE VIII
DURATION AND AMENDMENT OF THE PLAN

8.01 Right to Amend

The Committee reserves the right to amend the Plan at any time, in any manner. Any amendment shall be formally adopted in writing. The Committee reserves the right to delegate this authority to amend, in whole or in part, to any committee, office, officer, or other person or persons as it deems appropriate.

8.02 Right to Terminate

Although the Authority intends to maintain this Plan for an indefinite period, the Authority reserves the absolute right to terminate or partially terminate the Plan at any time, for any reason by or pursuant to a resolution of the Committee, subject to any requirements in the applicable collective bargaining agreement. Furthermore, DRPA or PATCO may terminate its participation in the Plan at any time, subject to any requirements in the applicable collective bargaining agreement restricting such rights. Any termination or partial termination of the Plan shall not adversely affect the participation of a Participant prior to the date of the termination or partial termination.

ARTICLE IX
MISCELLANEOUS

9.01 Effect on Employment

Nothing in this Plan shall be construed as a contract of employment between the Authority and any employee. Participation in this Plan shall not lessen or otherwise affect the responsibilities of such an employee to perform his or her duties in a satisfactory and businesslike manner, nor shall it affect the employee's employer's right to discipline, discharge, or take any other action with respect to such an employee.

9.02 Effect on Benefits

Nothing in this Plan shall be construed as a guarantee that the Authority will continue to provide benefits to employees in the future.

9.03 Adjustments and Legal Compliance

Notwithstanding anything in this Plan to the contrary, the Authority may prospectively limit, reallocate or deny any benefit for a Participant or any group of Participants to the extent necessary to avoid discrimination under or otherwise, comply with any pertinent provision of the Code or other applicable law, including without limitation:

- (a) The Plan Administrator may make adjustments to a Participant's Compensation Reduction Amounts to the extent necessary to maintain compliance of the Plan with applicable provisions of the Code or any other applicable law, subject to the requirements of the applicable collective bargaining agreement.
- (b) Subject to the provisions of the Code and other applicable law and the terms of the applicable collective bargaining agreement, the Plan Administrator may adjust a Participant's Compensation Reduction Amount to provide the Participant with the coverage that the Participant has elected and to account for changes in the cost of such coverage.

9.04 Governing Law

This Plan shall be governed by and construed in accordance with applicable federal laws and, to the extent not superseded, with the laws of the State of New Jersey. Coverage under each Benefits Package available under this Plan is intended to be exempt from taxation under section 125 of the Code. The Plan is intended to comply with any other Code sections as may be applicable for purposes of retaining any such tax exemption.

9.05 No Guarantee of Tax Consequences

Notwithstanding any provision of this Plan to the contrary, the Authority and the Plan Administrator make no commitment or guarantee that any amounts paid to or for the benefit or coverage of a Participant under this Plan shall be excludable from the Participant's gross income for federal, state or local income tax purposes, or that any other particular federal, state or local tax treatment shall apply or become available to any Participant as a result of the operation of this Plan.

By accepting coverage under this Plan, a Participant agrees to be liable for any tax that may be imposed with respect to coverage or benefits hereunder, plus any interest or penalties that may be imposed in connection with the tax.

9.06 Provision of Evidence

For purposes of making determinations with respect to eligibility for or the payment of benefits or the opportunity to make mid-year changes in election, or for any other purpose under the Plan, the Plan Administrator may require any Eligible Employee or other affected individual to submit or cause to be submitted whatever proof or evidence the Plan Administrator may reasonably require (either directly to the Plan Administrator or to any person delegated by it).

9.07 Invalid Provisions

If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision, and this Plan shall be construed and enforced as if such provision had not been included.

Executed this _____ day of October 2016.

COMMITTEE

By: _____

By: _____

By: _____