MINUTES OF MEETING
THE DELAWARE RIVER AND BAY AUTHORITY
Tuesday, March 17, 2015
James Julian Boardroom
Delaware Memorial Bridge Plaza
New Castle, Delaware 19720

The meeting convened at 11:20 a.m. with Chairperson Lowe presiding.

The opening prayer was given by Rev. Dorn, followed by the Pledge of Allegiance led by the Executive Director.

Chairperson Lowe called on the Authority Assistant Secretary to read the meeting notice and take roll.

The Assistant Secretary announced that a notice of the meeting had been distributed to the offices of the Governor of New Jersey and the Governor of Delaware, to appropriate staff members and consultants, to the press in both States and to any other individuals who had indicated an interest in receiving a copy of the meeting notice.

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Commissioners from Delaware	Commissioners from New Jersey
	PRESENT
William E. Lowe, Chairperson	James N. Hogan, Vice-Chairperson
Crystal L. Carey	Edward W. Dorn
Richard W. Downes	Ceil Smith
James L. Ford, III	Douglas Van Sant
Samuel E. Lathem	Shirley R. Wilson
Terry C. Murphy	(Vacant)
	ABSENT
	None

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Chairperson Lowe called for the acceptance of the Agenda.

Commissioner Downes motioned to accept the Agenda, seconded by Commissioner Wilson, and the motion carried by a voice vote of 11-0.

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10932. APPROVAL OF THE FEBRUARY 18, 2015 MINUTES

Commissioner Hogan motioned to approve the February 18, 2015 meeting minutes, seconded by Commissioner Lathem, and unanimously approved by a voice vote of 11-0.

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10933. DELAWARE RIVER AND BAY AUTHORITY – TRAFFIC AND REVENUE SUMMARY.

The Director of Finance (DOF) presented charts showing Actual versus Projected Revenues for the Delaware Memorial Bridge, the Cape May-Lewes Ferry, Airports, Delaware City-Salem Ferry Crossing, and Food Services for the month of February.

Without objection, the charts were ordered filed with the permanent records of the Authority.

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10934. DELAWARE RIVER AND BAY AUTHORITY – STATEMENT OF INCOME AND EXPENSE.

The DOF presented charts showing statements of income and expenses for the month of February with comparisons to the same period last year.

Without objection, the charts were ordered filed with the permanent records of the Authority.

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10935. DELAWARE RIVER AND BAY AUTHORITY – OPERATING EXPENSE BY DIVISION.

The DOF presented a chart for February showing expenses by division for the quarter to date vs. the projected quarter and for year to date vs. total budget.

Without objection, the charts were ordered filed with the permanent records of the Authority.

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10936. DELAWARE RIVER AND BAY AUTHORITY – CAPITAL IMPROVEMENT PROGRAM.

The DOF presented a chart for the month of February showing the capital budget for crossing and economic development projects and dollars committed to date for the projects. The chart also included cash expenditures spent to date for the committed projects.

Without objection, the charts were ordered filed with the permanent records of the Authority.

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10937. DELAWARE RIVER AND BAY AUTHORITY – CASH POSITION (MARKET VALUE) AS OF FEBRUARY, 2015.

The DOF presented charts indicating the cash fund balances for the entire Authority.

Without objection, the charts were ordered filed with the permanent records of the Authority.

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10938. AUTHORITY CUSTOMER TRENDS (ACT) REPORT

The Authority Customer Trends (ACT) Report included in the financials allows management to view on a month-to-date basis trends in areas such as traffic, customer service, aircraft landings, and workplace incidents. Copies are distributed daily to employees via email and posted on bulletin boards for those without computers.

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10939. PUBLIC COMMENT ON ACTION ITEMS

Chairperson Lowe noted that there are four (4) Resolutions to be considered today. All action items have been reviewed and recommended for consideration during today's Committee meetings. He then called for public comments.

There were no public comments.

10940. CHAIRPERSON'S CALL FOR RESOLUTIONS BEFORE THE BOARD

RESOLUTION 15-06 – AUTHORIZING AUTHORITY EXPENDITURES PURSUANT TO RESOLUTION 01-84 FOR THE PERIOD, JANUARY 1, 2014 THROUGH DECEMBER 31, 2015

WHEREAS, The Delaware River and Bay Authority (the "Authority") adopted Resolution 01-84 requiring Commissioner review and approval of all Authority expenditures in excess of $25,000; and

WHEREAS, the Authority anticipates expenditures at or over the $25,000 amount to the following vendors:

DELAWARE RIVER & BAY AUTHORITY
PROJECTED VENDORS TO BE PAID OVER $25,000
OPERATION EXPENDITURES
FOR THE PERIOD 1/1/15 THROUGH 12/31/15

VENDOR	PURCHASE DESCRIPTION	CLASSIFICATION	ESTIMATED $
Deardorff Associates	Media and Brand Strategy and Creative Services at ILG	Professional Service	$ 49,000
Modern Controls	Electronics Shop Renovation at DMB Administration Facility	Proprietary	$ 64,000
Stageline Mobile Stage, Inc.	Aluminum Mobile Stage for CMLF Outdoor Events	Sole Source	$112,000
University of Delaware	Project Management Training and Design Team Consulting	Proprietary	$ 65,000

NOW, THEREFORE, BE IT RESOLVED, that the Authority authorizes expenditures to the above listed vendors for the described purposes and authorizes payment.

A motion to approve Resolution 15-06 was made by Commissioner Dorn, seconded by Commissioner Smith, and approved by a roll call vote of 11-0.

Resolution 15-06 – Executive Summary Sheet

Resolution: Authorizing Authority Expenditures Pursuant to Resolution 01-84 for the period January 1, 2015 through December 31, 2015.

Committee: Budget & Finance

Committee and Board Date: March 17, 2015

Purpose of Resolution:

Authorizes the expenditures of $25,000 or greater with the identified vendor(s) for the calendar year.

Background for Resolution:

The proposed Resolution meets the requirements of Resolution 01-84, whereby the Authority shall not enter into any contract committing the Authority to spend or make any other expenditures relating to services, material and supplies in the amount of $25,000 or more unless it has first been approved by a vote of Commissioners.

Background for the specific purchases:

<u>Media and Brand Strategy and Creative Services at ILG</u>

The Authority plans to hire a professional consultant to provide media and brand strategy and creative services at New Castle Airport (ILG). These professional services are being acquired through pricing as awarded to Deardorff Associates through their State Contract for Marketing, Public Relation Services, Advertising and Media Buying.

<u>Electronics Shop Renovation at DMB Administration Facility</u>

As part of the Electronics Shop Renovation Project (former E-ZPass office area) shown in our Capital Improvement Plan, the Authority solicited quotes from the two (2) proprietary firms authorized to supply parts and provide service to DRBA HVAC systems, Modern Controls and Johnson Controls, Inc. The lowest cost for the requested parts and service was submitted by Modern Controls ($64,200).

<u>Aluminum Mobile Stage for CMLF Outdoor Events</u>

The DRBA organizes weekly outdoor concerts, promotions and events throughout the warmer months at the Ferry terminals. In seasons past we have rented the necessary stage, a practice which has become increasingly costly each event. Stageline Mobile Stage, Inc. offers a product that will be a cost-effective and efficient way of staging DRBA events. The mobile stage is a road-legal trailer that quickly converts into a stage designed to resist high winds and to protect talent and crew under the most demanding outdoor situations. It offers multiple deck configurations and the unit can be towed with a standard DRBA pickup truck. The DRBA was able to find one other company offering comparable equipment (Front Row Stages by Century Industries); however, their price quote was higher than that offered by Stageline Mobile Stage, Inc.

<u>Project Management Training and Design Team Consulting</u>

In June of 2013 the DRBA Executive Team identified Project Management as a needed skillset within our workforce. To date, the DRBA has sponsored two cohorts (24 employees) who have graduated from the Project Management Program offered by the University of Delaware. The DRBA wishes to sponsor one additional cohort in the same Program, thus the Proprietary classification. The estimated purchase amount includes the cost of course materials, instruction and the cost charged by the University to provide the resulting DRBA Project Management Design Team with Project Portfolio Management (PPM) methodologies and guidance. In 2013, the DRBA solicited quotes from three (3) organizations providing instructor-led Project Management training (University of Delaware, Delaware State University and the American Management Association) and determined that the University of Delaware offered the most suitable curriculum to assist the DRBA in developing this skillset.

Classification Definitions:

Professional Service. A service, which individually does not exceed $50,000, that is provided by a professional acting in a capacity that requires specialized education, knowledge, judgment, and skill, and is predominantly mental or intellectual (as opposed to physical or manual) in nature, also including any clerical or administrative support that is required for the proper delivery of the professional service.

Proprietary. A purchase necessary to support or maintain existing Authority equipment for which a vendor has the right to prohibit an equivalent product from being supplied. Similar products or services may be available, however the Authority must purchase from the original equipment manufacturer or service provider to uphold a contract, warranty, etc. A proprietary specification restricts the acceptable product or service to one manufacturer or vendor; however the product or service may be available from more than one distributor.

Sole Source. A purchase in which a single vendor is uniquely qualified to meet the Authority's procurement objective. Examples include a product or service being the only one that will meet a need and available from only one source, products specifically required for use in conjunction with a grant or contract, or products or services controlled or mandated by a local utility, government or exclusive distributor. All sole source purchases are proprietary, however not all proprietary purchases are sole source. *"A contract may be awarded without competition if the General Manager or Director of Operations of an Authority facility, or Police Administrator, prior to procurement, determines in writing that there is only one source for the required contract"*. (DRBA Resolution 98-31 Part 2.f.)

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RESOLUTION 15-07 - AUTHORIZES THE ADOPTION OF A PENSION FUNDING POLICY FOR THE DELAWARE RIVER AND BAY AUTHORITY EMPLOYEES' RETIREMENT PLAN

WHEREAS, The Delaware River and Bay Authority ('the Authority") is a bi-state Authority created by Compact for the purposes of owning, operating and controlling both Crossing and Non-Crossing facilities; and

WHEREAS, the Authority has established and maintains the Delaware River and Bay Authority Employees' Retirement Plan (the "Retirement Plan") for the benefit of the Authority's eligible employees: and

WHEREAS, the Board of Commissioners ("the Board") is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement Plan; and

WHEREAS, the Board has an obligation to provide reasonable assurance that the costs of benefits under the Retirement Plan will be funded in an equitable and sustainable manner; and

WHEREAS, a funding policy establishes guidelines for plan funding through actuarial valuations, regular contribution rates, contribution timing and actuarial assumptions; and

WHEREAS, the adoption of a Pension Funding Policy is consistent with "best practices" and the Board's fiduciary oversight of the Retirement Plan; and

NOW, THEREFORE BE IT RESOLVED, that the Board adopted the attached Pension Funding Policy for the Delaware River and Bay Authority Employees' Retirement Plan.

A motion to approve Resolution 15-07 was made by Commissioner Downes, seconded by Commissioner Murphy, and approved by a roll call vote of 11-0.

Resolution 15-07 Executive Summary Sheet

Resolution:	Authorizes the Adoption of a Pension Funding Policy for the Delaware River and Bay Authority Employees' Retirement Plan
Committee:	Budget and Finance Committee
Committee Date:	March 17, 2015
Board Date:	March 17, 2015
Purpose of Resolution:	To establish a formal funding policy to ensure the systematic funding of future obligations of the Retirement Plan through maintaining adequate levels of assets, stability of employer contributions, intergenerational equity among ratepayers and promotes public accountability and transparency.
Background for Resolution:	The Authority is implementing new accounting standards for pension liabilities in the current fiscal year. Under the prior accounting standards, there was a direct link between pension accounting and funding measures. The new accounting standards break the link and focuses entirely on accounting for the pension liability, rather than the annual contribution amount (Annual Required Contribution or "ARC"). As a result, the establishment of a pension funding policy is necessary to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner.

THE DELAWARE RIVER AND BAY AUTHORITY

EMPLOYEES' RETIREMENT PLAN

FUNDING POLICY

Retirement Plan Funding Policy

A. Introduction

The purpose of this Statement of Retirement Plan Funding Policy ("Policy") is to establish a methodology for funding pension obligations accruing under the Delaware River and Bay Authority Retirement Plan (the "Plan"). It is anticipated that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to fund Plan benefits. The Policy is intended to reflect a reasonable, conservative approach with each generation of ratepayers financing, to the greatest extent possible, the cost of pension benefits being accrued. This Policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that this Policy comply with all applicable laws, rules and regulations (collectively

"Laws"). In the event that this Policy conflicts with any such Law, the applicable Law shall prevail.

B. Policy Funding Objectives

The primary funding objectives of this Policy, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Plan.
2. Maintain equity among generations of ratepayers by:
    a. Establishing improvement, on a projected basis, in the Plan's Funded Ratio, as defined in Section E, such that it approaches 100% over a given period of time;
    b. Amortizing the Unfunded Actuarial Accrued Liability, as defined in Section E, over fixed periods, specified below.
3. Minimize the volatility of the employer's annual contributions by smoothing investment gains and losses over a period of years. Smoothing investment returns over a period of years recognizes that investment performance will fluctuate, and only by coincidence will it exactly equal the assumed rate of return for any given year. It is anticipated that this approach may reduce volatility within the calculation of the Unfunded Actuarial Accrued Liability.

C. Funding Guidelines

This Policy establishes guidelines for setting the employer contribution rate.

1. Actuarial Valuations
   The Plan's actuary shall conduct an actuarial valuation annually, based on actual Plan data, to determine funding progress as well as employer contributions for the following fiscal year.

2. Regular Contribution Rate
   Coordination of the Plan's Funding and Investment Policies will attempt to minimize the volatility of the employer's contribution from year to year. The employer contribution is the sum of the employer's Normal Cost and expenses, plus a payment to amortize the Unfunded Actuarial Accrued Liability as of the date of valuation:
   a. The Normal Cost and Actuarial Accrued Liability used for this purpose will be calculated using the Entry Age actuarial cost method.
   b. The Actuarial Value of Assets used for this purpose will be a smoothed value that recognizes realized and unrealized investment gains and losses gradually, but should not deviate by more than 120% or less than 80% of Market Value of Assets. The difference between the amount actually earned and the earnings assumption for a particular year shall be amortized in level amounts. The asset smoothing period shall be five years.
   c. The Unfunded Actuarial Accrued Liability will be amortized as a level dollar amount over a closed period (14 years as of January 1, 2015).

      To maintain consistency with actuarial best practices:
      - Any changes in plan provisions will be amortized over a maximum of 15 years,
      - Ad hoc cost-of-living-adjustments (COLA) will be amortized over a maximum of 5 years, and
      - Any early retirement incentive programs (ERIP) will be amortized over a maximum of 5 years.

   d. For the purposes of the calculation, investment return assumptions will be evaluated by an independent pension investment advisor on a regular basis (at a minimum of every two years), and should reflect the nature of the investments held in the Plan, and the historical and projected return rates anticipated for the investments.

3. Minimum Contribution Rate
   In order to maintain adequate funding and to control contribution volatility, if the Funded Ratio has increased to over 100% (all Unfunded Actuarial Accrued Liability has been fully amortized), the surplus will be amortized over 30 years.

4. Contribution Timing
   After the Board of Commissioners (the "Board") has adopted a contribution or rate based on a given actuarial valuation, the funds will be contributed by the Authority on a regular basis (at least monthly) throughout the fiscal year.

D. Assumption Guidelines

1. The actuarial assumptions are adopted by the Board in an effort to align the funding of the Plan with actual demographic and economic experience, thus providing stability to the contribution rate over time. It is expected that actual experience will deviate from the actuarial assumptions, and Experience Gains and Losses will occur. These gains (or losses) will reduce (or increase) future contributions.

2. Actuarial Assumptions are generally grouped into two major categories:
   - Demographic assumptions -- which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
   - Economic assumptions -- which include inflation, investment return, and employee salary increases

3. The assumptions adopted by the Board represent the actuary's best estimate of anticipated experience under the Plan and are intended to be long term in nature. Therefore, in developing the assumptions, the actuary considers not only past experience, but also trends, external forces and future expectations. Despite the care with which actuarial assumptions are developed, actual experience over the short term is not expected to match these assumptions exactly.

4. It is the Board's policy that these assumptions shall be reviewed by the Plan's consulting actuary not less often than every five years, through an Experience Study and Assumption Review. The actuary will present recommendations (and accompanying reports, discussion, etc.) to the Board, which will have the option to accept or reject such. At the time of the Assumption Review, this Funding Policy shall also be reviewed for any necessary modifications. Any changes are also subject to legal review.

E. Glossary of Terms

Actuarial Cost Method: The technique used to allocate costs to various time periods.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

Actuarial Value of Assets: The smoothed value of assets used by the actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employer's contribution rate.

Entry Age Method: An Actuarial Cost (or Funding) Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience is financially more favorable to the Plan, it is a Gain, (e.g., higher investment return than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., lower investment return than expected).

Funded Ratio: A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the Plan. Plan assets can be the Market Value of Assets or the Actuarial Value of Assets.

Market Value of Assets: The total fair value of fund assets as reported in the Plan's financial statements.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the *Annual Benefit Cost*.

Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Actuarial Value of Assets from the Actuarial Accrued Liability.

All aspects of this Policy and the individual factors in the calculation of the annual employer contribution rate which is the result of the above process are subject to the review and approval of the Board and are subject to change, in whole and in part, if deemed appropriate and in the best interests of the Plan sponsor and participants.

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RESOLUTION 15-08 - AUTHORIZES THE ADOPTION OF AN OPEB FUNDING POLICY FOR THE OTHER POST EMPLOYMENT BENEFITS ("OPEB") TRUST

WHEREAS, The Delaware River and Bay Authority (the "Authority") is a bi-state Authority created by Compact for the purposes of owning, operating and controlling both Crossing and Non-Crossing facilities; and

WHEREAS, the Authority has established and maintains certain employee benefit plans that provide post-employment benefits other than pensions (hereafter "other post employment benefits" or "OPEBs"), such as but not limited to medical, dental, vision and prescription drug coverage, to OPEB participants who are eligible for coverage thereunder; and

WHEREAS, pursuant to Resolution 09-60, the Authority established an irrevocable OPEB trust pursuant to Section 115 of the Internal Revenue Code for purposes of funding and pre-funding OPEBs provided under its retirement benefit plans in accordance with GASB 43 and GASB 45; and

WHEREAS, the Board of Commissioners ("the Board") is vested with the authority and fiduciary responsibility for the administration, management and operation of the OPEB Trust; and

WHEREAS, the Board has an obligation to provide reasonable assurance that the costs of benefits under the OPEB Trust will be funded in an equitable and sustainable manner; and

WHEREAS, a funding policy establishes guidelines for plan funding through actuarial valuations, regular contribution rates, contribution timing and actuarial assumptions; and

WHEREAS, the adoption of a OPEB Funding Policy is consistent with "best practices" and the Board's fiduciary oversight of the OPEB Trust; and

NOW, THEREFORE BE IT RESOLVED, that the Board adopted the attached OPEB Funding Policy for the Delaware River and Bay Authority Other Post-Employment Benefits Plan.

A motion to approve Resolution 15-08 was made by Commissioner Downes, seconded by Commissioner Wilson, and approved by a roll call vote of 11-0.

Resolution 15–08 Executive Summary Sheet

Resolution:	Authorizes the Adoption of an OPEB Funding Policy for the Other Post Employment Benefits (“OPEB”) Trust
Committee:	Budget and Finance Committee
Committee Date:	March 17, 2015
Board Date:	March 17, 2015
Purpose of Resolution:	To establish a formal funding policy to ensure the systematic funding of future obligations of the OPEB Trust through maintaining adequate levels of assets, stability of employer contributions, intergenerational equity among ratepayers and promotes public accountability and transparency.
Background for Resolution:	In 2009, the Authority established an irrevocable OPEB Trust for the purpose to fund and pre-fund Other Post-Employment Benefits (‘OPEB”). At inception, the Authority adopted a five year phase in approach to fully fund the Annual Required Contribution or “ARC”. In 2012, the Authority reached its goal of contributing 100% of the ARC. To date, the Governmental Accounting Standards Board (“GASB”) has not adopted new accounting and reporting standards for “OPEB” Plans as they have for Public Pension Plans. In 2014, the GASB issued Exposure Drafts which will likely require similar standards as GASB 67 and GASB 68 for OPEB Plans. It is the recommendation of both the Authority’s Actuary and staff that the Board adopt an OPEB Funding Policy ahead of any new GASB standards.

THE DELAWARE RIVER AND BAY AUTHORITY

OTHER POST EMPLOYMENT BENEFITS

FUNDING POLICY

OPEB Funding Policy

A. Introduction

The purpose of this Statement of Benefits Plan Funding Policy (“Policy”) is to establish a methodology for funding benefits obligations accruing under the Delaware River and Bay Authority Other Post-Employment Benefit Plan (the “Plan”). It is anticipated that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to fund Plan benefits. The Policy is intended to reflect a reasonable, conservative approach with each generation of ratepayers financing, to the greatest extent possible, the cost of pension benefits being accrued. This Policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that this Policy comply with all applicable laws, rules and regulations (collectively “Laws”). In the event that this Policy conflicts with any such Law, the applicable Law shall prevail.

B. Policy Funding Objectives

The primary funding objectives of this Policy, in order of importance, are to:

4. Provide sufficient assets to permit the payment of all benefits under the Plan.
5. Maintain equity among generations of ratepayers by:
    a. Establishing improvement, on a projected basis, in the Plan's Funded Ratio, as defined in Section E, such that it approaches 100% over a given period of time;
    b. Amortizing the Unfunded Actuarial Accrued Liability, as defined in Section E, over fixed periods, specified below.
6. Minimize the volatility of the employer's annual contributions by smoothing investment gains and losses over a period of years. Smoothing investment returns over a period of years recognizes that investment performance will fluctuate, and only by coincidence will it exactly equal the assumed rate of return for any given year. It is anticipated that this approach may reduce volatility within the calculation of the Unfunded Actuarial Accrued Liability.

C. Funding Guidelines

This Policy establishes guidelines for setting the employer contribution rate.

5. Actuarial Valuations
   The Plan's actuary shall conduct an actuarial valuation bi-annually, based on actual Plan data, to determine funding progress as well as employer contributions for the following two fiscal years.

6. Regular Contribution Rate
   Coordination of the Plan's Funding and Investment Policies will attempt to minimize the volatility of the employer's contribution from year to year. The employer contribution is the sum of the employer's Normal Cost and expenses, plus a payment to amortize the Unfunded Actuarial Accrued Liability as of the date of valuation:
    e. The Normal Cost and Actuarial Accrued Liability used for this purpose will be calculated using the Entry Age actuarial cost method.
    f. The Actuarial Value of Assets used for this purpose will be a smoothed value that recognizes realized and unrealized investment gains and losses gradually, but should not deviate by more than 120% or less than 80% of Market Value of Assets. The difference between the amount actually earned and the earnings assumption for a particular year shall be amortized in level amounts. The asset smoothing period shall be five years.
    g. The Unfunded Actuarial Accrued Liability will be amortized as a level dollar amount over a closed period (24 years as of January 1, 2014).

       To maintain consistency with actuarial best practices:
       - Any changes in plan provisions will be amortized over a maximum of 15 years,
       - Any early retirement incentive programs (ERIP) will be amortized over a maximum of 5 years.

    h. For the purposes of the calculation, investment return assumptions will be evaluated by an independent pension investment advisor on a regular basis (at a minimum of every two years), and should reflect the nature of the investments held in the Plan, and the historical and projected return rates anticipated for the investments.

7. Minimum Contribution Rate
   In order to maintain adequate funding and to control contribution volatility, if the Funded Ratio has increased to over 100% (all Unfunded Actuarial Accrued Liability has been fully amortized), the surplus will be amortized over 30 years.

8. Contribution Timing
   After the Board of Commissioners (the "Board") has adopted a contribution or rate based on a given actuarial valuation, the funds will be contributed by the Authority on a regular basis (at least monthly) throughout the fiscal year.

D. Assumption Guidelines

1. The actuarial assumptions are adopted by the Board in an effort to align the funding of the Plan with actual demographic, healthcare and economic experience, thus providing stability to the contribution rate over time. It is expected that actual experience will deviate from the actuarial assumptions and Experience Gains and Losses will occur. These gains (or losses) will reduce (or increase) future contributions.

2. Actuarial Assumptions are generally grouped into two major categories:
   - Demographic assumptions -- which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
   - Economic assumptions -- which include inflation, healthcare inflation and investment return

3. The assumptions for OPEB funding are to maintain consistency, where appropriate as determined by the Board, with the assumptions and changes in such adopted for the Authority Employee's Retirement (Pension) Plan.

4. As part of the bi-annual OPEB valuation process, the actuary will also provide advice to the Board and recommend non-pension assumptions, such as increases in healthcare costs.

E. Glossary of Terms

Actuarial Cost Method: The technique used to allocate costs to various time periods.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

Actuarial Value of Assets: The smoothed value of assets used by the actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employers' contribution rate.

Entry Age Method: An Actuarial Cost (or Funding) Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience is financially more favorable to the Plan, it is a Gain, (e.g., higher investment return than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., lower investment return than expected).

Funded Ratio: A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the Plan. Plan assets can be the Market Value of Assets or the Actuarial Value of Assets.

Market Value of Assets: The total fair value of fund assets as reported in the Plan's financial statements.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the *Annual Benefit Cost*.

Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Actuarial Value of Assets from the Actuarial Accrued Liability.

All aspects of this Policy and the individual factors in the calculation of the annual employer contribution rate which is the result of the above process are subject to the review and approval of the Board and are subject to change, in whole and in part, if deemed appropriate and in the best interests of the Plan sponsor and participants.

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RESOLUTION 15-09 – LEASE TERMINATION AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND THE BOEING COMPANY

WHEREAS, The Delaware River & Bay Authority (the "Authority"), is the operator of the Millville Airport; and

WHEREAS, The Boeing Company ("Boeing") entered into a lease of approximately 78,500 rentable square feet of space in the buildings commonly referred to as 1 and 2 Thunderbolt Drive pursuant to that certain Lease dated as of February 16, 2010 between the Authority and Boeing the term is set to expire February 2, 2016(the "Lease"); and

WHEREAS, due to the loss of additional contracts, Boeing no longer has work for that facility and is looking to restructure their operations and terminate the Lease; and

WHEREAS, Boeing has agreed to pay an early termination fee of Two Hundred and Fifty-Two Thousand Four Hundred and Eight-Four Dollars 95/100 ($252,484.95); and

WHEREAS, the Authority and Boeing agree that the Lease shall expire on April 1, 2015; and

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Termination Agreement with Boeing and, with the advice and consent of counsel, to have such Lease Termination executed by the Chairperson, Vice Chairperson, and the Executive Director.

A motion to approve Resolution 15-09 was made by Commissioner Wilson, seconded by Commissioner Dorn, and approved by a roll call vote of 11-0.

Resolution 15-09 Executive Summary

Resolution: Authorizing the Termination of a Lease Agreement between the Delaware River and Bay Authority and The Boeing Company

Committee: Economic Development

Committee Date: March 17, 2015

Board Date: March 17, 2015

Purpose of Resolution:

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a Lease Termination Agreement for The Boeing Company at the Millville Airport.

Background for Resolution:

The Boeing Company leased the hangar facilities known as 1 and 2 Thunderbolt Drive in February 2010 by Resolution 10- . The Boeing Company leased the hangar facilities in order to fulfill US Army contracts for modification on Chinook Helicopters. The contract work has been completed. The hangar lease is set to expire on February 2, 2016. Boeing requested to terminate the remaining term of the lease. The termination payment represents approximately 5 months of rental payments which is half of the remaining term.

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10941. EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Green congratulated Sergeant David Winch, who is being promoted to Captain. He then welcomed Vince Meconi (the new COO) and thanked the senior leadership staff and all who extended themselves to cover areas handled by the COO. He also thanked the staff at the CMLF & Lewes for working around the clock to restore ferry service due to freezing and icy conditions on the Delaware River. He also spoke about upcoming events – the 3rd project management graduation on Thursday, March 19 at the CMLF Gallery; May 9th and 10th – the Millville Airport Airshow and Cape May National Coast Guard event at the CMLF terminal; job fair to be held at the Lewes terminal on March 28, 2015. Lastly, he congratulated Commissioner Smith on her new appointment as Executive Director of the Salem Community College Foundation.

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10942. COMMISSIONERS PUBLIC FORUM

Chairperson Lowe called for comments from the public and the Commissioners.

There were no comments.

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There being no further business, a motion to adjourn was made by Commissioner Downes, seconded by Commissioner Smith and unanimously carried by a voice vote of 11-0.

The meeting was adjourned at 11:37 a.m.

Respectfully submitted,

THE DELAWARE RIVER AND BAY AUTHORITY

Frank W. Minor
Assistant Secretary