SUMMARY STATEMENT

ITEM NO.          SUBJECT: Allocation and Reallocation of Previously Authorized Pennsylvania Project Funds for Purposes Including to Recapitalize PIDC Revolving Loan Fund

COMMITTEE:        New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: December 09, 2009

PROPOSAL: That the Board authorize the reallocation of funding previously authorized under DRPA Resolutions 99-046, 02-008, 05-007, 01-061, 04-096, 01-053, 99-055, 03-022, 00-104, 02-045, 09-034, 01-052, 02-077, 01-131, 02-078, 03-064 and 02-030 for other purposes including to recapitalize the Philadelphia Industrial Development Corporation Revolving Loan Fund (“PIDC -RLF”) and for other purposes as set forth herein. And that the Board authorizes use of other proceeds of the said bond issues that have not previously been allocated for the purposes set forth herein.

Since 1994, the DRPA has funded many worthwhile economic development projects in partnership with PIDC. Any proposed use of the said reallocated funds under this Resolution must qualify for use of applicable bond, legal and tax provisions.

PURPOSE: To reallocate unused portions of previously committed project funding to further support stabilization and expansion of the regional economy through business attraction and retention, infrastructure upgrades and redevelopment or economic development initiatives, and to provide for the effective use of previously unallocated proceeds of the same bond issues.

BACKGROUND: Between 1999 and 2009, the DRPA Board of Commissioners approved Resolutions authorizing funding for several economic development projects in the Pennsylvania Port District. From time to time in the past, the DRPA Commissioners have adopted resolutions with the purpose of closing out funding for previously approved projects where some portion or the total amount of the original funding committed has not been used for the intended purpose. Such actions are taken to ensure the DRPA is in compliance with its legal and
contractual obligations. There are various reasons that funds previously approved by the Board have not been used, including lower than expected costs, scope and schedule changes, shifts in project focus and timing, and abandonment of projects due to lack of feasibility, inability to secure sufficient project funding and other challenges. By adopting such resolutions DRPA assures its financial commitments are properly documented and permits the reallocation of unused funds.

DRPA has a successful history of working with PIDC in support of economic development initiatives in the region.

In 1994, the DRPA established the DRPA Revolving Loan Fund with PIDC. The Fund was initially capitalized with $7,625,000 in funds provided by the DRPA, and in 2001, DRPA committed an additional $6,500,000 for a total of $14,125,000 to be provided to businesses and nonprofit organizations in the form of loans and grants.

To date 25 loans totaling $10,419,200 and 10 grants totaling $6,967,867 have been disbursed in accordance with the terms of the Revolving Loan Fund Agreement.

PIDC has consistently demonstrated a high level of knowledge and expertise with respect to structuring, reviewing and underwriting each revolving loan fund transaction, and over the past fifteen years DRPA and PIDC staff have established a professional relationship that has benefited both organizations. DRPA intends to invest its economic development dollars allocated or reallocated by the Board today for Pennsylvania projects, that support small, emerging and new businesses and expansion or relocation projects that will improve the region’s economic climate. Toward this end, DRPA will increase its investment in the PIDC Revolving Loan Fund by a not to exceed amount of $12,908,671 subject to all terms and conditions of the Revolving Loan Fund Agreement dated March 19, 2002, which may be amended as necessary and also subject to all applicable provisions relating to the source of the said funds including legal, tax and bond requirements. The Resolving Loan Fund Agreement to be amended.
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as necessary to apply the said legal, tax and bond requirements.

From the monies being allocated or reallocated hereby, $4,000,000 will be used to (i) redeem outstanding principal of the 1999 Bonds or (ii) pay a portion of the sum required to cash settle the existing 1999B PDP Bonds Interest Rate Hedge Agreement (Swaption).

From the funds being allocated or reallocated hereunder, $2,000,000 will be retained in the DRPA Project Fund subject to further allocation at the direction of the Chairman and Chief Executive Officer consistent with all applicable legal, bond and tax requirements. If any such funds are allocated by Chairman and Chief Executive Officer they will promptly amend Schedule A to the appropriate bond resolution and will deposit the amended Schedule A with the Corporate Secretary to be filed with this Resolution.

From the monies being allocated or reallocated hereby, not more than $3,000,000 will go toward the ongoing project to re-open the PATCO Franklin Square Station.

SUMMARY:  Amount:  NO NEW FUNDING – Total amount being allocated or reallocated is not to exceed $21,908,671

Source of Funds:  Various
Capital Project #:  N/A
Operating Budget:  N/A
Master Plan Status:  Included
Other Fund Sources:  N/A
Duration of Contract:  N/A
Other Parties Involved:  Philadelphia Industrial Development Corporation; Philadelphia Authority for Industrial Development; PATCO
RESOLUTION

RESOLVED: That the Board of Commissioners hereby authorize the reallocation of funds previously authorized under DRPA Resolutions 99-046, 02-008, 05-007, 01-061, 04-096, 01-053, 99-055, 03-022, 00-104, 02-045, 09-034, 01-052, 02-077, 01-131, 02-078, 03-064 and 02-030 but not expended or committed at this time (see Exhibit A, attached) and also authorizes the allocation of proceeds from the said bond issues that have not previously been allocated; and be it further

RESOLVED: From the monies being allocated or reallocated hereby, $4,000,000 will be used to (i) redeem outstanding principal of the 1999 Bonds or (ii) pay a portion of the sum required to cash settle the existing 1999B PDP Bonds Interest Rate Hedge Agreement (Swaption); and be it further

RESOLVED: That from the monies being allocated or reallocated hereby, $3,000,000 will be reserved for use in reopening Franklin Square, and be it further

RESOLVED: That from the monies being allocated or reallocated hereby, $2,000,000 will be retained in the DRPA Project Fund subject to identification and approval of qualified projects by the Chairman and the Chief Executive Officer. If such projects are identified and approved, the Chairman and Chief Executive Officer (each acting with the prior approval and consent of the other), are hereby granted authority to amend Schedule "A" to the PDP Indenture to include such identified project(s) without any further Board action and the Chief Executive Officer shall immediately thereafter deposit said amendment in the records of the Corporate Secretary with the minutes of the Board meeting authorizing this Resolution; and be it

RESOLVED: That of the funds being reallocated and funds not previously allocated from the proceeds of the bond issues listed above, $12,908,671 will be used to recapitalize the Philadelphia Industrial Development Corporation Revolving Loan Fund (“PIDC -RLF”), as set forth in the attached Summary Statement; and be it further
RESOLVED: Any proposed use of the said allocated or reallocated funds under this Resolution must qualify for use of applicable bond, legal and tax provisions; and be it further

RESOLVED: The Chair 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 Chair and Chief Executive Officer and if thereafter the Chair is absent or unavailable, and if it is necessary to execute the said document(s) while the Chair is absent or unavailable Chief Executive Officer may execute the said document(s) on behalf of DRPA.

SUMMARY: Amount: NO NEW FUNDING – Total amount being reallocated is not to exceed $21,908,671
Source of Funds: Various
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: Included
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: Philadelphia Industrial Development Corporation; Philadelphia Authority for Industrial Development; PATCO.