

**DRPA-10-038**  
**Finance Committee: 5/19/10**  
**Board Date: 6/16/10**  
**2008 Revenue Bonds Letters of Credit**  
**Substitution, Extensions and Refunding**

**2008 REVENUE BONDS LETTERS OF CREDIT, SUBSTITUTION, EXTENSIONS AND REFUNDING**

**WHEREAS**, the Delaware River Port Authority (the “Authority”) has heretofore issued \$358,175,000, aggregate principal amount, Revenue Refunding Bonds consisting of (i) \$169,660,000, aggregate principal amount, Revenue Refunding Bonds, Series A of 2008 (the “2008 A Bonds”) of which \$164,400,000 in aggregate principal amount remain Outstanding and (ii) \$188,515,000, aggregate principal amount, Revenue Refunding Bonds, Series B of 2008 (the “2008 B Bonds” and, together with the 2008 A Bonds, the “2008 Revenue Bonds”) of which \$182,670,000, aggregate principal amount, remain Outstanding, under and pursuant to an Indenture of Trust, dated as of July 1, 1998 (the “Original Indenture”), between Commerce Bank, National Association, now known as TD Bank, National Association, as trustee, (the “Trustee”) and the Authority, as amended and supplemented, including as supplemented by a Fifth Supplemental Indenture entered into by the Authority and the Trustee, dated as of July 15, 2008 (the “Fifth Supplemental Indenture” and together with the Original Indenture, collectively the “1998 Indenture”); and

**WHEREAS**, the 2008 Revenue Bonds were initially issued as Variable Rate Bonds; and

**WHEREAS**, the Purchase Price of the 2008 A Bonds tendered or deemed tendered for purchase and not remarketed and the principal of and interest due thereon is secured by an irrevocable letter of credit (the “2008 A Letter of Credit”) issued by Bank of America, N.A. (the “2008 A Bonds Credit Provider”); and

**WHEREAS**, the Purchase Price of the 2008 B Bonds tendered or deemed tendered for purchase and not remarketed and the principal of and interest due thereon is secured by an irrevocable letter of credit (the “2008 B Letter of Credit”) issued by TD Bank, N.A. (the “2008 B Bonds Credit Provider”); and

**WHEREAS**, the 2008 A Letter of Credit and the 2008 B Letter of Credit, unless extended, expire on July 23, 2010; and

**WHEREAS**, the Authority has requested, in accordance with the terms of the 2008 A Letter of Credit and the 2008 B Letter of Credit, respectively, an extension of each letter of credit; and

**WHEREAS**, instead of proposing an extension, the 2008 A Bonds Credit Provider has submitted a proposal to the Authority to provide a letter of credit (the “Replacement Letter of Credit”) which would reduce the principal amount of the 2008 A Bonds secured by such Replacement Letter of Credit and would be issued pursuant to a reimbursement agreement containing terms and provisions which differ from the terms and provisions pursuant to which the 2008 A Letter of Credit was issued; and

**WHEREAS**, as a result of the proposal for the Replacement Letter of Credit, it is necessary for the Authority to seek proposals from one or more credit providers to provide credit enhancement in the form of letters of credit for all or a portion of the 2008 A Bonds; and

**WHEREAS**, the 2008 B Bonds Credit Provider has offered an extension of the 2008 B Letter of Credit under the existing reimbursement agreement for the 2008 B Letter of Credit, which extension the Chief Executive Officer has been previously authorized to accept; and

**WHEREAS**, various entities have submitted for the Authority's consideration, proposals for alternative Variable Rate Bond structures which could be utilized in lieu of the provision of letters of credit or liquidity facilities; and

**WHEREAS**, the Authority has heretofore entered into an Interest Rate Swap and Option Agreement, dated as of May 2, 2001 (the "Swap Agreement"), with UBS AG (the "Swap Provider"), which relates to the 2008 Revenue Bonds; and

**WHEREAS**, as a result of the foregoing, it is necessary and appropriate for the Authority to (i) authorize and approve the solicitation of proposals for letters of credit or liquidity facilities to substitute for either or both of the 2008 A Letter of Credit and the 2008 B Letter of Credit, (ii) to solicit proposals for alternative Variable Rate Bond structures which could be utilized by the Authority in lieu of the provision of letters of credit or liquidity facilities, whether in whole or in part, with respect to the 2008 A Bonds and/or the 2008 B Bonds, and (iii) to authorize the execution and delivery of such documents and instruments as are necessary and appropriate in connection with the foregoing, including but not limited to actions which may be necessary to refund all or any portion of the 2008 A Bonds and/or the 2008 B Bonds; and

**WHEREAS**, capitalized terms used in this Resolution and not otherwise defined shall have the meanings ascribed thereto in the 1998 Indenture.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Authority as follows:

**1. Credit Facilities**

(a) The Chief Executive Officer, with the advice of the Authority's Chief Financial Officer, Financial Advisors and Co-Bond Counsel, is hereby authorized to solicit proposals and to obtain one or more Credit Facilities for the 2008 A Revenue Bonds and/or the 2008 B Revenue Bonds, in the forms of letters of credit or liquidity facilities and to approve and execute reimbursement agreements and standby bond purchase agreements, as applicable, evidencing such Credit Facilities, all in accordance with the Authority's procurement policies.

(b) In connection with the obtaining of Credit Facilities, if required in connection therewith, the Authority hereby authorizes the issuance of additional series of the 2008 Revenue Bonds, in order to be secured by a specific Credit Facility; provided however, that the aggregate principal amount of the 2008 Revenue Bonds shall not increase.

## 2. **Alternative Variable Rate Bonds Structures**

(a) The Chief Executive Officer, with the advice of the Authority's Chief Financial Officer, Financial Advisors and Co-Bond Counsel, is hereby authorized to solicit proposals for alternative Variable Rate Bond structures which may be utilized in lieu of providing letters of credit or liquidity facilities for the 2008 A Bonds and/or the 2008 B Bonds, all in accordance with the Authority's procurement policies.

(b) If alternative Variable Rate Bond structures are selected:

1. The Authority hereby authorizes the issuance, sale and delivery of Bonds to refund all or any portion of the 2008 A Bonds and/or the 2008 B Bonds (the "Refunding Bonds"). The Refunding Bonds shall be issued in an aggregate principal amount which shall not exceed \$355,000,000.

2. The Chairman, Vice Chairman and Chief Executive Officer of the Authority (collectively the "Authorized Officers") shall determine if Refunding Bonds are to be issued and the type of Refunding Bonds to be issued, with the advice of the Authority's Chief Financial Officer, Financial Advisor and Co-Bond Counsel.

3. The Refunding Bonds shall be dated, shall bear interest at such rates, payable on such dates, shall be subject to redemption prior to maturity on such terms and conditions, shall mature not later than the maturity of the 2008 Revenue Bonds to be refunded, shall amortize as to principal in amounts and in the same years as the Refunded Bonds so as to provide resulting debt service as near as possible to the debt service on the 2008 Revenue Bonds to be refunded and shall otherwise be subject to such additional terms, conditions and provisions as shall be approved prior to their issuance by the Authorized Officers, with the advice of the Authority's Chief Financial Officer, Financial Advisors and Co-Bond Counsel; provided that Refunding Bonds, if issued as Variable Rate Bonds, shall contain a maximum interest rate not to exceed 15% per annum and if issued as Fixed Rate Bonds, shall contain a maximum interest rate not to exceed 8.0% per annum, and if Refunding Bonds are publicly offered for sale, the underwriters' discount in connection with the sale of the Refunding Bonds shall not exceed \$6.00 per thousand dollars of Refunding Bonds.

## 3. **Approval of Bond Documents**

The Authority hereby authorizes the preparation of all documents necessary to provide for the extension or substitution of the 2008 A Letter of Credit and/or the 2008 B Letter of Credit or necessary to effect the sale, issuance and delivery of the Refunding Bonds, including, without limitation, a Supplemental Indenture, one or more Reimbursement Agreements, the Refunding Bonds, a Purchase Contract between the Authority and underwriters, if any, or the purchasers of the Refunding Bonds, one or more remarketing agreements, a preliminary official statement and a final official statement in respect of the Refunding Bonds, a continuing disclosure agreement, an escrow deposit agreement, a Tax Compliance Agreement, a remarketing circular or amended remarketing circular, and such other agreements, documents, certificates and instruments as Co-Bond Counsel shall advise are necessary or appropriate to effect the matters determined by this Resolution. The Authorized Officers, with the advice of the

Authority's Chief Financial Officer, the Authority's General Counsel and Co-Bond Counsel, are hereby authorized and directed to approve all such documents and to cause the execution delivery of all such documents on behalf of the Authority.

**4. Swap Transaction**

The Chief Executive Officer and Chief Financial Officer are each hereby authorized and directed to negotiate and approve any amendment of the Swap Agreement with the Swap Provider which may be necessary in connection with the substitution of letters of credit and/or the issuance of the Refunding Bonds, with the advice of the Authority's Financial Advisors and Co-Bond Counsel.

**5. Debt Service Reserve Fund**

The Chief Executive Officer and Chief Financial Officer, with the advice of the Authority's Financial Advisors and Co-Bond Counsel are hereby authorized and directed, if necessary, to determine the Debt Service Reserve Fund Requirement for the 2008 A Bonds, the 2008 B Bonds and/or the Refunding Bonds, to obtain a Reserve Fund Credit Facility for a portion of such Debt Service Reserve Fund Requirement, if they determine it to be in the best financial interest of the Authority, and to establish a separate Debt Service Reserve Fund or an account in the 1998 Debt Service Reserve Fund with respect to the Refunding Bonds, as they shall be determined to be necessary or appropriate.

**6. Selection of Underwriters, Purchasers, Remarketing Agent and Professional Advisors**

The Authorized Officers are hereby authorized and directed to select underwriters or purchasers for the Refunding Bonds, one or more remarketing agents in connection with the provision of substitute letters of credit or liquidity facilities for the 2008 A Bonds and/or 2008 B Bonds, an escrow agent (who may be the Trustee), the Financial Advisors, Co-Bond Counsel and any special counsel or co-counsel and other professional advisors for the Authority, all in accordance with the Authority's procurement policies.

**7. Authorized Officers' Actions; Execution of Documents**

The Authorized Officers are hereby authorized and directed to approve, execute and deliver all documents, instruments and certificates, and to take all actions necessary and proper, including any actions not otherwise determined herein, to effect the matters set forth in this Resolution. If the Authorized Officers have approved any such documents, instruments and certificates, and if following such approval the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the documents with the Chief Executive Officer. If both the Chairman and the Vice Chairman are absent or unavailable and if it is necessary to execute any such documents in their absence, then the Chief Executive Officer shall execute such documents on behalf of the Authority.

8. **Ratification of Prior Actions**

All actions heretofore taken by or on behalf of the Authority by any Authorized Officers or the Chief Financial Officer or the Authority's professional advisors in connection with the matters set forth in this Resolution are hereby ratified, confirmed and adopted.

9. **Inconsistent Resolutions Repealed**

All prior resolutions or parts thereof to the extent inconsistent with this Resolution are hereby rescinded and repealed.

10. **Effective Date**

This Resolution shall take effect at the earliest time permitted by applicable law.

DULY ADOPTED THIS 19<sup>th</sup> day of May, 2010.