SUMMARY STATEMENT

ITEM NO.: DRPA-14-056
SUBJECT: Creation of Separate Unrestricted Account or Subaccount in the General Fund for Capital Program Expenditures

COMMITTEE: Finance

COMMITTEE MEETING DATE: April 2, 2014
BOARD ACTION DATE: April 16, 2014

PROPOSAL: That the Board, as part of its strategy to fund a portion of the Authority’s 2014 5-year Capital Program, authorizes the Authority’s staff to establish a separate unrestricted account or subaccount within the Authority's General Fund for the purpose of accounting for and utilizing specific General Fund monies for 2014 Capital Program spending and to provide for more accurate accounting and oversight of such capital spending.

PURPOSE: In order to ensure funding of future capital expenditures related to the Authority's 2014 Capital Program and subsequent capital programs, to establish a separate unrestricted account or subaccount within the Authority’s General Fund.

BACKGROUND: The Authority's General Fund holds all surplus funds of the Authority deposited by the Authority therein after the payment of: (i) the Authority's operating and maintenance expenses; (ii) principal and interest owed on the Authority's revenue bonds and revenue refunding bonds; (iii) amounts owed to credit and liquidity providers securing and/or providing liquidity for the Authority's revenue bonds and revenue refunding bonds; (iv) net amounts owed under the Authority's interest rate hedge agreements (except termination payments); (v) any deficiencies to satisfy debt service reserve fund requirements established under the Authority's 1998 Revenue Bond Indenture; and (vi) any rebate liability owed by the Authority to the United States Department of Treasury that may result from investment of bond proceeds. In particular, revenues of the Authority, after satisfaction of the various payment obligations set forth above, are transferred to the General Fund and are thereafter used for payment of the PATCO operating subsidy, lease payments related to PATCO and other lease obligations of the Authority, any Riverlink Ferry expenses, debt service owed on the
Authority's outstanding Port District Project Fund bonds, interest rate swap termination payments, loan guarantees, insurance deductible payments, and for any other authorized purpose of the Authority. The General Fund is maintained with various banks and money management firms, as a separate fund free and clear of the lien created by the Authority's 1998 Revenue Bond Indenture.

On December 18, 2013, the Authority issued $476,585,000 aggregate principal amount of its Revenue Bonds, Series of 2013 ("2013 Revenue Bonds") for the purpose of funding a portion of the costs of the Authority's approved 2014 Capital Program.

Prior to the issuance of the 2013 Revenue Bonds, approximately $101 million of funds held in General Fund monies had been utilized to fund the approved 2014 Capital Program with the expectation that such expended funds would be reimbursed to the General Fund with 2013 Revenue Bond proceeds in a like amount.

A portion of the 2013 Revenue Bond proceeds have heretofore been utilized to reimburse the amounts previously expended from the General Fund to fund approved Capital Projects. In doing so, the General Fund has increased to approximately $400 million in available monies.

The Authority's Finance Committee has proposed the maintenance of a minimum unrestricted General Fund balance of approximately $225 million. As part of such proposal, and to provide funding for a portion of the costs of the Authority’s 2014 Capital Program, the Finance Committee has proposed the creation and funding of a separate unrestricted account or subaccount within the General Fund into which any funds in excess of the $225 million minimum balance would be deposited into the account or subaccount, on a monthly basis. General Fund monies deposited into such unrestricted account or subaccount would then be available to fund all or a portion of the costs of the Authority's current and future capital programs on a pay-as-you-go basis, it being acknowledged that all monies deposited in any such account or subaccount would be available to the Authority for any other lawful purpose of the Authority if and when required.
<table>
<thead>
<tr>
<th>SUMMARY:</th>
<th>Amount:</th>
<th>Initial Amount Approximately $180 million</th>
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<tbody>
<tr>
<td>Source of Funds:</td>
<td>General Fund</td>
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<tr>
<td>Capital Project #:</td>
<td>N/A</td>
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<td>Operating Budget:</td>
<td>N/A</td>
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<td>Master Plan Status:</td>
<td>N/A</td>
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<td>Other Fund Sources:</td>
<td>N/A</td>
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<td>Duration of Contract:</td>
<td>N/A</td>
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<td>Other Parties Involved:</td>
<td>N/A</td>
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SUMMARY STATEMENT
Finance 4/2/2014

Creation of Separate Unrestricted Account or Subaccount in the General Fund for Capital Program Expenditures
RESOLUTION

RESOLVED: That the Board authorizes DRPA staff to establish the creation of a separate unrestricted account or subaccount within the General Fund, funds deposited into which would be available to pay for a portion of the costs of the Authority’s current and future capital programs, on a pay-as-you-go basis. Such unrestricted account or subaccount to be funded with any General Fund monies in excess of a $225 million minimum unrestricted General Fund balance to be available to pay for a portion of the costs of the Authority’s current and future capital program costs, it being acknowledged that all monies deposited in any such account or subaccount would be available to the Authority for any other lawful purpose of the Authority if and when required.

RESOLVED: The Chair, Vice 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 to establish and create the account or subaccount authorized hereby. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair 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 Chair and Vice Chair 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: Initial Amount Approximately $180 million
Source of Funds: General Fund
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: N/A