

## **SUMMARY STATEMENT**

**ITEM NO. DRPA-16-133**                      **SUBJECT:**    **Resolution in accordance with Section 5.07 of the 1999 Port District Project Bonds Indenture dated December 1, 1999 With The Bank of New York Mellon as Trustee, to adopt an Annual Budget of the Delaware River Port Authority for the 2017 Fiscal Year**

**COMMITTEE:**    **Finance**

**COMMITTEE MEETING DATE:**                      **November 30, 2016**

**BOARD ACTION DATE:**                              **December 7, 2016**

**PROPOSAL:**                      **That the Board of Commissioners adopt an Annual Budget in accordance with Section 5.07 of the 1999 Port District Project Bonds Indenture dated December 1, 1999 with The Bank of New York Mellon as Trustee.**

**PURPOSE:**                      **To fulfill the requirements pursuant to Section 5.07 of the 1999 Port District Project Bonds Indenture with The Bank of New York Mellon as Trustee. (Effective February 28, 2001, The Bank of New York Mellon replaced Summit Bank as Trustee, as a result of the acquisition of Summit Bank's Corporate Trust Business.)**

**BACKGROUND:**                      **Section 5.07 of the 1999 Port District Project Bonds Indenture with The Bank of New York Mellon as Trustee (1999 Port District Project Bonds Indenture), dated December 1, 1999, as approved by the Board of Commissioners of the Delaware River Port Authority (Authority), provides in pertinent part:**

**The Authority covenants that on or before December 31 in each Fiscal Year it will adopt a final budget (Annual Budget) for the ensuing Fiscal Year of the PATCO Subsidy, the amount of any operating subsidy paid or payable by the Authority to or for the account of any other subsidiary of the Authority and all other material operating expenses of the Authority payable from the General Fund. The Authority shall include the debt service payable on the Bonds and any Additional Subordinated Indebtedness during such ensuing Fiscal Year and all amounts required to be paid by the Authority into the Debt Service Reserve Fund or the Rebate Fund during such Fiscal**

**Year in such budget on or before December 31 in each Fiscal Year  
with the Trustee and Bond Issuer.**

**The attached 2017 Annual Budget provides the amount of funds  
required for each component of Section 5.07 of the 1999 Port District  
Project Bonds Indenture as stated above. The following provides a  
summary of the determination of each component of the Annual  
Budget.**

**PATCO Subsidy:**

**As defined in the 1998 Revenue Bond Indenture, the PATCO Subsidy  
generally includes (a) the amount of any operating subsidy paid or  
payable by the Authority to or for the account of PATCO with respect  
to the Rapid Transit System, plus (b) the amount of rent and other  
payment obligations paid or payable by the Authority under the  
Locust Street Subway Lease, including payments into the Community  
Impact Fund.**

**The Authority's operating subsidy to PATCO for 2017 is estimated to  
be \$29,701,624 (Estimated PATCO operating revenues of \$27,024,853  
less 2017 PATCO Operating Budget expenses of \$56,726,477). Under  
the terms of the Locust Street Subway Lease, amended December 12,  
1995, the Authority will pay, in 2017, approximately \$3,291,444 to the  
City of Philadelphia and \$500,000 in Community Impact Funds.**

**The PATCO Subsidy (including the payments under the Locust Street  
Subway Lease) is estimated to be \$33,493,068 in 2017 and such funds  
are included in the 2017 Annual Budget.**

**Other General Fund Obligations**

The Authority anticipates expenditures of \$826,555 for various management and other studies, and approximately \$250,000 in legal costs related to a U.S. subpoena related to its economic development program.

**Bond Related Deposits and Payments**

**Debt Service Payable on the Bonds and Additional Subordinated Indebtedness**

In accordance with the terms of the 1999 Port District Project Bonds Indenture the amount of \$5,777,066 representing debt service payments and deposits to the Debt Service Fund on the Bonds and \$13,092,200 representing debt service payments and deposits to the Debt Service Fund on Additional Subordinated Indebtedness, for the 2017 Fiscal Year and such amounts are included in the 2017 Annual Budget.

**Amounts to be deposited to**

**Debt Service Reserve Fund**

In accordance with the terms of the 1999 Port District Project Bonds Indenture, the 1999 Debt Service Reserve Fund is required to be funded at all times in an amount equal to the 1999 Debt Service Reserve Requirement. The 1999 Debt Service Reserve Fund was funded in an amount equal to the 1999 Debt Service Reserve Requirement from the proceeds of the 1999 Bond issue, and no further monies are required to be deposited in 2017.

**SUMMARY STATEMENT**  
**Finance 11/30/16**

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**Resolution in accordance with  
Section 5.07 of the 1999 Port District  
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**Rebate Fund**

**In accordance with the 1999 Port District Project Bonds Indenture no  
deposits are expected to be made to the 1999 Rebate Fund for the 2017  
Fiscal Year.**

<b>SUMMARY:</b>	<b>Amount:</b>	<b>\$53,438,889</b>
	<b>Source of Funds:</b>	<b>General Fund</b>
	<b>Capital Project #:</b>	<b>N/A</b>
	<b>Operating Budget:</b>	<b>N/A</b>
	<b>Master Plan Status:</b>	<b>N/A</b>
	<b>Other Fund Sources:</b>	<b>N/A</b>
	<b>Duration of Contract:</b>	<b>N/A</b>
	<b>Other Parties Involved:</b>	<b>N/A</b>

**DRPA-16-133**  
**Finance Committee: November 30, 2016**  
**Board Date: December 7, 2016**  
**Resolution in accordance with Section**  
**5.07 of the 1999 Port District Project Bonds**  
**Indenture dated December 1, 1999**  
**with The Bank of New York Mellon**  
**as Trustee, to adopt an Annual Budget of the**  
**Delaware River Port Authority for the**  
**2017 Fiscal Year**

**RESOLUTION**

**RESOLVED:** That the accompanying 2017 Annual Budget, as defined in the 1999 Port District Project Bonds Indenture of Trust dated December 1, 1999 with The Bank of New York Mellon as Trustee, is hereby adopted and be it further

**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. 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.

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	<b>Source of Funds:</b>	<b>General Fund</b>
	<b>Capital Project #:</b>	<b>N/A</b>
	<b>Operating Budget:</b>	<b>N/A</b>
	<b>Master Plan Status:</b>	<b>N/A</b>
	<b>Other Fund Sources:</b>	<b>N/A</b>
	<b>Duration of Contract:</b>	<b>N/A</b>
	<b>Other Parties Involved:</b>	<b>N/A</b>

**2017 ANNUAL BUDGET  
 CERTIFICATE IN ACCORDANCE WITH SECTION 5.07  
 OF THE 1999 PORT DISTRICT PROJECT BONDS INDENTURE OF TRUST  
 (In thousands)**

PATCO Subsidy	<b><u>2017</u></b>
Operating revenues	\$27,025
Operating expenses	<u>56,726</u>
Operating loss	29,702
Locust Street Subway Lease	<u>3,791</u>
Total	<u>33,493</u>
Other operating expenses payable from the General Fund	
Management studies and legal costs	<u>1,077</u>
	<u>1,077</u>
Deposits to be made for Debt Service Payable on The Bonds	5,777
Deposits to be made for Debt Service on Additional Subordinated Indebtedness	<u>13,092</u>
	<u>18,869</u>
Amounts to be Deposited to	
Debt Service Reserve Fund	0
Rebate Fund	<u>0</u>
	<u>0</u>
<b>TOTAL ANNUAL BUDGET</b>	<b><u><u>\$53,439</u></u></b>