SUMMARY STATEMENT

ITEM NO. DRPA-16-134	**SUBJECT:**	**Resolution in accordance with Section 5.07 of the 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. 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 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. as Trustee.**

PURPOSE: **To fulfill the requirements pursuant to Section 5.07 of the 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. as Trustee.**

BACKGROUND: **Section 5.07 of the 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. as Trustee (2012 Port District Project Bonds Indenture), dated December 1, 2012, 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 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. as Trustee 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 2012 Port District Project Bonds Indenture the amount of $13,092,200, representing debt service payments and deposits to the Debt Service Fund on the Bonds and $5,777,066 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 2012 Port District Project Bonds Indenture dated December 1, 2012, the 2012 Debt Service Reserve Fund is required to be funded at all times in an amount equal to the 2012 Debt Service Reserve Requirement. The 2012 Debt Service Reserve Fund was funded in an amount equal to the 2012 Debt Service Reserve Requirement from the proceeds of the 2012 Bond issue, and no further monies are required to be deposited in 2017.

Rebate Fund

In accordance with the 2012 Port District Project Bonds Indenture no deposits are expected to be made to the 2012 Rebate Fund for the 2017 Fiscal Year.

SUMMARY:	**Amount:**	**$53,438,889**
	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**

DRPA-16-134
Finance: November 30, 2016
Board: December 7, 2016
Resolution in accordance with Section 5.07 of the 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. 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 2012 Port District Project Bonds Indenture dated December 1, 2012 with TD Bank, N.A. 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.**

SUMMARY:	**Amount:**	**$53,438,889**
	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**

JMW:jd
Finance

2017 ANNUAL BUDGET
CERTIFICATE IN ACCORDANCE WITH SECTION 5.07
OF THE 2012 PORT DISTRICT PROJECT REFUNDING BONDS INDENTURE OF TRUST
(In thousands)

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

JMW:jd
Finance