

SUMMARY STATEMENT

ITEM NO.: DRPA-18-007

SUBJECT: Authorization for Use of General Fund Monies to Provide for Defeasance and Redemption of All or Portions of the Authority's 2010D Revenue Bonds and Authorization to Take Certain Actions in Connection Therewith

COMMITTEE:

Finance

COMMITTEE DATE:

January 10, 2017

BOARD ACTION DATE:

January 17, 2017

PROPOSAL:

Utilize funds from the Authority's General Fund to defease and, thereafter, pay at maturity or earlier redemption, all or a portion of the Authority's Revenue Bonds, Series D of 2010 ("2010D Revenue Bonds") and the taking of all necessary action in connection therewith.

PURPOSE:

Authorize and approve: (i) the utilization of certain monies held in the General Fund for the purpose of defeasing all or a portion of the 2010D Revenue Bonds (collectively referred to hereafter as the "Defeased Bonds") by funding an escrow, on such date as shall be hereafter determined ("Defeasance Date"), in an amount, together with investment income thereon, sufficient to pay (a) interest on the Defeased Bonds through and including the maturity date or first optional redemption date thereof ("Redemption Date"), as applicable, (b) the principal or redemption price of the Defeased Bonds on the maturity date or Redemption Date, as applicable, and (c) the costs and expenses incurred in connection with the Defeasance and Redemption Project (items (a) through (c) are collectively referred to herein as the "Defeasance and Redemption Project"); and (ii) the taking of certain actions necessary or required to effectuate and complete the Defeasance and Redemption Project.

BACKGROUND:

The Authority has heretofore authorized and issued the 2010D Revenue Bonds, which were issued pursuant to an Indenture of Trust, dated as of July 1, 1998, by and between TD Bank, N.A., as successor trustee, and the Authority, as amended and supplemented to date ("1998 Indenture").

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The 2010D Revenue Bonds were originally issued in an aggregate principal amount of \$308,375,000, all of which are currently outstanding. Pursuant to the 1998 Indenture, the 2010D Revenue Bonds are subject to redemption at the option of the Authority prior to maturity in whole or in part at any time on or after January 1, 2020 at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption.

In order to reduce the outstanding debt of the Authority and/or achieve savings on the 2010D Revenue Bonds, the Authority desires to authorize the use of certain monies in the Authority's General Fund established under the 1998 Indenture, as may be determined by the Chief Executive Officer of the Authority upon the parameters set forth in this Resolution, to legally defease and, thereafter, pay at maturity or redeem, on the Redemption Date, as applicable, all or any portion of the outstanding 2010D Revenue Bonds; and

The Board is now desirous of authorizing and approving: (i) the utilization of certain monies held in the General Fund for the purpose of defeasing all or a portion of the Defeased Bonds by funding an escrow, on the Defeasance Date, in an amount, together with investment income thereon, sufficient to pay (a) interest on the Defeased Bonds through and including the maturity date or Redemption Date, as applicable, (b) the principal or redemption price of the Defeased Bonds on the maturity date or Redemption Date, as applicable, and (c) the costs and expenses incurred in connection with the Defeasance and Redemption Project; and (ii) the taking of any and all action necessary or required to complete the foregoing.

In connection with the Defeasance and Redemption Project, it is also necessary and appropriate for the Board to authorize and approve: (i) the execution and delivery of an escrow deposit agreement or other similar agreement ("Escrow Agreement") with a duly qualified banking or trust company (who may be the Trustee) ("Escrow Agent") for the purpose of providing for the deposit of General Fund monies and the use and investment thereof prior to and on the maturity date or Redemption Date, as applicable; (ii) purchasing

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certain Defeasance Securities (as such term is defined in the 1998 Indenture), including the appointment and utilization of a bidding agent or other qualified entity for the purpose of identifying and bidding for the purchase of such Defeasance Securities ("Bidding Agent") from eligible securities providers; (iii) the preparation and dissemination of any required notices, certificates or other documents required by the terms of the 1998 Indenture for purposes of defeasing and/or calling for redemption the Defeased Bonds; and (iv) authorizing and approving any and all other required actions in connection with the Defeasance and Redemption Project.

Authorize and approve: (i) the utilization of certain monies held in the General Fund for the purpose of defeasing all or a portion of the 2010D Revenue Bonds (collectively referred to hereafter as the "Defeased Bonds") by funding an escrow, on such date as shall be hereafter determined ("Defeasance Date"), in an amount, together with investment income thereon, sufficient to pay (a) interest on the Defeased Bonds through and including the maturity date or first optional redemption date thereof ("Redemption Date"), as applicable, (b) the principal or redemption price of the Defeased Bonds on the maturity date or Redemption Date, as applicable, and (c) the costs and expenses incurred in connection with the Defeasance and Redemption Project (items (a) through (c) are collectively referred to herein as the "Defeasance and Redemption Project"); and (ii) the taking of certain actions necessary or required to effectuate and complete the Defeasance and Redemption Project.

SUMMARY:

Amount: Not to exceed \$335,000,000
Sources 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: TBD
Other Parties Involved: TD Bank, National Association, as
Trustee; Co-Financial Advisors; Co-Bond
Counsel; Escrow Agent; Bidding Agent;
Verification Agent

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Finance Committee Date: January 10, 2018

Board Date: January 17, 2018

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RESOLUTION

RESOLVED: That the Board of Commissioners ("Board") of the Delaware River Port Authority ("Authority") hereby authorizes and approves: (i) the utilization of certain monies held in the General Fund established pursuant to the Indenture of Trust, dated as of July 1, 1998, by and between TD Bank, N.A., as successor trustee ("Trustee"), and the Authority, as amended and supplemented to date ("1998 Indenture") for the purpose of defeasing all or a portion (collectively referred to hereafter as the "Defeased Bonds") of the Authority's Revenue Bonds, Series D of 2010 ("2010D Revenue Bonds") by funding an escrow, on such date as shall be hereafter determined ("Defeasance Date"), in an amount, together with investment income thereon, sufficient to pay (a) interest on the Defeased Bonds through and including the maturity date or first optional redemption date thereof ("Redemption Date"), as applicable, (b) the principal or redemption price of the Defeased Bonds on the maturity date or Redemption Date, as applicable, and (c) the costs and expenses incurred in connection with the Defeasance and Redemption Project (items (a) through (c) are collectively referred to herein as the "Defeasance and Redemption Project"); and (ii) the taking of certain actions necessary or required to effectuate and complete the Defeasance and Redemption Project, subject in all respects to the satisfaction or waiver of the various conditions precedent provided by the 1998 Indenture and/or the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder ("Code") for the reasons set forth in the preambles to this Resolution; and

RESOLVED: That, in connection therewith, the Authority hereby authorizes, approves and directs that up to \$335,000,000.00 of monies held in the Authority's General Fund be used to effectuate and complete the Defeasance and Redemption Project on behalf of the Authority as described in this Resolution ("Available General Fund Monies"); and

RESOLVED: That the Chief Executive Officer, with the advice of the Authority's Chief Financial Advisor, Co-Financial Advisors, Co-Bond Counsel,

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General Counsel and other professional advisors, is hereby authorized and directed to: (i) determine (a) which of the 2010D Revenue Bonds shall be defeased in accordance with the terms of the 1998 Indenture, and (b) which of the Defeased Bonds shall, thereafter, be specifically called for optional redemption or paid at maturity; provided, however, in each case, that any such determinations shall be made upon the terms most favorable to the Authority, while minimizing risk to the Authority; and

RESOLVED: That the amount of the Authority's General Fund monies to be used to defease the principal of and interest on the Defeased Bonds and to, thereafter, pay at maturity or redeem the principal of the Defeased Bonds, shall not exceed, in the aggregate, the amount set forth above; and

RESOLVED: That, in connection with the Defeasance and Redemption Project, the Chief Executive Officer, with the advice of the Authority's Chief Financial Officer/Treasurer, Co-Financial Advisors and Co-Bond Counsel, is hereby authorized and directed to determine the necessary and appropriate "debt service reserve requirement" for the 2010D Revenue Bonds and any and all other "Bonds" issued and outstanding under the 1998 Indenture. For such purpose, and with the advice and counsel of the Authority's Financial Advisors, Co-Bond Counsel and any other professional advisors, the Chief Executive Officer is hereby authorized and directed to utilize, transfer and/or direct the release of such funds held and maintained under the 1998 Indenture including, but not limited to, those funds then held in the Debt Service Reserve Fund and the General Fund, in each case in accordance with the applicable terms and provisions of the 1998 Indenture and in accordance with the Code; and

RESOLVED: That the Chief Executive Officer, with the advice of the Chief Financial Officer/Treasurer, Co-Financial Advisors and Co-Bond Counsel, is hereby authorized to take such necessary and appropriate actions, including the amendment and/or termination of all or a portion of the existing "Reserve Fund Credit Facilities" (as such term is defined in the 1998 Indenture) presently maintained by the Authority to facilitate, among other things, the appropriate sizing of the Debt Service Reserve Fund; and

RESOLVED: That, in connection with the Defeasance and Redemption Project, the Chief Executive Officer, with the advice and assistance of the Chief Financial Officer/Treasurer, is hereby authorized and directed to procure the services of and, thereafter select and appoint: (i) an Escrow Agent; (ii) one or more Bidding Agents; (iii) one or more verification agents for the purpose of, among other things, verifying

the mathematical computations for the sufficiency of deposits to defease, pay at maturity and/or redeem the Defeased Bonds on the Redemption Date ("Verification Agent"); (iv) the Co-Financial Advisors; (v) Co-Bond Counsel; and (vi) any special counsel or co-counsel or other professional advisors for the Authority deemed necessary or required; and

RESOLVED: That the Chairman, Vice Chairman and Chief Executive Officer of the Authority (collectively, the "Authorized Officers"), with the advice and assistance of the Chief Financial Officer/Treasurer, General Counsel, Co-Financial Advisors and Co-Bond Counsel are hereby authorized directed to execute and deliver an agreement on behalf of the Authority with the Escrow Agent, the Bidding Agent, the Verification Agent, the Co-Financial Advisors, Co-Bond Counsel and any other counsel or professional advisors deemed necessary or required, for the services to be provided; provided, however, that any such agreements shall be subject to review by the Chief Executive Officer and General Counsel to the Authority prior to execution by the Authority; and

RESOLVED: That the Authorized Officers, with the advice and counsel of the Chief Financial Officer/Treasurer, General Counsel, Co-Financial Advisors and Co-Bond Counsel are each hereby authorized and directed to: (i) execute and deliver any and all agreements, contracts, certificates, documents and instruments necessary or required to effect the Defeasance and Redemption Project and all other matters authorized in this Resolution including, but not limited to, an escrow deposit agreement, a tax compliance or tax regulatory agreement, and such other agreements, documents, certificates and instruments as General Counsel, the Co-Financial Advisors, Co-Bond Counsel and the Authority's other professional shall advise are necessary or appropriate; and (ii) prepare and disseminate, on behalf of the Authority, any and all notices necessary or required to defease, pay at maturity and/or redeem the 2010D Bonds (items (i) and (ii) are collectively referred to as the "Required Transaction Documents"); and

RESOLVED: That, to the extent that Chief Executive Officer or the Authorized Officers, as applicable, have approved any Required Transaction Documents, or any other contracts, agreement, documents, instruments, exhibits and certificates in connection with the Defeasance and Redemption Project described in this Resolution, 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 of such documents in their absence, then the Chief Executive Officer and the Chief Financial Officer/Treasurer shall execute such documents on behalf of the Authority; and

RESOLVED: That the Authority hereby authorizes and directs the payment of fees and expenses incurred by the Trustee, the Escrow Agent, the Bidding Agent, the Verification Agent, the Authority's Co-Financial Advisors, Co-Bond Counsel, and any special counsel or co-counsel or other professional advisors of the Authority engaged by the Authority in connection with the Defeasance and Redemption Project, and counsel to each of the Trustee, the Escrow Agent, the Bidding Agent, the Verification Agent, and, in connection therewith, the Chief Financial Officer/Treasurer is hereby authorized to pay such fees and expenses on the basis of a fixed or earned fee specifically agreed to by the Authority and each such party, plus any reasonable costs and expenses in excess thereof approved by the Chief Financial Officer/Treasurer. The Chief Financial Officer/Treasurer shall prepare and submit a report to the Finance Committee indicating the amount of any such fees and expenses paid subsequent to the completion of the Defeasance and Redemption Project described herein; and

RESOLVED: That the Authority's staff are hereby authorized to take all other necessary and convenient actions, subject in each case to review and advice of the Chief Executive Officer, Chief Financial Officer/Treasurer and General Counsel, in order to undertake and effectuate on behalf of the Authority, the matters set forth in this Resolution, all in accordance and consistent with this Resolution; and

RESOLVED: That all actions heretofore taken by or on behalf of the Authority by the Chief Executive Officer, General Counsel, the Chief Financial Officer/Treasurer or their respective designees, or the Authority's professional advisors in connection with the Defeasance and Redemption Project are hereby ratified, confirmed, approved and adopted; and

RESOLVED: That all prior resolutions or parts thereof to the extent inconsistent with this Resolution are hereby rescinded and repealed; and

RESOLVED: That all prior resolutions or parts thereof to the extent inconsistent with this Resolution are hereby rescinded and repealed.

SUMMARY:

Amount:	Not to exceed \$335,000,000
Sources 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:	TBD
Other Parties Involved:	TD Bank, National Association, as Trustee; Co-Financial Advisors; Co-Bond Counsel; Escrow Agent; Bidding Agent; Verification Agent