

## **SUMMARY STATEMENT**

**ITEM NO.** **SUBJECT:** Resolution in accordance with Section 5.07 of the 1998 Port District Project Bonds Indenture dated August 15, 1998 with The Bank of New York as Trustee, to adopt an Annual Budget of the Delaware River Port Authority for the 2005 Fiscal Year

**COMMITTEE:** Finance

**COMMITTEE MEETING DATE:** December 8, 2004

**BOARD ACTION DATE:** December 15, 2004

**PROPOSAL:** That the Board of Commissioners adopt an Annual Budget in accordance with Section 5.07 of the 1998 Port District Project Bonds Indenture dated August 15, 1998 with The Bank of New York as Trustee.

**PURPOSE:** To fulfill the requirements pursuant to Section 5.07 of the 1998 Port District Project Bonds Indenture with The Bank of New York as Trustee. (Effective in March 2003, the Bank of New York replaced U.S. Trust Company of New Jersey as Trustee, as a result of the acquisition of U.S. Trust Company's Corporate Trust business.)

**BACKGROUND:** Section 5.07 of the 1998 Port District Project Bonds Indenture with The Bank of New York as Trustee (1998 Port District Project Bonds Indenture), dated August 15, 1998, 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 2005 Annual Budget provides the amount of funds required for each component of Section 5.07 of the 1998 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 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 2005 is estimated to be \$18,576,000 (Estimated PATCO operating revenues of \$19,811,000 less 2005 PATCO Operating Budget expenses of \$38,387,000). Under the terms of the Locust Street Subway Lease, amended December 12, 1995, the Authority will pay, in 2005, approximately \$2,579,000 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 \$21,655,000 in 2005 and such funds are included in the 2005 Annual Budget.

#### **Other General Fund Obligations**

Other material operating expenses of the Authority payable from the General Fund in 2005 are the costs of the Port of Philadelphia and Camden operation. The projected net costs of these activities are estimated to be \$911,000.

#### **Bond Related Deposits and Payments**

##### **Debt Service Payable on the Bonds**

In accordance with the terms of the 1998 Port District Project Bonds Indenture the amount of \$5,595,000 representing debt service payments and deposits to the Debt Service Fund for the Bonds and \$24,206,000 representing debt service payments and deposits to the Debt Service Fund for Additional Subordinated Indebtedness for the 2005 Fiscal Year and such amounts are included in the 2005 Annual Budget.

#### **Amounts to be deposited to**

##### **Debt Service Reserve Fund**

In accordance with the terms of the 1998 Port District Project Bonds Indenture, the 1998 Debt Service Reserve Fund is required to be funded at all times in an amount equal to the 1998 Debt Service Reserve Requirement. The 1998 Debt Service Reserve Fund was funded in an amount equal to the 1998 Debt Service Reserve Requirement from the proceeds of the 1998 Bond issue, and no further monies are required to be deposited in 2005.

##### **Rebate Fund**

In accordance with the 1998 Port District Project Bonds Indenture no deposits are expected

**to be made to the 1998 Rebate Fund for the 2005 Fiscal Year.**

<b>SUMMARY: Amount:</b>	<b>N/A</b>
<b>Source of Funds:</b>	<b>N/A</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-04-125  
Finance Committee: 12/8/04  
Board: 12/15/04

**RESOLUTION**

**RESOLVED:** That the accompanying 2005 Annual Budget, as defined in the 1998 Port District Project Bonds Indenture of Trust dated August 15, 1998 with The Bank of New York as Trustee, is hereby adopted and be it further

**RESOLVED:** The Chair, Vice Chairman 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 Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman 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 Chairman and Vice Chairman 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.

<b>SUMMARY:</b>	<b>Amount:</b>	<b>N/A</b>
	<b>Source of Funds:</b>	<b>N/A</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>