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David J. Aubrey, CIA, CFE
Acting Inspector General
Office of the Inspector General

OIG Memorandum

TO: J. M. White, CFO

FROM: D. J. Aubrey, Acting Inspector General

SUBJECT: Review of Reallocation of Economic Development Funds
(SS&Rs DRPA-14-126, DRPA-16-063, and DRPA -17-001)

DATE: August 9, 2018

The Office of the Inspector General (OIG) performed a review of multiple transactions applied against reallocated funds that were previously designated for economic development projects. This review focused on transactions associated with the reallocated economic development funds as authorized by Summary Statement and Resolutions (SS&Rs) DRPA-14-126 (Authorization to Reallocate Unspent PDP Bond Proceeds and Unspent Upfront Payments from Associated PDP Swaps and to Allocate Funding from the General Fund for Certain Loan Guarantees), DRPA-16-063 (Amendment of Schedule A (Project List) to Indenture Trust for PDP Bonds, Series A of 1999 (Bond Resolution DRPA 99-051); Authorization to Reallocate Unspent PDP Bond, Series A of 1999 Proceeds (See DRPA-99-051, DRPA-01-147, DRPA-02-042, DRPA-08-019)), and SS&R DRPA-17-001 (Authorization to Reallocate Unspent 1999 PDP Bonds (Series B) and Related Interest Rate Swap Proceeds for Certain Other Capital Projects). The Accounting Manager provided OIG with a documentation package in support of the transactions, including documentation supporting the movement of project funding, vouchers / invoices with attached support, issued DRPA checks, and associated accounting.

Objective / Scope

The purpose of this review was to assure compliance with the authorized SS&Rs DRPA-14-126, DRPA-16-063, and DRPA -17-001. The scope of this review is limited to the total \$1,140,455.11 in transferred economic development funding applied to the PATCO Threat and Vulnerability Assessment, Ben Franklin Bridge (BFB) South Walkway Bike / Pedestrian Ramp Project, and authorized "ongoing operating expenses" associated with economic development projects (i.e. legal costs).

This specific review focused on the following transactions (See 2017 Application in table below) utilizing the reallocated economic development funds:

| Former Economic Development Project | Total | Authorizing SS&R | Funds Previously Disbursed/Reallocated and Applied | Balance / Reserve | 2017 Application | Remaining Balance / Reserve | Associated Project Costs |
|--|------------------------|------------------|--|------------------------|--------------------------|-----------------------------|---|
| Chester PA Infrastructure Improvements | \$ 2,492,465.38 | DRPA-16-063 | \$ (1,992,465.38) | \$ 500,000.00 | \$ (323,994.19) | \$ 176,005.81 | <i>Threat & Vulnerability Assessment</i> |
| Repaupo Creek | \$ 665,819.75 | DRPA-17-001 | \$ - | \$ 665,819.75 | \$ (665,819.75) | \$ - | <i>BFB South Walkway Bike / Pedestrian Ramp</i> |
| L3 Communications | \$ 1,000,000.00 | DRPA-14-126 | \$ (500,000.00) | \$ 500,000.00 | \$ (150,641.17) | \$ 349,358.83 | <i>Legal Costs</i> |
| | <u>\$ 4,158,285.13</u> | | <u>\$ (2,492,465.38)</u> | <u>\$ 1,665,819.75</u> | <u>\$ (1,140,455.11)</u> | <u>\$ 525,364.64</u> | |

The transactions were reviewed to assure: 1) the flow of approved project funds, as well as the flow of funds within the various DRPA cash accounts, were accurate and in compliance with the associated and approved SS&Rs; 2) the transactions were properly approved and agreed with the associated invoices, the invoices were directly related to the identified and authorized projects in compliance with the language of the associated SS&Rs, and that the associated disbursements were in agreement with the approved invoices; and 3) the associated accounting was accurately applied and consistent with the transactions.

Background

As background, SS&R DRPA-16-063, dated May 18, 2016, authorizes the DRPA to reallocated and to permit use of \$2,492,465.38 of unspent proceeds of 1999A PDP Bonds to: (a) pay the cost of a PATCO Threat & Vulnerability Assessment (\$500,000.00 estimated), and, (b) pay a portion of the costs of the Walt Whitman Bridge Stiffening Truss, Tower and Anchorage Steel Painting Project, with the Excess 1999A Bond Proceeds to be allocated between these two Projects in such relative amounts and expended at such times as the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of the Authority staff, shall determine.

SS&R DRPA-17-001, dated September 26, 2017, authorized and allowed the DRPA to reallocate a portion of the Excess Funds derived from the now completed Repaupo Creek Improvement Project in the amount of \$666,819.75¹ to fund a portion of the costs the BFB Bike and Pedestrian Ramp Project, a qualifying bridge and crossing project, in accordance with the directive of the Economic Development Resolution.

SS&R DRPA-14-126, dated October 16, 2014, allowed for the reallocation of the excess funds: (i) in the amount of \$3,688,234.16 which was used to fund a portion of the costs for the BFB Bridge and PATCO Track Project; and (ii) in the amount of \$500,000 to fund the "Ongoing Operating Expenses" associated with economic development projects to be completed (i.e. legal costs).

(Note: See Attachments B, C, and D for SS&Rs DRPA-14-126, DRPA-16-063, and DRPA -17-001, respectively)

¹ Regarding SS&R DRPA -17-001, after Finance management reviewed its records it appeared that only \$665,819.75 was available for reallocation. Finance management took a conservative approach and applied expenses against the authorized project using the lesser of the two figures.

Conclusion

OIG reviewed the documentation package provided by the CFO and Accounting Manager in support of the approved reallocation of economic development funding, and its approved usage, totaling \$1,140,455.11. As a result of our review, OIG determined the following:

- the authorized economic development funds, valued at \$ \$1,140,455.11, were appropriately transferred from the Authority's TD Wealth investment accounts and PFM Funds / PFM Asset Management LLC to pay the vendors reflected in [REDACTED];
- the associated transactions were properly approved by DRPA management and agreed to supplied supporting documentation;
- the reallocated funds were applied to fund the disbursement associated with work performed for the PATCO Threat and Vulnerability Assessment, Ben Franklin Bridge (BFB) South Walkway Bike / Pedestrian Ramp Project, and authorized "ongoing operating expenses" associated with economic development projects (i.e. legal costs);
- the associated accounting was recorded accurately, reflecting the transfer of funds and the value of the transaction; and,
- the transactions were completed in compliance with approved SS&Rs DRPA-14-126, DRPA-16-063, and DRPA -17-001.

Upon the application of the supplied and reviewed reallocated Economic Development funds to the authorized projects and costs, a balance of \$525,364.64 remains. According to the CFO, the remaining balance associated with DRPA-16-063 (\$176,005.81) will be applied to applicable authorized payments by year-end 2018 and the balance associated with DRPA-14-126 (\$349, 358.83) will be applied to applicable authorized ongoing operating expenses associated with legacy economic development projects (i.e. legal costs) over the course of the next 12 months.

CFO J. White agreed to notify the Office of the Inspector General as the remaining balance is transferred and applied to authorized disbursements.

Thank you for your cooperation in the completion of this review.

cc: R. Boyer
J. Nash
E. DePasquale
R. Taylor
S. Murphy
A. Nelson
J. Hanson
D. DeBeaumont

ATTACHMENT B

SUMMARY STATEMENT

ITEM NO.: DRPA-14-126

SUBJECT: Authorization to Reallocate Unspent PDP Bond Proceeds and Unspent Upfront Payments from Associated PDP Swaps and to Allocate Funding from the General Fund for Certain Loan Guarantees

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

October 1, 2014

BOARD ACTION DATE:

October 16, 2014

PROPOSAL: That the Board authorizes: (i) the reallocation of a portion of unspent Port District Project Bond proceeds and unspent upfront payments received from associated interest rate swap agreements executed in connection with such Port District Project Bonds in order to (a) complete ongoing bridge and PATCO projects, and (b) establish a reserve to pay for ongoing operating expenses, including engineering and professional fees, incurred and to be incurred in connection with the completion of previously authorized economic development projects; and (ii) the allocation of funding from the General Fund to provide the required reserves for certain loan guarantees that were previously funded by the unspent Port District Project Bond and associated interest rate swap monies being reallocated pursuant to this Resolution.

PURPOSE: To: (i) reallocate a portion of unspent Port District Project Bond proceeds and unspent upfront payments received from associated interest rate swap agreements executed in connection with such Port District Project Bonds in order to (a) complete ongoing bridge and PATCO projects, and (b) establish a reserve to pay for ongoing operating expenses, including engineering and professional fees, incurred and to be incurred in connection with the completion of previously authorized economic development projects; and (ii) allocate funding from the General Fund to provide the required reserves for certain loan guarantees that were previously funded by the unspent Port District Project Bond and associated interest rate swap monies being reallocated pursuant to this Resolution.

BACKGROUND: Reallocation of PDP Bond and PDP Swap Funds

In August of 1999, the Authority issued its: (i) Port District Project Bonds, Series A of 1999 ("1999A PDP Bonds"); and (ii) Port District Project Bonds, Series B of 1999 ("1999B PDP Bonds"), for the purpose

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of financing the costs of certain economic development projects of the Authority. In December of 2001, the Authority issued its: (i) Port District Project Bonds, Series A of 2001 ("2001A PDP Bonds"); and (ii) Port District Project Bonds, Series B of 1999 ("1999B PDP Bonds" and, together with the 1999A PDP Bonds, the 1999B PDP Bonds and the 2001A PDP Bonds, the "PDP Bonds"), the proceeds of which were used to refund a portion of the 1999A PDP Bonds and to finance the costs of certain economic development projects of the Authority. The 1999A PDP Bonds and the 1999B PDP Bonds were authorized to be issued pursuant to and in accordance with the Port District Project Indenture of Trust, dated as of December 1, 1999 ("1999 PDP Indenture"), which 1999 PDP Indenture was authorized by DRPA Bond Resolution 99-051, adopted on August 18, 1999, as the same has been heretofore amended pursuant to DRPA Resolutions 08-020 and 09-052, duly adopted on February 20, 2008 and July 15, 2009, respectively. The 2001A PDP Bonds were authorized to be issued pursuant to and in accordance with the Port District Project Indenture of Trust, dated as of December 1, 2001 ("2001 PDP Indenture" and, together with the 1999 PDP Indenture, the "PDP Indentures"), which 2001 PDP Indenture was authorized by DRPA Bond Resolution 01-071, adopted on August 15, 2001.

In connection with the issuance of the PDP Bonds, the Authority executed two interest rate swap agreements (collectively, the "PDP Swaps"), pursuant to which the Authority received upfront premium payments from the counterparties thereto, a portion of which were used to pay for the costs of certain economic development projects of the Authority. The PDP Swaps have subsequently been terminated by the Authority.

Pursuant to a resolution duly adopted by the Board on December 12, 2013, which amended Resolution DRPA-10-062 ("Economic Development Resolution"), the Board resolved to prohibit the use of any funds derived from or related to economic development projects, including the proceeds of the PDP Bonds and the PDP Swaps, to be used for anything other than projects directly connected to the bridge and crossing assets of the Authority under the Board's direct control. However, pursuant to the Economic Development Resolution, any economic development projects explicitly authorized by a resolution passed by the Board on or before December 31, 2011 were permitted to be completed in order to allow the Authority and PATCO to discharge any lawful contractual obligations.

With such direction, the Authority has since endeavored to complete those economic development projects that had been authorized prior to December 31, 2011 and to fund the costs of same with funds that have been derived from, among other sources: (i) the proceeds of the PDP Bonds; and (ii) the upfront payments received by the Authority in

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connection with the PDP Swaps.

The Authority has either completed, nearly completed, or determined not to undertake, certain previously approved economic development that were expected to be funded with a portion of the proceeds of the PDP Bonds and the upfront PDP Swap payments and, as result, excess funds remain or will become available to the Authority (such funds being hereafter referred to as the "Excess Funds"). In particular, the Excess Funds derive from the following economic development projects authorized prior to December 31, 2011 and are attributable to the following sources:

- (i) \$1,500,000 from the Admiral Wilson Blvd. (Gateway) Project attributable to the PDP Swaps originally authorized by Resolution DRPA-09-014;
- (ii) \$1,000,000 from the L3 Communications Loan Guarantee attributable to the PDP Swaps originally authorized by Resolution DRPA-01-129;
- (iii) \$1,000,000 from the USS New Jersey Loan Guaranty attributable to the 1999A PDP Bonds originally authorized by Resolution DRPA-03-034;
- (iv) \$200,000 from the Ship Recycling Research Loan Guaranty attributable to the 2001B PDP Bonds originally authorized by Resolution DRPA-02-043;
- (v) \$247,459.90 from the County of Camden – Capital Projects attributable to the 2001A PDP Bonds originally authorized by Resolution DRPA-09-100 and Resolution DRPA-09-101;
- (vi) \$167.48 from the Green Ports Initiative Project attributable to the 1999B PDP Bonds originally authorized by Resolution DRPA-09-004;
- (vii) \$14,675.09 from the NJ Transit Parkade Demolition Project attributable to the 2001A PDP Bonds originally authorized by Resolution DRPA-09-015;
- (viii) \$199,481.69 from the PATCO Transit Ambassadors Project attributable to the PDP Swaps originally authorized by Resolution DRPA-09-106; and
- (ix) \$26,450.00 from the West Jersey Shore Line Project attributable to the 2001A PDP Bonds originally authorized by Resolution DRPA-10-025.

The Board, together with staff, has identified the Authority's ongoing Ben Franklin Bridge / PATCO Track Rehabilitation Project ("Bridge and PATCO Track Project") as a capital project in need of additional funding as such project is a significant, multi-facility capital project requiring over \$100 million in total Authority funding, in large part due

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to no available federal funding. In addition, the Board, together with staff, has identified certain ongoing operating costs and expenses, including, but not limited to, engineering, design, planning and professional fees, that have either been incurred or are expected to be incurred in connection with those limited economic development projects that were approved prior to December 31, 2011, but have not yet been completed (collectively, the "Ongoing Operating Expenses").

Pursuant to the direction of the Economic Development Resolution, the Authority is prohibited from using the Excess Funds to fund any economic development projects other than those projects specifically authorized prior to December 31, 2011. However, the Bridge and PATCO Track Project is a project directly associated with the bridge and crossing assets of the Authority controlled by the Board and is, therefore, not considered an economic development project. In addition, the Ongoing Operating Expenses are and will be directly associated with economic development projects authorized prior to December 31, 2011. As a result, in accordance with the directive of the Economic Development Resolution, the Authority has determined to reallocate a portion of the Excess Funds: (i) in the amount of \$3,688,234.16 to fund a portion of the costs the Bridge and PATCO Track Project; and (ii) in the amount of \$500,000 to fund the Ongoing Operating Expenses associated with to be completed economic development projects (collectively, the "Reallocation Project").

In furtherance of such determination, and after careful investigation and analysis, the Board, together with staff and the Authority's professional advisors, have determined that the utilization of the Excess Funds to fund the Reallocation Project is permitted by and in conformity with the Compact, the Authority's Bylaws, the PDP Bond Indentures and, where applicable, federal income tax rules and regulations.

Allocation from General Fund for Loan Guarantees

As part of the investigation and analysis of the Reallocation Project, the Authority's staff has advised that continuation of the use of a portion of the proceeds of the PDP Bonds and the PDP Swaps to fund the costs of the L3 Communications Loan Guarantee, the USS New Jersey Loan Guarantee and the Ship Recycling Research Loan Guarantee (collectively, the "Loan Guarantees") could affect the tax status of the outstanding PDP Bonds under the applicable federal income tax rules and regulations applicable. As a result of such determination, the Board has determined to reallocate a portion of the Excess Funds attributable to the Loan Guarantees in the amount of \$2,200,000 to the Bridge and PATCO Track Project as described above. In doing so, the Board is now desirous of allocating the same amount of monies held in the General

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Fund that would have otherwise been utilized for the Bridge and PATCO Track Project to fund the required reserve amounts for the Loan Guarantees as permitted by the Compact, the Bylaws of the Authority, the PDP Indentures and the 1998 Revenue Bond Indenture.

Pursuant to this Resolution, the Board now desires to authorize the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of Authority staff, to: (i) reallocate a portion of the Excess Funds in the amount of \$3,688,234.16 to pay for a portion of the costs of the Bridge and PATCO Track Project; (ii) reallocate a portion of the Excess Funds in the amount of \$500,000 to fund the Ongoing Operating Costs; and (iii) allocate a portion of the General Fund in the amount of \$2,200,000 to fund the required reserved amounts for the Loan Guarantees that were previously funded with a portion of the Excess Funds, all in accordance and consistent with the Compact, the Bylaws of the Authority, the PDP Indentures, the Economic Development Resolution and, where applicable, federal income tax rules and regulations. Upon adoption of this Resolution the Chief Executive Officer will have the authority to amend Schedule "A" to the applicable PDP Indenture and shall immediately thereafter deposit said amendment in the records of the Corporate Secretary with the minutes of the Board meeting authorizing this Resolution.

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Finance 10/1/14

SUMMARY STATEMENT:

To: (i) reallocate a portion of unspent Port District Project Bond proceeds and unspent upfront payments received from associated interest rate swap agreements executed in connection with such Port District Project Bonds in order to (a) complete ongoing bridge and PATCO projects, and (b) establish a reserve to pay for ongoing operating expenses, including engineering and professional fees, incurred and to be incurred in connection with the completion of previously authorized economic development projects; and (ii) allocate funding from the General Fund to provide the required reserves for certain loan guarantees that were previously funded by the unspent Port District Project Bond and associated interest rate swap monies being reallocated pursuant to this Resolution.

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|-----------------|--------------------------------|--|
| SUMMARY: | Amount: | \$1,488,752.47 from 1999A, 1999B, 2001A and 2001B PDP Bonds and \$2,699,481.69 from associated PDP Interest Rate Swaps; \$2,200,000 from General Fund |
| | Source of Funds: | 1999A, 1999B, 2001A and 2001B PDP Bonds and associated PDP Interest Rate Swaps; General Fund |
| | Capital Project #: | PF1010 |
| | Operating Budget: | N/A |
| | Master Plan Status: | N/A |
| | Other Fund Sources: | N/A |
| | Duration of Contract: | N/A |
| | Other Parties Involved: | N/A |

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**DRPA-14-126 Finance Committee: October 1,
2014 Board Date: October 16, 2014
Authorization to Reallocate Unspent PDP Bond
Proceeds and Unspent Upfront Payments from
PDP Swap and to Allocate Funding from the
General Fund for Certain Loan Guarantees**

RESOLUTION

RESOLVED: That the Board of Commissioners ("Board") hereby authorize the Chief Executive Officer and the Chief Financial Officer (each acting with the prior approval and consent of the other) to reallocate: (i) unspent proceeds derived from the issuance of the Authority's (a) Port District Project Bonds, Series A of 1999 (Federally Taxable) ("1999A PDP Bonds") and Port District Project Bonds, Series B of 1999 ("1999B PDP Bonds" and, together with the 1999A PDP Bonds, the "1999 PDP Bonds"), and (b) Port District Project Bonds, Series A of 2001 ("2001A PDP Bonds") and Port District Project Bonds, Series B of 2001 ("2001B PDP Bonds" and, together with the 2001A PDP Bonds, the "2001 PDP Bonds") (the 1999A PDP Bonds, the 1999B PDP Bonds, the 2001A PDP Bonds and the 2001B PDP Bonds are collectively referred to herein as the "PDP Bonds") in the amount of \$1,488,752.47; and (ii) unspent funds derived from upfront premium payments received by the Authority in connection with execution of certain interest rate swap agreements associated with the PDP Bonds ("PDP Swaps") in the amount of \$2,699,481.69, to: (i) pay a portion of the costs of the Authority's Ben Franklin Bridge / PATCO Track Rehabilitation Project in the amount of \$3,688,234.16 ("Bridge and PATCO Track Project"); and (ii) establish a reserve to pay for certain ongoing operating costs and expenses, including, but not limited to, engineering, design, planning and professional fees, that have either been incurred or are expected to be incurred in connection with those limited economic development projects that were approved prior to December 31, 2011, but have not yet been completed, in the amount of \$500,000 ("Ongoing Operating Expenses Project"); and

RESOLVED: That the Board hereby authorize the Chief Executive Officer and the Chief Financial Officer (each acting with the prior approval and consent of the other) to allocate a portion of the General Fund in the amount of \$2,200,000 to fund the required reserves for certain loan guarantees provided by the Authority in connection with: (i) the USS New Jersey Project as originally authorized by Resolution DRPA-03-034; and (ii) the Ship Recycling Research Project originally authorized by Resolution DRPA-02-043 (collectively, the "Loan Guarantees"), which Loan

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Guarantees reserves were previously funded with a portion of the proceeds of the PDP Bonds and the PDP Swaps being reallocated to the Bridge and PATCO Track Project and the Ongoing Operating Expenses Project, as permitted by the Compact, the Bylaws of the Authority, the PDP Indentures and the 1998 Revenue Bond Indenture in order to preserve the tax status of the PDP Bonds; and

RESOLVED: That the Board hereby authorize the Chief Executive Officer to amend and further amend, as the case may be, each Schedule "A" (Project List) to (a) the Port District Project Indenture of Trust, dated as of December 1, 1999 ("1999 PDP Indenture") authorized by DRPA Bond Resolution 99-051, adopted on August 18, 1999, as the same has been heretofore amended, and (b) the Port District Project Indenture of Trust, dated as of December 1, 2001 ("2001 PDP Indenture" and, together with the 1999 PDP Indenture, the "PDP Indentures"), authorized by DRPA Bond Resolution 01-071, adopted on August 15, 2001, which PDP Indentures authorized the issuance of the PDP Bonds, in order to memorialize the reallocated projects authorized by this Resolution, and each shall immediately thereafter deposit said amendments in the records of the Corporate Secretary with the minutes of the Board meeting authorizing this Resolution; and

RESOLVED: That staff be and are hereby authorized and directed to undertake all necessary and convenient actions including, but not limited to, the negotiation of forms of agreement, contracts or other similar documents, subject in each case to review and advice of Counsel, in order to provide funding to qualified entities or persons for purposes of assisting, undertaking and/or completing the Bridge and PATCO Track Project, the Ongoing Operating Expenses Project and the allocation of General Fund monies in connection with the Loan Guarantees authorized by this Resolution, all in accordance and consistent with this Resolution, the PDP Indentures, the 1998 Revenue Bond Indenture, the Compact, the Authority's Bylaws, Resolution DRPA-10-062, as amended, and in accordance with the applicable federal income tax rules and regulations; and

RESOLVED: That any agreements, contracts or other documents executed or delivered in connection with the Bridge and PATCO Track Project and the Ongoing Operating Expenses Project shall include appropriate protections for the Authority, as issuer of the PDP Bonds, and to ensure the protection of the tax-exempt status of the interest on the PDP Bonds for federal income tax purposes, where applicable.

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SUMMARY:

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|--------------------------------|--|
| Amount: | \$1,488,752.47 from 1999A, 1999B, 2001A and 2001B PDP Bonds and \$2,699,481.69 from associated PDP Interest Rate Swaps; \$2,200,000 from General Fund |
| Source of Funds: | 1999A, 1999B, 2001A and 2001B PDP Bonds and associated PDP Interest Rate Swaps; General Fund |
| Capital Project #: | PF1010 |
| Operating Budget: | N/A |
| Master Plan Status: | N/A |
| Operating Budget: | Pending |
| Master Plan Status: | Pending |
| Other Fund Sources: | N/A |
| Duration of Contract: | N/A |
| Other Parties Involved: | N/A |

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SUMMARY STATEMENT

ITEM NO.: DRPA-16-063

SUBJECT: Amendment of Schedule A (Project List) to Indenture of Trust for PDP Bonds, Series A of 1999 (Bond Resolution DRPA 99-051); Authorization to Reallocate Unspent PDP Bond, Series A of 1999 Proceeds (See DRPA-99-051, DRPA-01-147, DRPA-02-042, DRPA 08-019)

COMMITTEE:

Finance

COMMITTEE MEETING DATE:

May 11, 2016

BOARD ACTION DATE:

May 18, 2016

PROPOSAL:

That the DRPA amend Schedule A (Project List) to the Indenture of Trust based on the Bond Resolution DRPA 99-051 adopted August 18, 1999 authorizing issuance of Port District Project Bonds, Series A of 1999 (Federally Taxable) (“1999A PDP Bonds”) in order to authorize alternative, permissible, uses for a portion of the unspent Proceeds of 1999A PDP Bonds; That DRPA amend Resolution DRPA 08-019 (which reallocated proceeds of the PDP Bonds, Series A of 1999 originally allocated under DRPA 01-147 and reallocated under DRPA 02-042) to permit use of \$2,492,465.38 of unspent proceeds of 1999A PDP Bonds (the “Excess 1999A Bonds Proceeds”) to (a) pay the cost of a PATCO Threat & Vulnerability Assessment, and (b) to pay a portion of the costs of the Walt Whitman Bridge Stiffening Truss, Tower and Anchorage Steel Painting Project, with the Excess 1999A Bond Proceeds to be allocated between these two Projects in such relative amounts and expended at such times as the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of the Authority staff, shall determine.

PURPOSE:

To reallocate the Excess 1999A Bond Proceeds to (a) pay the costs of a PATCO Threat & Vulnerability Assessment, and (b) pay a portion of the costs of the Walt Whitman Bridge Stiffening Truss, Tower and Anchorage Steel Painting Project.

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SUMMARY STATEMENT

Finance 5/11/16

**Amendment of Schedule A
(Project List) to Indenture of Trust for
PDP Bonds, Series A of 1999 (Bond
Resolution DRPA-99-051); Authorization
to Reallocate Unspent PDP Bond, Series A
of 1999 Proceeds (See DRPA-99-051,
DRPA-01-147, DRPA 02-042, DRPA-08-019)**

BACKGROUND: In August of 1999, the Authority issued its 1999A PDP Bonds for the purpose of financing the costs of certain economic development projects of the Authority. The 1999A PDP Bonds were authorized to be issued pursuant to and in accordance with the Port District Project Indenture of Trust, dated as of December 1, 1999 ("1999 PDP Indenture"), which 1999 PDP Indenture was authorized by DRPA Bond Resolution 99-051, adopted on August 18, 1999, as the same has been heretofore amended pursuant to DRPA Resolutions 01-147, 02-42 and 08-019, duly adopted on December 19, 2001, June 19, 2002 and February 20, 2008, respectively. Pursuant to the aforesaid DRPA Resolutions, a portion of the proceeds of the 1999B PDP Bonds was allocated to a Grant to BPG Land Partners VIII, LLC for infrastructure improvements for a mixed-use development project along the Delaware River waterfront in Chester, Pennsylvania pursuant to a Project Grant Agreement dated July 8, 2009 (the "Grant Agreement"). The 1999 PDP Indenture provides that 1999A Excess Bond Proceeds can be used by DRPA for any lawful purpose. The Grant Agreement has now expired and the DRPA Board, along with the staff, has identified two additional capital projects to which it believes would be in furtherance of the public goals of DRPA to apply the Excess 1999A Bond Proceeds: (a) to the payment of the costs of a proposed PATCO Threat & Vulnerability Assessment, the estimated cost of which is \$500,000 (the "Threat Assessment Project"), which the Board desires to add to the DRPA 2016 Capital Project Budget; and (b) to assist in paying a portion of the costs of the Walt Whitman Bridge Stiffening Truss, Tower and Anchorage Steel Blast Cleaning and Painting Project, the estimated design, construction and inspection costs are approximately \$66,000,000 (the "Walt Whitman Bridge Painting Project"); with the Excess 1999A Bond Proceeds to be allocated between these two Projects in such relative amounts and expended at such times as the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of the Authority staff, shall determine.

In furtherance of such determination, and after careful investigation and analysis, the Board, together with staff and the Authority's professional advisors, have determined that the addition of the Threat Assessment

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SUMMARY STATEMENT

Finance 5/11/16

**Amendment of Schedule A
(Project List) to Indenture of Trust for
PDP Bonds, Series A of 1999 (Bond
Resolution DRPA-99-051); Authorization
to Reallocate Unspent PDP Bond, Series A
of 1999 Proceeds (See DRPA-99-051,
DRPA-01-147, DRPA 02-042, DRPA-08-019)**

Project to the DRPA 2016 Capital Project Budget and the utilization of the 1999A Excess Bond Proceeds to fund the Threat Assessment Project and the Walt Whitman Bridge Painting Project is permitted by and in conformity with the Compact, the Authority's Bylaws, applicable DRPA Resolutions and the 1999 PDP Indenture and, where applicable, federal income tax rules and regulations.

Pursuant to this Resolution, the Board now desires to authorize the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of Authority staff, to: (i) add the Threat Assessment Project to the DRPA 2016 Capital Project Budget; and (ii) reallocate the 1999A Excess Bond Proceeds (a) to the payment of the costs of the Threat Assessment Project; and (b) to assist in paying a portion of the costs of the Walt Whitman Bridge Painting Project. Upon adoption of this Resolution the Chief Executive Officer will have the authority to amend Schedule "A" to the 1999 PDP Indenture and shall immediately thereafter deposit said amendment in the records of the Corporate Secretary with the minutes of the Board meeting authorizing this Resolution.

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|-----------------|--------------------------------|--|
| SUMMARY: | Amount: | \$2,492,465.38 |
| | Source of Funds: | 1999A PDP Bonds |
| | Capital Project #'s: | WWB1301, New Project# for Threat Assessment |
| | Operating Budget: | N/A |
| | Master Plan Status: | N/A |
| | Other Fund Sources: | N/A |
| | Duration of Contract: | N/A |
| | Other Parties Involved: | Threat Assessment Vendor; Corcon, Inc. |

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DRPA-16-063

Finance Committee: May 11, 2016

Board Date: May 18, 2016

Amendment of Schedule A (Project List) to
Indenture of Trust for PDP Bonds, Series A of 1999
(Bond Resolution DRPA 99-051); Authorization
to Reallocate Unspent PDP Bond, Series A of 1999 Proceeds (See
DRPA-99-051, DRPA-01-147, DRPA-02-042, DRPA 08-019)

RESOLUTION

RESOLVED: That the Board of Commissioners ("Board") hereby authorizes the Chief Executive Officer and the Chief Financial Officer (each acting with the prior approval and consent of the other) to: (i) add the proposed PATCO Threat & Vulnerability Assessment, the estimated cost of which is \$500,000 (the "Threat Assessment Project"), to the DRPA 2016 Capital Project Budget; and (ii) reallocate the \$2,492,465.38 of remaining proceeds of the Port District Project Bonds, Series A of 1999 (Federally Taxable) (the "Excess 1999A Bond Proceeds") previously allocated to a Grant to BPG Land Partners VIII, LLC for infrastructure improvements for a mixed-use development project along the Delaware River waterfront in Chester, Pennsylvania pursuant to a Project Grant Agreement dated July 8, 2009, to: (a) the payment of the costs of the Threat Assessment Project; and (b) assist in paying a portion of the costs of the Walt Whitman Bridge Stiffening Truss, Tower and Anchorage Steel Blast Cleaning and Painting Project, the estimated design, construction and inspection costs are approximately \$66,000,000 (the "Walt Whitman Bridge Painting Project"); with the Excess 1999A Bond Proceeds to be allocated between these two Projects in such relative amounts and expended at such times as the Chief Executive Officer and the Chief Financial Officer, with the advice and counsel of the Authority staff, shall determine .

RESOLVED: That the Board hereby authorizes the Chief Executive Officer to amend Schedule "A" (Project List) of the Indenture of Trust, dated as of December 1, 1999 ("1999 PDP Indenture") authorized by DRPA Bond Resolution 99-051, adopted on August 18, 1999, as the same has been heretofore amended, which 1999 PDP Indenture authorized the issuance of the Port District Project Bonds, Series A of 1999 (Federally Taxable) (the "1999A Bonds"), in order to memorialize the reallocated projects authorized by this Resolution, and the Chief Executive Officer shall immediately thereafter deposit said amendment in the records of the Corporate Secretary with the minutes of the Board meeting authorizing this Resolution; and

ATTACHMENT C

RESOLVED: That staff be and are hereby authorized and directed to undertake all necessary and convenient actions including, but not limited to, the negotiation of forms of agreement, contracts or other similar documents, subject in each case to review and advice of Counsel, in order to provide funding to qualified entities or persons for purposes of assisting, undertaking and/or completing Threat Assessment Project and the portion of the Walt Whitman Bridge Painting Project to be finance with the Excess 1999A Bond Proceeds, all in accordance and consistent with this Resolution, the 1999 PDP Indenture, the Compact, the Authority's Bylaws, the applicable DRPA Resolutions, as amended, and in accordance with the applicable federal income tax rules and regulations; and

RESOLVED: That any agreements, contracts or other documents executed or delivered in connection with the Threat Assessment Project and the Walt Whitman Bridge Painting Project shall include appropriate protections for the Authority, as issuer of the 1999A PDP Bonds.

SUMMARY:

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| Amount: | \$2,492,465.38 from 1999A PDP Bonds |
| Source of Funds: | 1999A PDP Bonds |
| Capital Project #: | WWB1301, New Project# for Threat Assessment |
| Operating Budget: | N/A |
| Master Plan Status: | N/A |
| Other Fund Sources: | N/A |
| Duration of Contracts: | N/A |
| Other Parties Involved: | Threat Assessment Vendor; Corcon, Inc. |