

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Meeting of December 21, 2020

## APPROVAL OF FINANCIAL RESILIENCE POLICY

**R: 4401-12-20- FIN-04-12-20**

Executive Director Resta addressed the Meeting and asked the Commission Members if, after their review, there were any questions.

At the conclusion of the review, Commissioner Laurenti moved and Commissioner Grace seconded the adoption of the following Resolution,

**“WHEREAS:** The Commission has an important responsibility to its customers and host communities to wisely manage the Commission’s finances in both the short term and the long term; and

**“WHEREAS:** in times of economic change and uncertainty, it is critical to make sure its ability to provide service rests on a strong and stable financial foundation; and

**“WHEREAS:** the Commission is committed to an ongoing capital program to ensure the safety, efficiency, and structural integrity at its tolled and toll-supported bridges; and

**“WHEREAS:** the Commission intends to carry out its promise of providing the public with numerous improvements in transportation infrastructure, traffic-congestion relief, and safety and security; and

**“WHEREAS:** the Commission must preserve and protect the Commission’s revenue base to ensure it can fund its operating, maintenance, and capital responsibilities in multiple economic environments; and

**“WHEREAS:** the Commissioners desire to maintain or improve its creditworthiness and public credit rating (the “Credit Rating”) to ensure cost-efficient access to capital markets; and

**“WHEREAS:** the Commission’s 2003 Bond Indenture requires, among other things, that the Commission take certain steps so that the net revenue generated by the Commission from certain funding sources is at least an amount that satisfies those certain formulae set forth in detail in the Security for Bonds, Rate Covenant section of the 2003 Bond Indenture (the “Minimum Debt Service Coverage Ratio”); and

**“WHEREAS:** the Commission has previously determined and hereby affirms that the minimum targeted cash balance of the Commission shall be the greater of Eighty Million Dollars (\$80,000,000.00) or fifteen percent (15%) of the Commission’s then current outstanding principal indebtedness (the “Minimum Balance”); and

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION**

**Meeting of December 21, 2020**

**“WHEREAS:** the Commission presently projects that its General Reserve Fund balance will fall below the Minimum Balance without steps to enhance its projected revenues; and

**“WHEREAS:** after sufficient investigation and study into the matter, the Commission has determined that in order to maintain and improve the Credit Rating and ensure that the General Reserve Fund Minimum Balance is met, the optimal targeted debt service coverage shall be equal to or greater than two (2) times annual debt service for each year bonds are outstanding (the “Target Coverage Ratio”); and

**“WHEREAS:** to ensure financial resilience, the Commission shall assess the need for toll adjustments in any year in which the projected Coverage Ratio falls below 1.75 times annual debt service.

**“RESOLVED:** that the Commission’s efforts and aforementioned standards to maintain the Credit Rating and ensure financial resilience are hereby ratified, approved and confirmed

**“AND BE IT FURTHER RESOLVED,** that, in connection with the Commission’s debt service, the Commission’s efforts and aforementioned standards to maintain the Minimum Debt Service Coverage Ratio, the Minimum Balance and the Target Coverage Ratio, be and hereby are ratified, approved and confirmed.

**“AND BE IT FURTHER RESOLVED,** by the Delaware River Joint Toll Bridge Commission, at its Regular Meeting assembled this 21st day of December, 2020, that the Executive Director and appropriate officers and authorized agents of the Commission are hereby authorized to take such steps and/or other actions as may be reasonably necessary in connection with the implementation of the Capital Program, the maintenance of the Credit Rating, the Minimum Debt Service Coverage Ratio, Target Coverage Ratio and the Minimum Balance.”

Executive Director Resta was requested to conduct a Roll Call Vote.

<u>NEW JERSEY</u>	<u>Yes</u>	<u>No</u>	<u>PENNSYLVANIA</u>	<u>Yes</u>
<u>No</u>				
Mr. Lavery	X		Mr. Shahid	X
Ms. Ciesla	X		Mr. Grace	X
Ms. Laurenti	X		Ms. Janvey	X
Mr. Van Vliet	X		Mr. Christy	X
Mr. Komjathy	X			

Executive Director Resta reported that there were five affirmative votes from New Jersey, and four affirmative votes from Pennsylvania.

Executive Director Resta then invited any further questions on the Resolution. No further questions were presented and the Resolution was unanimously adopted.