Financing Port and Marina Infrastructure "Tomorrows Ideas for Today"

The California Maritime Infrastructure Authority and the California Maritime Infrastructure Bank

National Working Waterfronts and Waterways Symposium 2013 March 26, 2013



What are the California Maritime Infrastructure Bank and California Maritime Infrastructure Authority?

1. Two complimentary organizations with the same purpose - to provide harbor agencies in California with an alternative infrastructure financing mechanism.

2. A model of an efficient and targeted method of obtaining financing for maritime infrastructure that could be duplicated in other states.

History California Maritime Infrastructure Bank

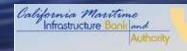
- In 1994, the California Maritime Infrastructure Bank (Bank) was formed as a non-profit organization at the request of the California Marine Affairs and Navigation Conference and the suggestion of the California State Legislature.
- The Bank, which is not a commercial bank, was formed to service the financing needs of projects not funded by the State of California or the private sector.
- Once capitalized, the bank's potential tools for financing would include long-term, low interest loans and taxable and tax-exempt bonds.
- The Bank is codified in the CA Harbors and Navigation Code.

California Maritime Infrastructure Banklan

History Relationship of Bank to the Authority

 In 1995, the Bank established a joint powers authority under State Law to provide a mechanism for financing of port and harbor infrastructure.

This joint powers authority is the California Maritime Infrastructure Authority (Authority).



California Maritime Infrastructure Authority Membership

- Must be a member of Authority to take advantage of financing programs
 - Authority membership limited to public "harbor agencies" OR if private, must have some agreement with a public harbor agency.
 - The Authority presently has 8 members: San Mateo County Harbor District Port of Stockton Port of Santa Cruz Humboldt Bay Harbor District
- Port of San Diego Port of Sacramento Port of Hueneme County of Orange



Bank and Authority Organizational Structure Authority Board of Directors Bank Board of Directors

Peter Grenell Chairman **Jeff McEntee** - Vice Chairman **Jeff Wingfield** - Treasurer **Jack Crider** - Member **Mike Kuken** - Member Lisa Ekers - Member **Brad Gross** - Member

California Maritime Infrastructure Bookland

authority

Peter Grenell - President Brian Foss - Vice President Jeff Wingfield - Treasurer Jeff McEntee - Secretary

Authority/Bank Staff

David Hull - Executive Director Douglas Charchenko - Financial Advisor Lawrence Mallon

- Legal Counsel

What Can Be Financed

- General port/marina infrastructure improvements/capital projects
- Public improvements
 - Port owned improvements available to the public
 - **Private activity improvements**
 - Tenant specific improvements



How Can These Assets Be Financed

Public offering Private Placement Bank Loan Grants **Public Agency Loans Options are not mutually exclusive** 0

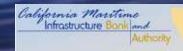


What Issues will the Authority Review

- **Organizational limitations**
- Taxable Tax-exempt
- Credit

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- General revenue pledge
 - Revenue history
 - Business history, i.e. cargo volumes, slip rentals/waiting list, non maritime real estate revenues
 - Competition



More Issues Tenant as obligor Impact on cost of funds/market access Project feasibility, if expected to generate revenue Cash Flow Coverage • Additional Debt Costs



Getting Started

- Project Description
 Updated Financials
 Legal Requirements
 Security, good title, entitlements, permits,
 - legal authority to borrow, securitized revenue stream

Financing Team Review



Case Histories in Authority Financings



Port of San Diego Acquisition Chula Vista Power Plant

CMIA BONDS \$115M



PORT OF SAN DIEGO TERMINAL 2 WEST CMIA BONDS \$90M

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AVPORT

and the second

PORT OF HUMBOLDT BAY DEEPENING CMIA Bond \$2.9 Mil

California Maritime Infrastructure Bank and

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Santa Cruz Port District CMIA Bond \$2.11 Million



2222 EAST CLIFF BUILDING REHABILITATION AND ADDITION (11,000 SF TO 12,500 SF) Total project \$4.16M including plaza and Tenant Improvements

afe El Palomar

California Maritime Infrastructure Bank and Author

2222 East Cliff Building and Complex

ADMIN AND FIRST FLOOR CONSTRUCTION

OSO GRANT FROM PACKARD FOUNDATION

CM A FINANCING FOR REMAINING COST OF SECOND STORY

SETZER-ROLFE PLAZA (DONATIONS)

TENANT PAID IMPROVEMENTS (EST)

California Maritime Infrastructure Book and TOTAL PROJECT TOTAL CMIA FINANCING \$1.75M \$1.0M \$360K \$500K \$550K \$4.16M \$2.11M

SANTA CRUZ PORT DISTRICT 2004/05 BOND ISSUE TERMS

SERIES A- TAX EXEMPT

PUBLIC IMPROVEMENTS, DOCKS, INFRASTRUCTURE, PUBLIC **REFINANCE OF OLD BONDS**

SERIES B- TAX EXEMPT BLDG FOR ENGINE REPAIR

SERIES C- TAXABLE

California Maritime Infrastructure Book and

PORT DISTRICT OWNED RENTAL BUILDINGS-SPACES LEASED TO COMMERCIAL TENANTS

2%-5.75%

RATE

2%-5.75%

7.4%-8.3%

Advantages to Utilizing CMIA Services

Small, nimble staff that provides a quick turnaround and analysis **Can finance improvements on private** property (or tenant improvements) which some State financing sources cannot No fee to join **No profit for CMIA**

California Maritime

More Advantages to Utilizing CMIA Services

 Members get access to CMIA financial advisors for financing program comparison
 CMIA was created by California ports, for California ports and thus the goal of the organization is to assist in getting infrastructure financed and built.



Contact Us for More Information

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Thank You!

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