

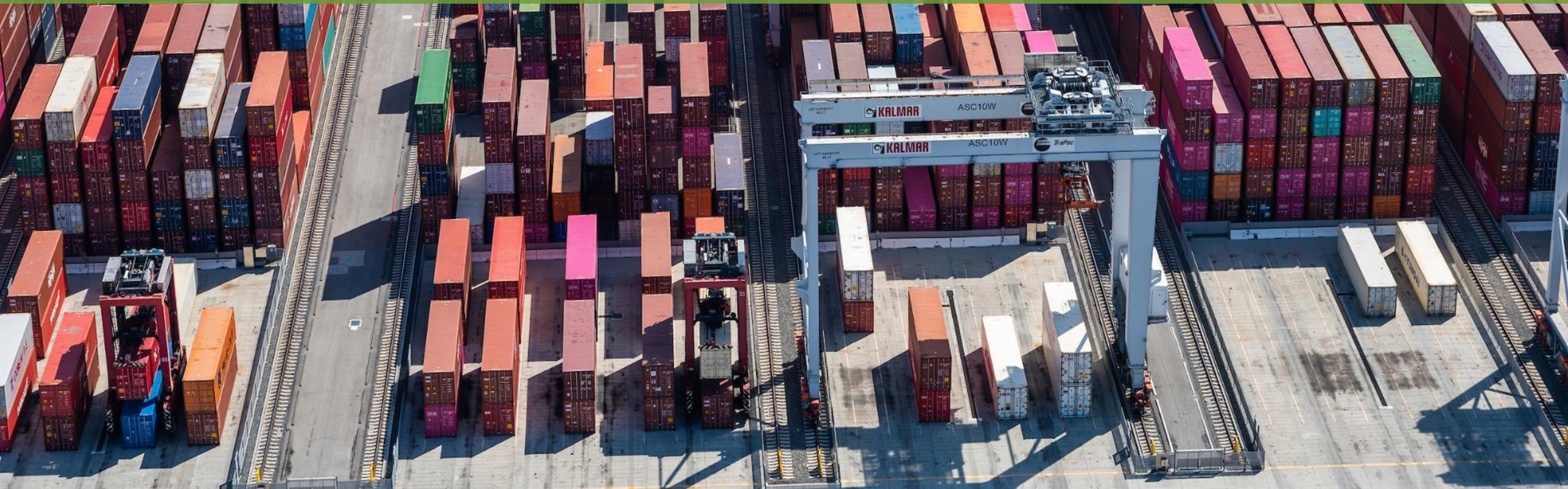


---

# America's Port

## 2024 Bond Refunding Overview

May 23, 2024



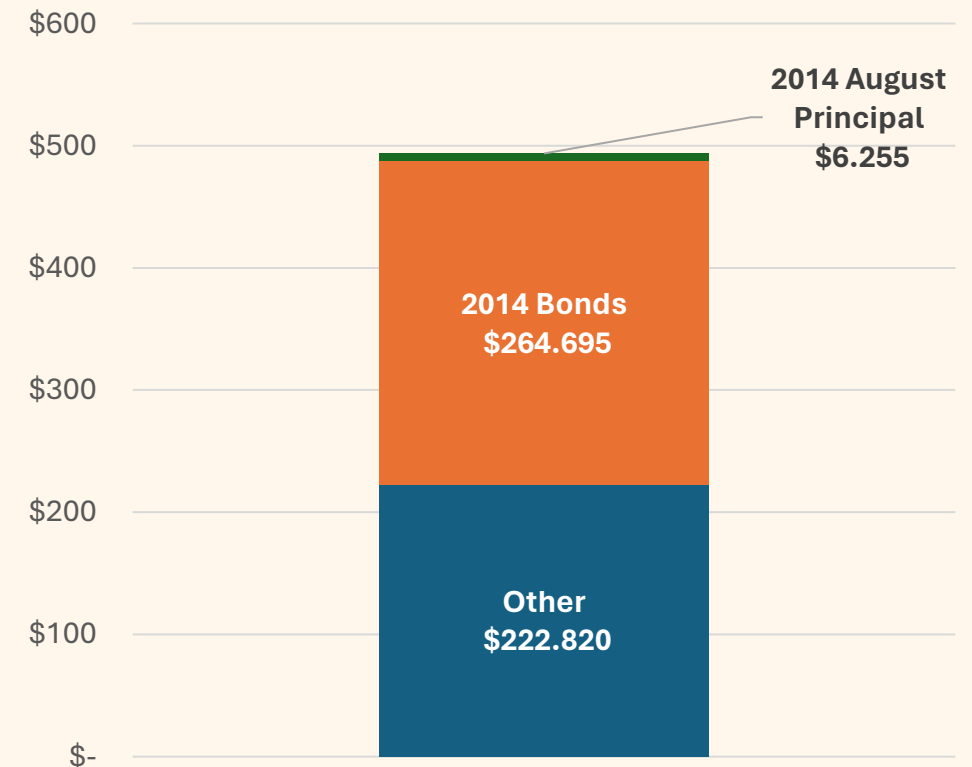


# POLA Outstanding Debt = \$493.77M

- The Harbor Department currently has a total of **\$493,770,000** in outstanding bonds.
- After making customary principal and interest payments on August 1, 2024, **\$264,695,000** (54% of currently outstanding debt) will become callable.
  - Callable amounts relate to the Series A, B and C bonds issued in 2014.
  - The Harbor Department pays approximately **5%** interest on this debt.
- Despite recent interest rate increases, the Harbor Department can achieve debt service savings by refunding (refinancing) this callable debt at current interest rates.
  - Interest rates (yields) are anticipated to range anywhere from **2.6% - 4.3%\*** on newly issued debt.

\* Future interest rate expectations are preliminary and subject to change.

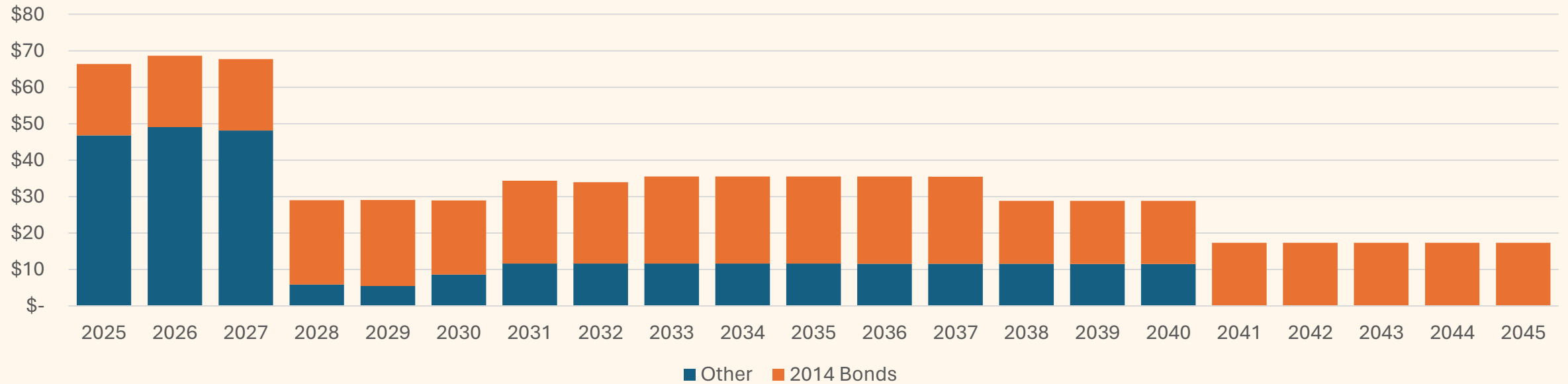
POLA Outstanding Debt  
(\$ in millions)



# Current Principal & Interest Payments

- The Harbor Department is scheduled to make principal and interest payments through Fiscal Year (FY) 2045.
  - From FY 2025-2027, debt service payments will approximate **\$67.5 million**, on average.
  - From FY 2028 and beyond, debt service payments will average only **\$28.1 million** per year.

Current Debt Service Schedule (\$ in millions)



# Transaction Goals

- Under the envisioned transaction, \$264.695 million in outstanding 2014 A, B and C bonds will be refunded (refinanced) at lower interest rates to **reduce annual debt service obligations** through FY 2045 and **produce positive net present value (NPV) savings**.
- Assuming level annual savings (reduce orange bars on the prior slide by equal amounts):
  - Staff anticipates realizing average debt service savings of over **\$2 million per year**.
  - These debt service savings would translate into NPV savings of approximately \$35 million, or **13%** of the \$264.695 million in refunded par ( $\$35\text{M}/\$264.695\text{M} \approx 13\%$ ).
    - This ~13% in NPV savings would **easily exceed the 3% savings threshold** outlined in the Harbor Department's Debt Management Policy.
    - See Section V(B) of the Harbor Department's Debt Management Policy for further details.
- Furthermore, given that this refunding opportunity would represent such a significant portion of the Harbor Department's current debt outstanding (over 50% of the Department's outstanding debt), staff is exploring additional enhancements to further optimize potential benefits.

# Key Upcoming Dates



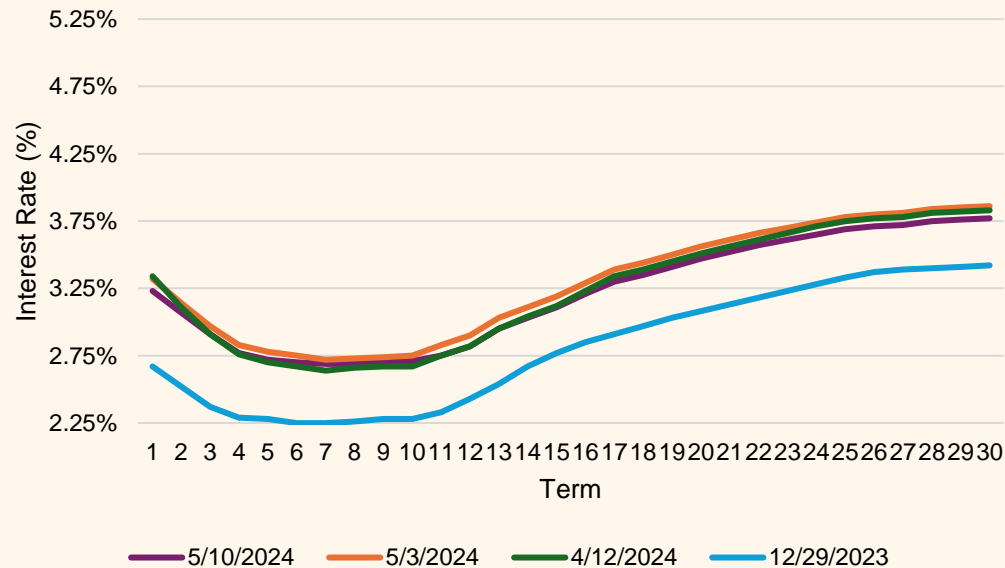
- Staff has recently engaged a municipal advisor from its existing pool of municipal advisors to assist with delivery of this transaction.
- Key dates and deliverables are as follows:

Date	Deliverable
July 25, 2024	Board to consider approval of the underwriter syndicate and plan of finance
August 8, 2024	Board to consider approval of financing documents
August 20, 2024	Trade, Travel and Tourism Committee consider approval of plan of finance and financing documents
September 3-4, 2024	City Council/Mayor to consider approval of plan of finance and financing documents
September 4-5, 2024	Due diligence call and investor presentations
September 11-25, 2024	Pricing and Closing

# Appendix – Market Rates

- The benchmark yield curve for municipal bonds is known as the MMD Yield Curve.
- Interest rates (yields) on the refunding bonds will be priced along the MMD Yield Curve plus a credit spread out to August 2044.
- The tax-exempt benefit of municipal bonds allows for typically lower rates than taxable treasury rates.

MMD Yield Curve



Treasury Yield Curve

