

File No. 191178

Committee Item No. 6

Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 15, 2020

Board of Supervisors Meeting

Date 2/4/2020

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER

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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Power Point presentation</u> |
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Completed by: Linda Wong

Date January 10, 2020

Completed by: Linda Wong

Date January 17, 2020

1 [Appropriation \$29,978,864 in Port Revenue Bond Refunding Proceeds - De-
2 Appropriation \$1,920,024 in Series 2010A and Series 2010B - Re-Appropriation
3 \$31,898,888 in Series 2020A and Series 2020B at the Port - FY2019-2020]

4 **Ordinance appropriating \$29,978,864 of one or more series of bond refunding**
5 **proceeds, de-appropriating \$1,920,024 of revenue bonds, Series 2010A and Series**
6 **2010B, and re-appropriating \$31,898,888 of refunding revenue bonds, Series 2020A**
7 **and Series 2020B; and placing these funds on Controller's reserve subject to the**
8 **refunding of certain Port of San Francisco bonds for FY2019-2020.**

9
10 Note: Additions are *single-underline italics Times New Roman*;
11 deletions are *strikethrough italics Times New Roman*.
12 Board amendment additions are double underlined.
13 Board amendment deletions are ~~strikethrough normal~~.

14 Be it ordained by the People of the City and County of San Francisco:

15
16 Section 1. The sources of funding outlined below are herein appropriated in Fiscal
17 Year 2019-20.

1 **SOURCES Appropriation**

| 2 | Fund / Department | Project & Activity / | | | |
|----|---------------------|----------------------|---------------|---------------|--------------|
| 3 | ID | Authority | Account | Description | Amount |
| 4 | 23981 / 232116 | 10035538 & 0001/ | 480121 - | Proceeds from | \$14,007,656 |
| 5 | PRT-RevBondRefdg | 21158 | Proceeds from | Refunding of | |
| 6 | 2020 A TaxEx/ | PO Revenue Bond | Refunding of | Bonds | |
| 7 | PRT Port Commission | 2020 A/ | Bonds | | |
| 8 | (Portwide) | PRT-RevBondRefdg | | | |
| 9 | | 2020 A TaxEx | | | |
| 10 | | | | | |
| 11 | 23981 / 232116 | 10035538 & 0001/ | 480121 - | Debt Service | \$728,775 |
| 12 | PRT-RevBondRefdg | 21158 | Proceeds from | Reserve Fund | |
| 13 | 2020 A TaxEx/ | PO Revenue Bond | Refunding of | | |
| 14 | PRT Port Commission | 2020 A/ | Bonds | | |
| 15 | (Portwide) | PRT-RevBondRefdg | | | |
| 16 | | 2020 A TaxEx | | | |
| 17 | | | | | |
| 18 | 23982 / 232116 | 10035568 & 0001/ | 480121 - | Proceeds from | \$13,124,281 |
| 19 | PRT-RevBondRefdg | 21159 | Proceeds from | Refunding of | |
| 20 | 2020 B Taxab/ | PO Revenue Bond | Refunding of | Bonds | |
| 21 | PRT Port Commission | 2020 B Taxable/ | Bonds | | |
| 22 | (Portwide) | PRT-RevBondRefdg | | | |
| 23 | | 2020 B Taxab | | | |
| 24 | | | | | |
| 25 | | | | | |

| Fund / Department ID | Project & Activity / Authority | Account | Description | Amount |
|-------------------------|-----------------------------------|---------------|--------------|---------------------|
| 23982 / 232116 | 10035568 & 0001/ | 480121 - | Debt Service | \$2,118,152 |
| PRT-RevBondRefdg | 21159 | Proceeds from | Reserve Fund | |
| 2020 B Taxab/ | PO Revenue Bond | Refunding of | | |
| PRT Port Commission | 2020 B Taxable/ | Bonds | | |
| (Portwide) | PRT-RevBondRefdg | | | |
| | 2020 B Taxab | | | |
| Total Sources | | | | \$29,978,864 |

Section 2. The uses of funding outlined below are herein de-appropriated to reflect the projected funding available for FY2019-2020.

Uses De-Appropriation

| Fund / Department ID | Project & Activity / Authority | Account | Description | Amount |
|-------------------------------|--------------------------------|---------------|--------------|---------------------|
| 23680 / 109756 | 10026768 & 0001/ | 570000 - | Debt Service | \$364,388 |
| PRT-OP Annual | 10000 | Debt Service- | Reserve Fund | |
| Account Ctrl / | PO Administration/ | Budget | | |
| PRT FA-Finance | Operating | | | |
| 23680 / 109756 | 10026768 & 0001/ | 570000 - | Debt Service | \$1,555,636 |
| PRT-OP Annual | 10000 | Debt Service- | Reserve Fund | |
| Account Ctrl / | PO Administration/ | Budget | | |
| PRT FA-Finance | Operating | | | |
| Total De-Appropriation | | | | \$1,920,024 |
| Grand Total Sources | | | | \$31,898,888 |

The de-appropriation of debt service authorized herein is conditioned upon and subject to the successful issuance and closing of the Refunding Bonds. In the event that the issuance of Refunding Bonds is delayed or otherwise uneconomic due to market conditions or otherwise, the Controller shall, at the request of the department, be authorized and directed to apply \$1,920,024 for debt service for the Refunded Bonds, and the Port shall not have available such funds for other purposes in Fiscal Year 2019-2020.

1 Section 3. The uses of funding outlined below are herein appropriated and reflect the
 2 projected uses of funding for the refunding of revenue bond proceeds for Fiscal Year 2019-
 3 2020.

4
 5 **Uses Appropriation**

| Fund / Department ID | Project & Activity / Authority | Account | Description | Amount |
|----------------------|-----------------------------------|--------------------|---------------------------|--------------|
| 23981 / 232116 | 10035538 & 0001/ 21158 | 567000 - | Buildings, Structures, | \$14,608,680 |
| PRT-RevBondRefdg | 21158 | Bldgs,Struct&Imprv | Structures, | |
| 2020 A TaxEx/ | PO Revenue Bond | Proj-Budget | Improvement | |
| PRT Port Commission | 2020 A/ | | Project | |
| (Portwide) | PRT- | | | |
| | RevBondRefdg | | | |
| | 2020 A TaxEx | | | |
| 23981 / 232116 | 10035538 & 0001/ 21158 | 527240 - | Cost of Issuance | \$142,141 |
| PRT-RevBondRefdg | 21158 | COI - Other Short | Issuance | |
| 2020 A TaxEx/ | PO Revenue Bond | Term Debt | | |
| PRT Port Commission | 2020 A/ | | | |
| (Portwide) | PRT- | | | |
| Cost of Issuance | RevBondRefdg | | | |
| | 2020 A TaxEx | | | |

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| Fund / Department ID | Project & Activity / Authority | Account | Description | Amount |
|----------------------|--------------------------------|-------------------|---------------|-----------|
| 23981 / 232116 | 10035538 & 0001/ | 527240 - | Underwriter's | \$53,811 |
| PRT-RevBondRefdg | 21158 | COI - Other Short | Discount | |
| 2020 A TaxEx/ | PO Revenue Bond | Term Debt | | |
| PRT Port Commission | 2020 A/ | | | |
| (Portwide) | PRT- | | | |
| Cost of Issuance | RevBondRefdg | | | |
| | 2020 A TaxEx | | | |
| 23981 / 232116 | 10035538 & 0001/ | 527240 - | Reserve for | \$296,187 |
| PRT-RevBondRefdg | 21158 | COI - Other Short | Market | |
| 2020 A TaxEx/ | PO Revenue Bond | Term Debt | Uncertainty | |
| PRT Port Commission | 2020 A/ | | | |
| (Portwide) | PRT- | | | |
| Cost of Issuance | RevBondRefdg | | | |
| | 2020 A TaxEx | | | |

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| Fund / Department ID. | | Project & Activity / Authority | Account | Description | Amount |
|-----------------------|------------------|--------------------------------|---------------|--------------|--------|
| 23982 / 232116 | 10035568 & 0001/ | 567000 - | Buildings, | \$16,240,989 | |
| PRT-RevBondRefdg | 21159 | Bldgs,Struct&Imprv | Structures, | | |
| 2020 B Taxab/ | PO Revenue Bond | Proj-Budget | Improvement | | |
| PRT Port Commission | 2020 B Taxable/ | | Project | | |
| (Portwide) | PRT- | | | | |
| | RevBondRefdg | | | | |
| | 2020 B Taxab | | | | |
| 23982 / 232116 | 10035568 & 0001/ | 527240 - | Cost of | \$163,900 | |
| PRT-RevBondRefdg | 21159 | COI - Other Short | Issuance | | |
| 2020 B Taxab/ | PO Revenue Bond | Term Debt | | | |
| PRT Port Commission | 2020 B Taxable/ | | | | |
| (Portwide) | PRT- | | | | |
| Cost of Issuance | RevBondRefdg | | | | |
| | 2020 B Taxab | | | | |
| 23982 / 232116 | 10035568 & 0001/ | 527240 - | Underwriter's | \$63,899 | |
| PRT-RevBondRefdg | 21159 | COI - Other Short | Discount | | |
| 2020 B Taxab/ | PO Revenue Bond | Term Debt | | | |
| PRT Port Commission | 2020 B Taxable/ | | | | |
| (Portwide) | PRT- | | | | |
| Cost of Issuance | RevBondRefdg | | | | |
| | 2020 B Taxab | | | | |

Mayor Breed
BOARD OF SUPERVISORS

| Fund / Department ID | Project & Activity / Authority | Account | Description | Amount |
|-------------------------------------|-----------------------------------|-------------------|-------------|---------------------|
| 23982 / 232116 | 10035568 & 0001/ 21159 | 527240 - | Reserve for | \$329,281 |
| PRT-RevBondRefdg | 21159 | COI - Other Short | Market | |
| 2020 B Taxab/ | PO Revenue Bond | Term Debt | Uncertainty | |
| PRT Port Commission | 2020 B Taxable/ | | | |
| (Portwide) | PRT- | | | |
| Cost of Issuance | RevBondRefdg | | | |
| | 2020 B Taxab | | | |
| Total USES Appropriation | | | | \$31,898,888 |

Section 4. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform to Generally Accepted Accounting Principles.

Section 5. To the extent that debt service is required in Fiscal Year 2019-2020 on previously issued bonds prior to the refunding herein, the Controller is authorized to transfer funds as needed to maintain existing debt service.

Section 6. The entire amount of \$31,898,888 is hereby placed on Controller's Reserve pending sale of the refunding revenue bonds.

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APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: *Jana Clark*
for JANA CLARK
Deputy City Attorney

FUNDS AVAILABLE:
BEN ROSENFELD, Controller

By: *Ben Rosenfield*
BEN ROSENFELD
Controller

| | |
|--|--|
| Items 6 and 7 Files 19-1178 & 19-1185 | Department: Port Commission (Port) |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 19-1185 is a resolution authorizing the Port of San Francisco (Port) to issue up to \$27,000,000 in 2020 refunding revenue bonds to refund outstanding Series 2010A and 2010B Port revenue bonds. File 19-1178 is an ordinance (a) appropriating \$29,978,864 from a combination of 2020 refunding revenue bond proceeds and Series 2010 revenue bond debt service reserve fund, and de-appropriating \$1,920,024 from the scheduled March 1, 2020 debt service payment on the Series 2010 Port revenue bonds; totaling \$31,898,888; and (b) re-appropriating \$31,898,888 to repay the 2010 Port revenue bonds. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In November 2009, the Board of Supervisors approved the issuance of up to \$45,000,000 in Port revenue bonds and the appropriation of \$33,395,571 in bond proceeds to partially finance seven Port repair and renovation projects, including the James R. Herman Cruise Terminal at Pier 27. The Port issued \$36,650,000 in bonds under this authorization. • Port staff and financial advisors have determined that the Port may achieve significant debt service savings by refinancing the 2010 revenue bonds on March 1, 2020. In October 2019, the Port Commission approved the issuance of \$27,000,000 in new revenue bonds to refinance the remaining balance of the 2010 revenue bonds. • The anticipated bond proceeds of \$27,131,937 exceed the authorized par amount of \$27,000,000 in the proposed resolution. This is because the 2020 refunding revenue bonds may be structured as premium bonds, in which investors would be willing to pay more than the bonds' face value. The premium payment may be accepted without violating the authorization granted in the proposed resolution. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Based on current bond market conditions, the revenue bond refinancing authorized by the proposed resolutions is estimated to result in approximately \$11.7 million in debt service savings over the 20-year period from March 2020 through March 2040. Using an estimated discount rate of 2.71 percent, the Port would have an estimated total net present value savings of approximately \$9.4 million. • The proposed appropriation includes \$30,849,669 to repay the 2010 bonds, \$306,041 for the costs of issuance for the new bonds, \$117,710 for the underwriter's discount, and \$625,468 as a reserve for market uncertainty. The \$2,846,927 debt service reserve fund included with the 2010 bonds can be used to partially repay the bonds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution and ordinance. | |

MANDATE STATEMENT

City Charter Section 9.107(4) and City Administrative Code Section 43.12:5(a) state that each revenue bond issuance by the Port Commission for any Port-related purpose is subject to Board of Supervisors approval.

BACKGROUND

In November 2009, the Board of Supervisors approved the issuance of up to \$45,000,000 in Port of San Francisco (Port) revenue bonds (File 09-1273, Resolution 469-09) and the appropriation of \$33,395,571 in bond proceeds to partially finance seven Port repair and renovation projects, including the James R. Herman Cruise Terminal at Pier 27 (File 09-1274, Ordinance 257-09). In February 2010, the Port issued approximately \$36.7 million in revenue bonds under this authorization. The 2010 revenue bonds were structured to allow the Port Commission to redeem any or all of the remaining outstanding bonds at any time on or after March 1, 2020.

Port staff and financial advisors have determined that the Port may achieve significant debt service savings by refinancing the 2010 revenue bonds on March 1, 2020. Port staff estimates that the refinancing would save approximately \$11.7 million over the remaining life of the bonds, or \$9.4 million in net present value savings, based on the Port's current market conditions and the Port's current credit rating¹. On October 22, 2019, the Port Commission approved the issuance of up to \$27 million in new 2020 Port revenue bonds to refinance the remaining balance of the 2010 Port revenue bonds.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution (File 19-1185) and ordinance (File 19-1178) would:

1. Authorize the Port to issue up to \$27,000,000 in 2020 refunding revenue bonds (File 19-1185); and
2. (a) appropriate \$29,978,864 from a combination of 2020 bond proceeds and the 2010 bond's debt service reserve fund; (b) de-appropriate \$1,920,024 from the scheduled March 1, 2020 debt service payment on the 2010 Port revenue bonds; and (c) re-appropriate \$31,898,888 to repay the 2010 revenue bonds. (File 19-1178)

The 2020 bonds would be issued in two series: Series 2020A, a tax-exempt issue with an estimated \$14.0 million of proceeds; and Series 2020B, a taxable issue, with an estimated \$13.1 million. The total 2020 bond proceeds are estimated to be \$27.1 million.² The bonds would be fully repaid by 2040, which is the same repayment timeline as the outstanding 2010 bonds.

¹ The Port is currently rated A by Fitch and Standard & Poor's and A1 by Moody's. In conjunction with the refinancing, the rating analysts will affirm or change the current ratings in January 2020, closer to the time of the sale of bonds.

² The Series 2020A tax-exempt bonds will refund revenue bonds originally issued for the Pier 27 Cruise Ship Terminal, Crane Cove Park, Piers 19/23' planning and roof replacement, Pier 35 superstructure and substructure

The 2010 revenue bonds included a debt service reserve fund of \$2,846,927. According to Ms. Katharine Petrucione, Port Deputy Director of Finance and Administration, the reserve fund was required due to market conditions at that time, to repay bondholders in the event the Port defaults on its debt. According to Ms. Petrucione, due to changes in market conditions, a reserve fund will likely not be needed for the new 2020 revenue bonds. The balance of \$2,846,927 may be used to partially repay the 2010 bonds.

Bond Issuance Amount

The anticipated receipt of bond proceeds of \$27,131,937 exceeds the Board authorized issuance amount of \$27,000,000 in the proposed resolution (File 19-1185). According to Ms. Anna Van Degna, Director of the Controller's Office of Public Finance, this is because the 2020 bonds may be structured as premium bonds, in which investors would be willing to pay more than the face value of the bonds. With premium bonds, investors receive a higher interest rate in exchange for paying a premium at issuance. According to Mr. Mark Blake, Deputy City Attorney, the premium payment in excess of \$27,000,000 may be accepted without violating the authorization granted in the proposed resolution. Mr. Blake has conferred with the City's bond counsel and they agree with the conclusion on this point.

FISCAL IMPACT

The revenue bond refinancing authorized by the proposed resolution and ordinance would result in an estimated \$11.7 million of debt service savings over the 20-year period from March 2020 through March 2040. Using an estimated annual discount rate of 2.71 percent, the Port would have total savings of approximately \$9.4 million in net present value. According to Ms. Petrucione, based on current market conditions the 2020 bonds would have an estimated coupon rate of 4.27 percent, lower than the 5.75 percent coupon rate of the 2010 bonds. Annual estimated debt service payments and savings are shown in Table 1 below.

repairs and bathroom renovation, Pier 50 entryways, CEQA review, and bond issuance costs. The Series 2020B taxable bonds will refund revenue bonds originally issued for the Pier 27 Cruise Ship Terminal, Pier 19/23 planning and roof replacement, Crane Cove Park, Pier 33.5 bulkhead improvements, Pier 50 entryways, Pier 94 backlands leasing improvements, Piers 30/32 repairs and improvements, Piers 29.5/31 building and roof improvements, CEQA review, and bond issuance costs. According to Ms. Petrucione, the Port's bond counsel determined that bonds issued for the aforementioned projects were taxable because they included private use.

Table 1: Port Debt Service Payments and Savings

| Year ³ | Current Prior Debt Service Payment | Estimated New Debt Service Payment | Estimated Gross Savings | Estimated Net Present Value Savings |
|-------------------|--|--|-------------------------------|---|
| 2021 | \$2,844,342 | \$2,099,474 | \$744,868 | \$729,017 |
| 2022 | 2,845,482 | 2,070,544 | 774,938 | 738,486 |
| 2023 | 2,846,370 | 2,069,838 | 776,532 | 720,064 |
| 2024 | 2,841,658 | 2,062,149 | 779,509 | 703,318 |
| 2025 | 2,846,345 | 2,067,558 | 778,787 | 683,704 |
| 2026 | 2,844,381 | 2,066,125 | 778,256 | 664,769 |
| 2027 | 2,844,743 | 2,067,477 | 777,266 | 645,920 |
| 2028 | 2,841,956 | 2,066,965 | 774,991 | 626,533 |
| 2029 | 2,845,649 | 2,068,865 | 776,784 | 610,879 |
| 2030 | 2,844,713 | 2,068,641 | 776,071 | 593,663 |
| 2031 | 1,853,775 | 1,456,250 | 397,525 | 296,181 |
| 2032 | 1,851,119 | 1,451,500 | 399,619 | 289,776 |
| 2033 | 1,850,644 | 1,449,750 | 400,894 | 282,922 |
| 2034 | 1,852,094 | 1,455,750 | 396,344 | 272,232 |
| 2035 | 1,855,213 | 1,459,000 | 396,213 | 264,855 |
| 2036 | 1,854,744 | 1,454,500 | 400,244 | 260,378 |
| 2037 | 1,850,688 | 1,452,500 | 398,188 | 252,098 |
| 2038 | 1,853,044 | 1,452,750 | 400,294 | 246,633 |
| 2039 | 1,851,300 | 1,450,000 | 401,300 | 240,617 |
| 2040 | 1,855,456 | 1,454,250 | 401,206 | 234,101 |
| Total | \$46,973,715 | \$35,243,887 | \$11,729,827 | \$9,353,426 |

*Totals may not add due to rounding

According to Ms. Petrucione, the Port Harbor Fund is used for debt service payments and would therefore achieve savings through the bond refinance. The savings would likely be used for capital improvements of the Port.

The estimated sources and uses of the proposed bond refinance are shown in Table 2 below.

Table 2: Estimated Sources and Uses of Proposed Bond Refinance

| Estimated Sources | Amount |
|---|---------------------|
| 2020 Revenue Bond Proceeds | \$27,131,937 |
| 2010 Revenue Bond Debt Service Reserve Fund | 2,846,927 |
| 2010 Revenue Bond Debt Service Payment | 1,920,024 |
| Total Estimated Sources | \$31,898,888 |

| Estimated Uses | Amount |
|--|---------------------|
| 2010 Revenue Bond Repayment ⁴ | \$30,849,669 |
| 2020 Revenue Bond Cost of Issuance | 306,041 |
| Underwriter's Discount | 117,710 |
| Reserve for Market Uncertainty | 625,468 |
| Total Estimated Uses | \$31,898,888 |

³ Debt service payments are due March 1st of each year.

⁴ The estimated repayment of \$30,849,669 includes the outstanding 2010 bonds principal of \$29,865,000 and an interest payment of \$984,669.

According to Ms. Petrucione, the \$625,468 reserve for market uncertainty is included in the appropriation as a cushion in case the interest rates are higher than anticipated, or in case the bond proceeds amount is less than anticipated.

RECOMMENDATION

Approve the proposed resolution and ordinance.

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Appropriation – \$29,978,864 - Port revenue bond refunding proceeds -
\$1,920,024 – De-Appropriations - Series 2010A and Series 2010B -
\$31,898,888 - Re-Appropriation - Series 2020A and Series 2020B at the
Port of San Francisco for Fiscal Year 2019-2020
DATE: Tuesday, November 12, 2019

SK

Ordinance appropriating \$29,978,864 of one or more series of bond refunding proceeds, de-appropriating \$1,920,024 of revenue bonds, Series 2010A and Series 2010B, and re-appropriating \$31,898,888 of refunding revenue bonds, Series 2020A and Series 2020B, and placing these funds on Controller's reserve subject to the refunding of certain Port of San Francisco bonds for Fiscal Year 2019-2020.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

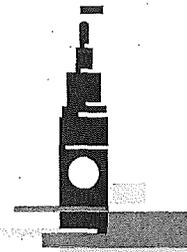
RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2019 NOV 19 PM 4:35
BY: [Signature]

File # 191178 1/15/2020
File # 191185
Received in Committee
J

PORT 2010 REVENUE BOND REFUNDING

Budget and Finance Committee

January 15, 2020



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2010 REVENUE BOND REFUNDING SUMMARY

- Port proposes to refinance \$29.87 million in outstanding 2010 revenue bonds
- Request authority to issue 2020 refunding bonds in an amount not to exceed \$27.00 million
- Achieves estimated \$11.7 million in interest savings
- Bond maturity dates remain the same
- Port Commission approved refunding in October 2019



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2

2010 REVENUE BOND REFUNDING BACKGROUND

Port issued \$36.65 million in revenue bonds in 2010

- Financed:
 - Construction of James R. Herman Cruise Terminal
 - Improvements to Piers 19, 23, 33, 30-32, 35 and 50

Two series

- Series A, Non AMT-Tax Exempt, maturing in 2040
- Series B, Taxable, maturing in 2030
- Optional redemption as of March 1, 2020

Current debt service payments

- \$2.8 million, annually, until 2030
- \$1.9 million, annually, 2031 – 2040



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OUTSTANDING PORT DEBT

| Debt Issuance | Original Amount | Currently Outstanding |
|----------------------------------|--------------------|-----------------------|
| 2010 Port Revenue Bonds | 36,650,000 | 29,865,000 |
| 2013 COPs* | 37,700,000 | 30,010,000 |
| 2014 Port Revenue Bonds | 22,675,000 | 20,280,000 |
| Hyde St. Harbor Cal Boating Loan | 3,500,000 | 1,883,830 |
| SBH Cal Boating Loan** | 6,143,932 | 5,884,454 |
| Total | 106,668,932 | 87,923,284 |

* Issued by City and County of San Francisco on behalf of the Port. Port is responsible for repayment

** Debt assumed by the Port with April 30, 2019 acquisition of South Beach Harbor from OCII



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**ESTIMATED
ANNUAL DEBT
SERVICE
SAVINGS**

| | 2010 | 2020 Refunding | Reduced | Estimated |
|---|---------------|----------------|--------------|-------------------|
| | Revenue Bonds | Revenue Bonds | Debt Service | Savings |
| Average Coupon Rate | 5.75% | 4.27% | | |
| Par Amount | 29,865,000 | 23,525,000 | | |
| Avg Annual Debt Service 3/21 - 3/30 | 2,844,564 | 2,070,764 | 773,800 | 7,738,000 |
| Avg Annual Debt Service 3/31 - 3/40 | 1,852,808 | 1,453,625 | 399,183 | 3,991,830 |
| Total Estimated Debt Service Savings | | | | 11,729,830 |



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**2010 REVENUE BOND REFUNDING
PROPOSED BOND AND FINANCING STRUCTURE**

- Not to exceed par amount
 - \$27.00 million
- Not to exceed interest rate (coupon rate)
 - 6%
- Final maturity
 - Series A, Non AMT-Tax Exempt, maturing March 1, 2040 (20 years)
 - Series B, Taxable, maturing March 1, 2030 (10 years)
- Percent savings of refunded bonds
 - 10% minimum
- Negotiated sale
- No debt service reserve fund



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ESTIMATED REFUNDING SOURCES AND USES



| Sources of Funds | |
|---|-------------------|
| Bond Proceeds | |
| Par Amount | 24,195,468 |
| Premium Received | <u>2,936,469</u> |
| <i>Bond Proceeds – Total</i> | 27,131,937 |
| Prior Issue – Debt Service Reserve Fund | 2,846,927 |
| Prior Issue – 3/1/2020 Debt Service Payment | <u>1,920,024</u> |
| Total Sources | 31,898,888 |
| Uses of Funds | |
| Deposit into Escrow Account | 30,849,669 |
| Cost of Issuance | 306,041 |
| Underwriter's Discount | 117,710 |
| Reserve for Market Uncertainty | 625,468 |
| Total Uses | 31,898,888 |

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2010 REVENUE BOND REFUNDING FINANCING DOCUMENTS

- Third Supplement to Indenture of Trust
- Bond Purchase Agreement
- Preliminary Official Statement
- Continuing Disclosure Certificate
- Escrow Agreements (one for each series of 2010 Bonds refunded)



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2010 REVENUE BOND REFUNDING STEPS

October 22, 2019

Port Commission Approved Refunding

October 2019

Introduced Bond Documents and Appropriation Ordinance to Board of Supervisors

December 2019

Rating Agency Meetings

January 15, 2020

Budget and Finance Committee Meeting

January - February 2020

Board of Supervisors' Approval of Sale Resolution and Supplemental Appropriation Ordinance

February 2020

Post Preliminary Official Statement

February 2020

Pricing of 2020 Refunding Bonds

February 2020

Sale of 2020 Refunding Bonds and Closing

March 1, 2020

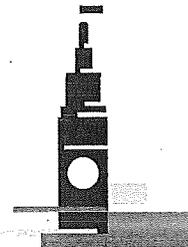
Repayment of All Outstanding 2010 Bonds



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QUESTIONS?



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