

Financing Port and Marina Infrastructure "Tomorrows Ideas for Today"

**The California Maritime Infrastructure Authority
and the
California Maritime Infrastructure Bank**

City of San Francisco
August 24, 2016

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

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

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.

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).

Present Roles

Relationship of Bank to the Authority

Bank: Provides financial advisor services to CA Port and Harbor agencies; tracks and promotes State and Federal harbor financing programs; liaisons between CA ports and harbors and other funding institutions; collects maritime infrastructure needs data; is technical advisor to Authority; and promotes use of Authority through presentations, workshops and conferences.

Authority: Provides conduit financing services to California's "Harbor agencies" for maritime infrastructure.

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 6 members:

| | |
|--------------------|----------------------|
| Port of San Diego | Noyo Harbor District |
| Port of Stockton | County of Orange |
| Port of Santa Cruz | Port of Hueneme |

Bank and Authority Organizational Structure

Authority Board of Directors

Andrew Palomares

- Chairman

Bob DeAngelis

- Vice Chairman

Jeff Wingfield

- Treasurer

Lisa Ekers

- Member

Dusty Dillon

-Member

Brad Gross

- Member

Bank Board of Directors

Brian Foss

- President

Roma Cristia-Plant

- Vice President

Jeff Wingfield

- Treasurer

Jim Haussener

-Member

Peter Grenell

-Member

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

What Issues will the Authority Review

- Organizational limitations
- Taxable; Tax-exempt
- Credit
 - 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

An aerial photograph of a harbor filled with numerous sailboats. In the foreground, a rocky pier extends into the water, featuring a small white lighthouse. The harbor is bordered by a sandy beach on the left and a developed area with buildings and parking lots on the right. The water is a deep blue, and the sky is clear.

Case Histories in Authority Financings

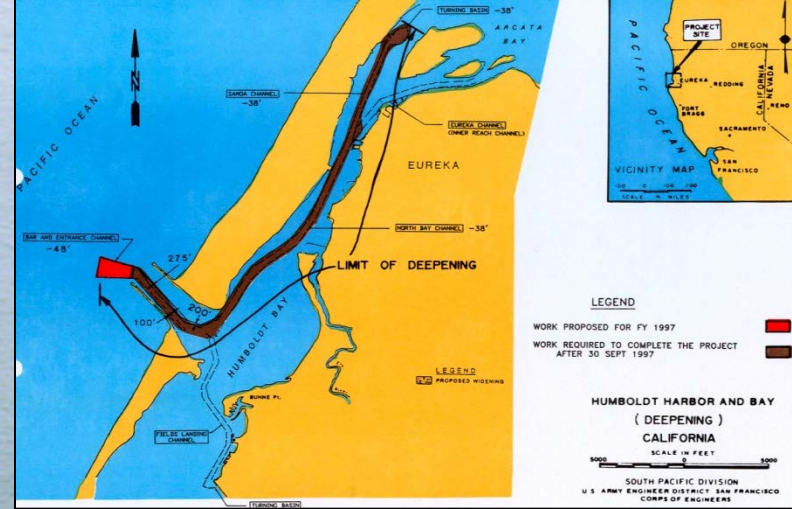
Port of San Diego Acquisition Chula Vista Power Plant

CMIA BONDS \$115M



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





**PORT OF HUMBOLDT
BAY DEEPENING
CMIA Bond \$2.9 Mil**

Santa Cruz Port District

CMIA Bond \$2.11 Million



"A" dock proj.
80 boat storage
bldg.
& Launch ramp
\$322K

"AA" proj.
Visitor
dock
& 5 new berths
\$279K

Memorial Plaza
On Beach
\$500K

Rehabilitate
MultiTenant
MultiUse
Building
\$2.9M

2004-2005 Bond Issue



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

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

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.

How to Become a Member of the Authority

- Pass a Resolution Approving membership in the California Maritime Infrastructure Authority
- Send Resolution to Authority (no fee)
- Authority Board will meet to approve membership request
- Obligated to attend minimum of the Authority's Annual Meeting (~Jan-Feb)
- Meetings are held telephonically per as per Subsection 54953 (b) of the Government Code which requires posting, access and other Brown Act requirements

Contact Us for More Information

David Hull, Executive Director

707.496.3120

cmiaexecutivedirector@gmail.com

www.californiamaritimeinfrastructureauthority.org

A silhouette of a boat with a mast and various antennas is positioned in the foreground, partially obscuring the view. In the background, a lighthouse with a distinctive conical roof stands on a hill. The entire scene is set against a vibrant sunset sky with shades of orange, red, and pink. The water in the foreground reflects the colors of the sky.

Questions?



2222 East Cliff Building and Complex

FINANCING

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|---|---------|
| CMIA FINANCING TO PORT DISTRICT FOR PLANS, SPECS, ADMIN AND FIRST FLOOR CONSTRUCTION | \$1.75M |
|---|---------|

| | |
|-----------------------------------|--------|
| OSO GRANT FROM PACKARD FOUNDATION | \$1.0M |
|-----------------------------------|--------|

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|--|--------|
| CMIA FINANCING FOR OSO FOR REMAINING COST OF SECOND STORY(cost to be paid by OSO) | \$360K |
|--|--------|

| | |
|--------------------------------|--------|
| SETZER-ROLFE PLAZA (DONATIONS) | \$500K |
|--------------------------------|--------|

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|--------------------------------|--------|
| TENANT PAID IMPROVEMENTS (EST) | \$550K |
|--------------------------------|--------|

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|---------------|---------|
| TOTAL PROJECT | \$4.16M |
|---------------|---------|

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|----------------------|---------|
| TOTAL CMIA FINANCING | \$2.11M |
|----------------------|---------|

SANTA CRUZ PORT DISTRICT

2004/05 BOND ISSUE TERMS

SERIES A- TAX EXEMPT

RATE

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

2%-5.75%

SERIES B- TAX EXEMPT

BLDG FOR ENGINE REPAIR

2%-5.75%

SERIES C- TAXABLE

PORT DISTRICT OWNED RENTAL BUILDINGS-
SPACES LEASED TO COMMERCIAL TENANTS

7.4%-8.3%