

Financing Port and Marina Infrastructure “Tomorrows Ideas for Today”

A Northern California Financing Seminar Sponsored by
the California Maritime Infrastructure Authority and the
California Maritime Infrastructure Bank

May 23, 2012
San Francisco, CA

Participant Introductions

- What are your financing needs?

History of CMIB

- The California Maritime Infrastructure Bank (CMIB) was formed at the request of the California Marine Affairs and Navigation Conference (CMANC).
- The California Maritime Infrastructure Bank (CMIB) was chartered as a non profit corporation development investment (not commercial) bank to fill a void in on site and off site public, private or mixed use maritime related infrastructure improvements on public or private submerged lands, tidelands, uplands (e.g. dredged material disposal sites) and even inland (inland ports and multi-modal logistics centers).
- CMIB is codified in the CA Harbors and Navigation Code.

**What are the
California Maritime Infrastructure
Authority (CMIA) and
California Maritime Infrastructure
Bank (CMIB)?**

Relationship of CMIA/CMIB

- **The CMIB 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 (CMIA).**
- **Must be a member of CMIA to take advantage of financing programs**
 - **CMIA membership limited to public “harbor agencies” OR if private, must have some agreement with a public harbor agency.**
 - **CMIA presently has 7 members:**
 - San Mateo County Harbor District
 - Port of San Diego
 - Port of Stockton
 - Port of Sacramento
 - Port of Santa Cruz
 - Humboldt Bay Harbor District
 - County of Orange

Purpose of CMIA/CMIB

- **Created by California ports, for California ports, the purpose of the CMIA/CMIB is to provide one-stop financial services to California's ports and harbors.**
- **The Authority can:**
 - Issue debt;
 - Establish and administer infrastructure funds;
 - Receive or administer public and private grants;
 - Expend tax revenues, appropriated funds, and other financings on behalf of its members

CMIA/CMIB Organizational Structure

CMIA Board of Directors

- Peter Grenell**
 - Chairman
- Jeff McEntee**
 - Vice Chairman
- Jeff Wingfield**
 - Treasurer
- Patricia Tyson**
 - Member
- Amy Cameron**
 - Member
- Lisa Ekers**
 - Member
- Brad Gross**
 - Member

CMIB Board of Directors

- Peter Grenell**
 - President
- Brian Foss**
 - Vice President
- Jeff Wingfield**
 - Treasurer
- Open**
 - Secretary

CMIA/CMIB Staff

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

CMIA Financing Tools

Douglas Charchenko

CMIA Financial Advisor

Senior Vice President

Montague DeRose and Associates, LLC

Examples of Past CMIA Financings

Brian Foss

Past Chair, CMIA

Board Member CMIB

President, Brian and Associates

Marina Consulting

What Can Be Financed

- **General port/marina improvements/capital projects**
- **Public improvements**
- **Dedicated 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 are the Issues

- **Organizational limitations**
- **Taxable Tax-exempt**
- **AMT**
- **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**
- **Financing Team**
- **Updating Financials**
- **Legal Requirements**
 - Security, good title, entitlements, permit legal authority to borrow, securitized revenue stream

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

California Maritime
Infrastructure *Build* and
Authority

2 20 00

Santa Cruz Port District

A Case History in CMIA Financing



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

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

Commercial
building for
engine repair
tenant

Memorial Plaza
On Beach
\$500K

Rehabilitate
MultiTenant
MultiUse
Building
\$2.9M

2004-2005 Bond Issue

SANTA CRUZ PORT DISTRICT BOND ISSUUE 2004-2005

"MIX, MATCH, LEVERAGE"

A MULTI ELEMENT PROJECT THAT WAS REQUIRED TO CASH FLOW
IN THE FIRST FULL YEAR OF OPERATION

PROJECT ELEMENT	COST
Renovate and expand and existing 11,000 SF Building	\$3.65M
Public Plaza for beach and building	\$500K
"AA" Dock multi user berthing	\$279K
"A" Dock 80 boat kayak storage launch ramp for kayaks	\$322K
Refinance \$900K Special District Bonds	\$900K
Total Cash Needs	\$5.65M



MAY 2 2006

SANTA CRUZ PORT DISTRICT BOND ISSUUE 2004-2005

“MIX, MATCH, LEVERAGE”

PROJECT ELEMENT	COST
Renovate and expand an existing 11,000 SF Building	\$4.16M
Public Beach Plaza	\$500K
“AA” Dock multi user berthing	\$279K
“A” Dock 80 boat kayak storage launch ramp for kayaks	\$322K
Refinance \$900K Special District Bonds	\$900K
Commercial Engine Repair Building	\$350K

**Total Cash
Needs**

\$6.51 M

“AA” MULTI-PURPOSE DOCK

FINANCING

RECREATION BOATING FISHERY GRANT VISITOR DOCK	\$100K	
CMIA BONDS	\$179K	
TOTAL PROJECT		\$279K

PROFORMA

YEARLY INCOME YR 5	\$39.4K	
YEARLY COST	\$13.8K	
NET PROJECT YR 5		\$25.6K YR 5



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

2222 East Cliff Building and Complex

FINANCING

CMIA FINANCING TO PORT DISTRICT FOR PLANS, SPECS, ADMIN AND FIRST FLOOR CONSTRUCTION	\$1.75M
OSO GRANT FROM PACKARD FOUNDATION	\$1.0M
CMIA FINANCING FOR OSO FOR REMAINING COST OF SECOND STORY(cost to be paid by OSO)	\$360K
SETZER-ROLFE PLAZA (DONATIONS)	\$500K
TENANT PAID IMPROVEMENTS (EST)	\$550K
TOTAL PROJECT	\$4.16M
TOTAL CMIA FINANCING	\$2.11M

Mixing, Matching, Leveraging A Joint Venture Floats the Building

**O' Neill Sea Odyssey, an NGO non profit ocean foundation secures a \$1M grant from the Packard Foundation for the building.
OSO contributes these funds to the second story of the building.
OSO is given a 25 yr lease on the second story in return.**

**OSO uses part of building for classes, labs, offices and leases out rest to small professional offices at high value rent (\$5+ /SF/Mo)
Port receives 16% of rents**

Port District builds the first story and leases to two restaurants and a real estate office. All tenants provide TI' s with appropriate lease terms

Setzer-Rolfe Beach Plaza is funded by local citizens who pay for naming rights and other memorial public amenities. Total plaza subscribed at \$500K

SANTA CRUZ PORT DISTRICT
2004-2005 BOND ISSUE
Refinance \$900K
Special District Bonds

PROFORMA

Special District Yrly
Debt Service
7%

\$78.0K

CMIA 2%-5.75%
Yrly Debt Service

\$64.0K

Yearly Savings

\$14K

SANTA CRUZ PORT DISTRICT BOND ISSUE TERMS

SERIES A- TAX EXEMPT

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

RATE

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%**

Financing Port and Marina Infrastructure

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California Maritime Infrastructure Bank

June 12, 2012
Dana Point, CA

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Bank (Bank)
and
California Maritime Infrastructure
Authority (Authority)?**

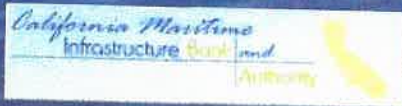
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* OXNARD HARBOR DISTRICT

Bank and Authority Organizational Structure

Authority Board of Directors

- Peter Grenell**
 - Chairman
- Jeff McEntee**
 - Vice Chairman
- Jeff Wingfield**
 - Treasurer
- Jack Crider**
 - Member
- Amy Cameron**
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- Lisa Ekers**
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Bank Board of Directors

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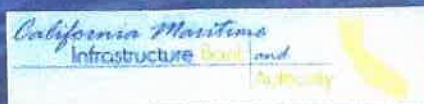
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SANTA CRUZ PORT DISTRICT BOND ISSUE 2004-2005

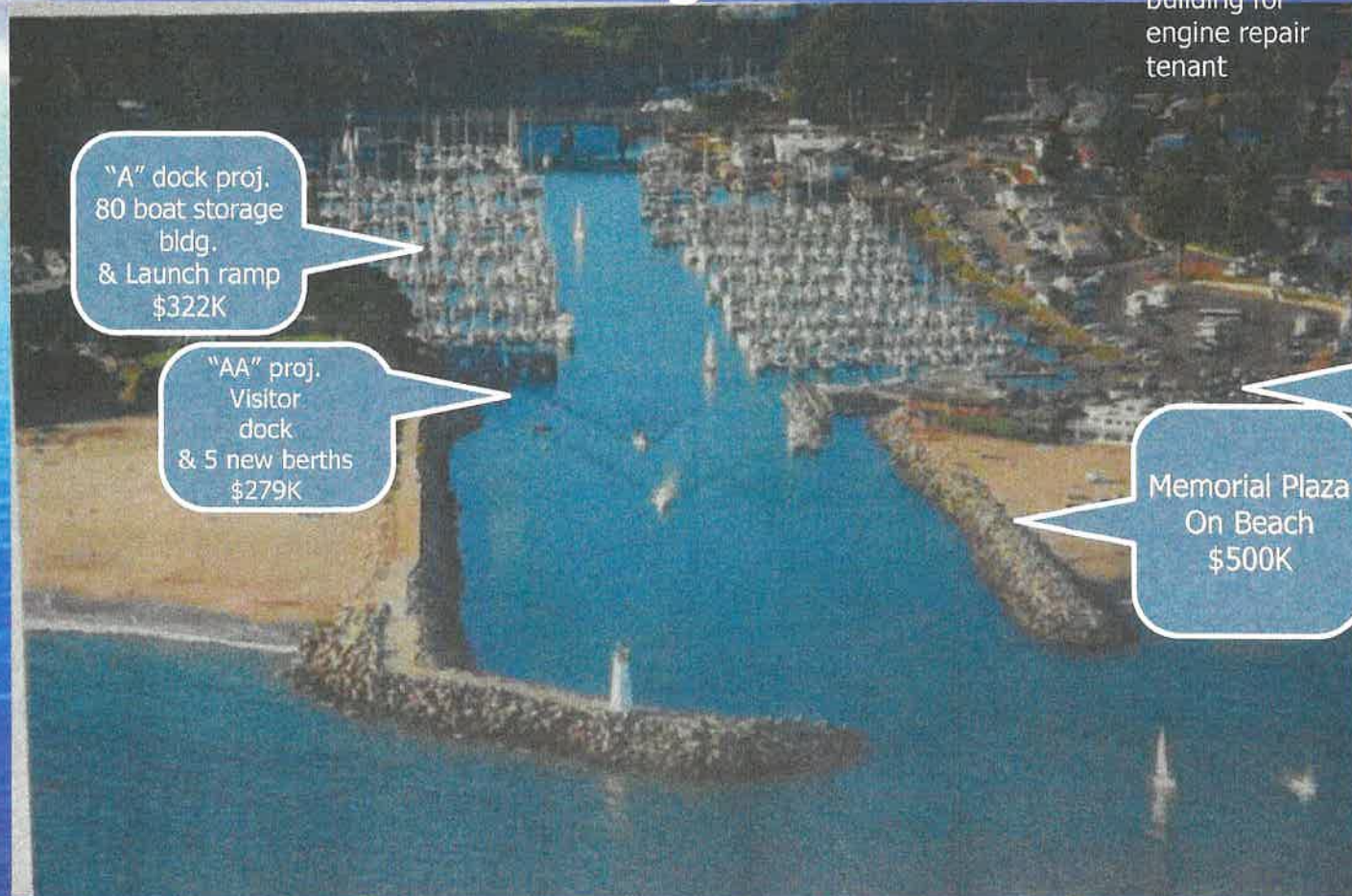
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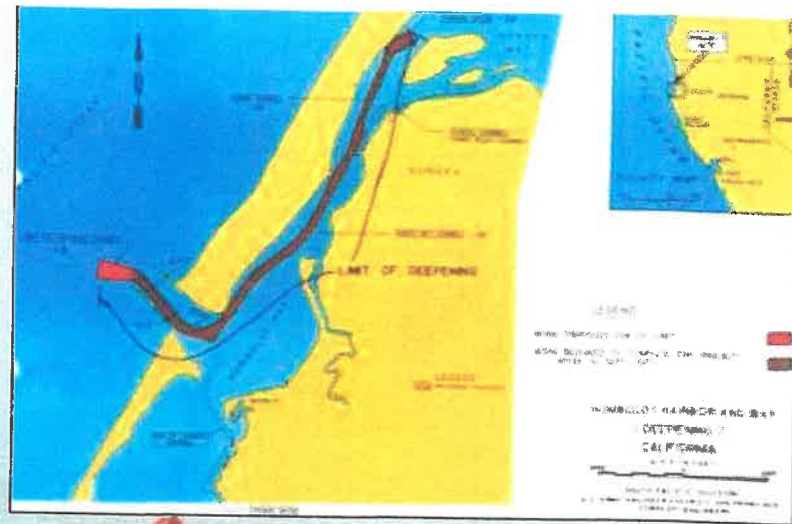
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© 2000



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How to Utilize CMIA Services

- Interest Forms
- Membership Process
- Contact Us to Schedule a Project Financing Evaluation

– David Hull, Executive Director

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California Maritime
Infrastructure Authority

www.californiamaritimeinfrastructureauthority.org

Harbor/Port Real Estate Trends in the Past 5 Years

- **General Economic Sluggishness
resulting in:**
 - Recreational slip occupancy down
 - Difficulty financing infrastructure improvements
 - Deferred maintenance backlog
 - "Adaptive Management" repurposing portions of harbor property
- **Waterfront Gentrification Pressures**
- **Specific Economic Factors that Affect
Harbor Property**

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