

# 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.

# 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*

# 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

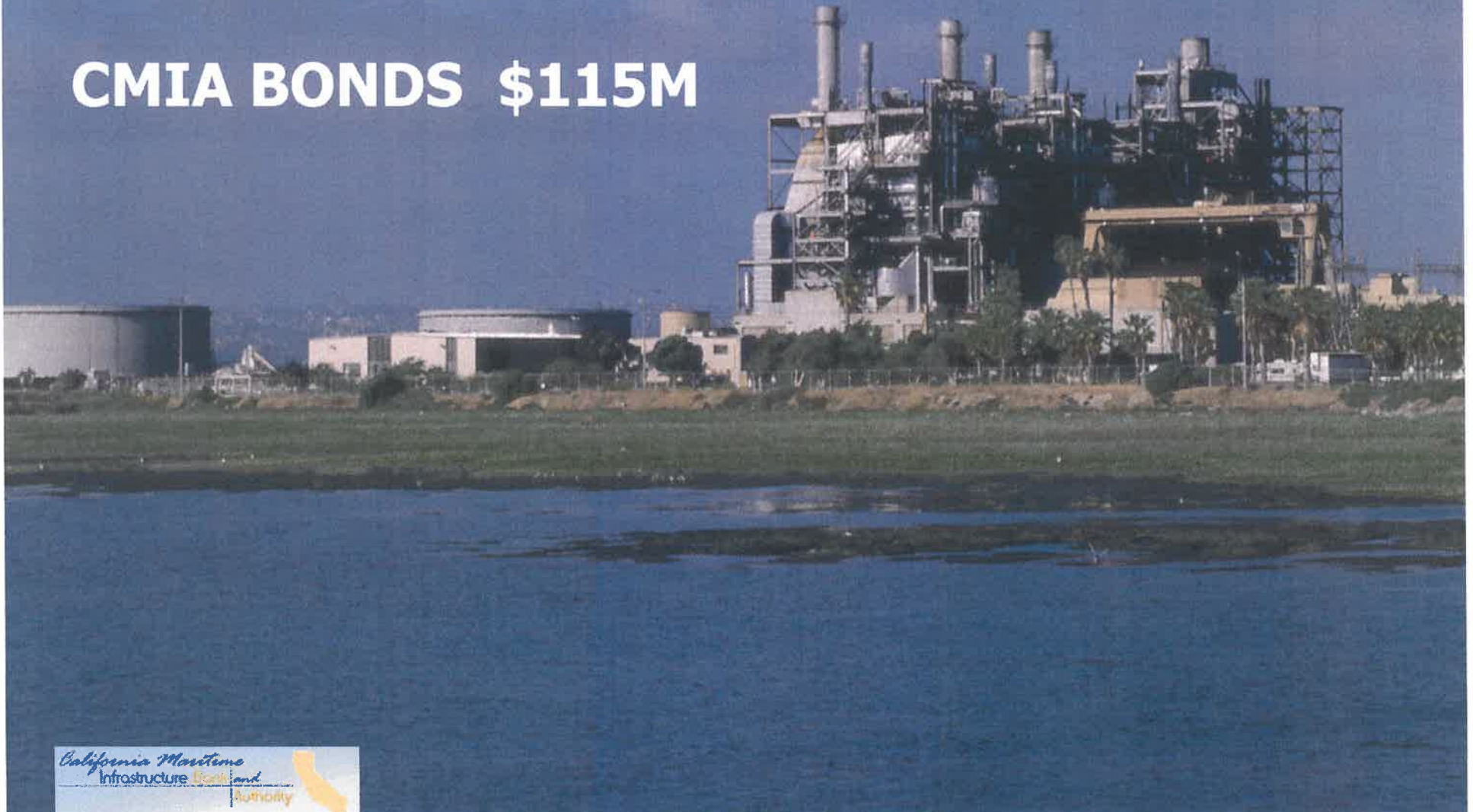
- **Tenant as obligor**
- **Impact on cost of funds/market access**
- **Project feasibility**, if expected to generate revenue
- **Cash Flow**
- **Coverage**
- **Additional Debt**
- **Costs**

# 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

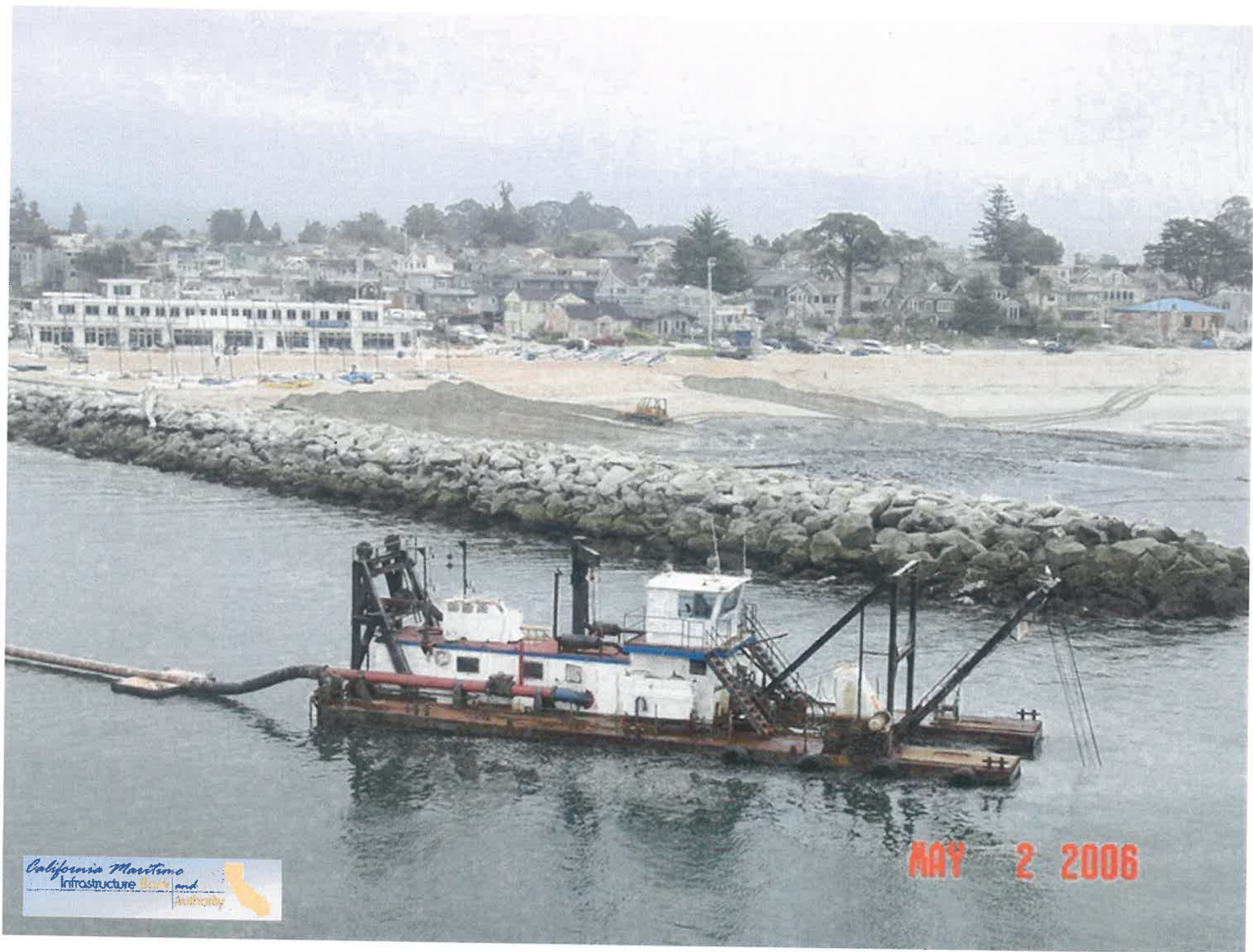
## CMIA Bond \$2.9 Mil

# 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
<b>Total Cash Needs</b>	<b>\$5.65M</b>



California Maritime  
Infrastructure Bank and  
Authority

MAY 2 2006



# “AA” MULTI-PURPOSE DOCK

## FINANCING

CAL BOATING USFWLS GRANT FOR 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



**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
<b>TOTAL PROJECT</b>	<b>\$4.16M</b>
<b>TOTAL CMIA FINANCING</b>	<b>\$2.11M</b>

## **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%**

# Harbor/Port Real Estate Trends in the Past 5 Years

- Forces which drive those trends:
  - General Economic Sluggishness
  - New Products that Offer Opportunities in Land Use
  - Waterfront Gentrification Pressures
  - Specific Economic Factors that Affect Harbor Property

# Small Craft Harbor Discussion

- Do marinas have chronic vacancies? What size slips are affected.
- Is there a long term fix or reuse?
- Coastal Commission is blocking harbor plans to replace small empty berths on a coast wide basis.
- Are empty berths due to 1) decline of commercial fishing, 2) sport fishing, 3) general recession, 4) shrinking middle class or other demographics?



# How to Utilize CMIA Services

- Interest Forms
- Contact Us to Schedule a Project Financing Evaluation
  - David Hull, Executive Director  
707.496.3120  
hullspier@aol.com
  - [www.californiamaritimeinfrastructureauthority.org](http://www.californiamaritimeinfrastructureauthority.org)

# Financing Port and Marina Infrastructure

## “Tomorrow’s Ideas for Today”

Sponsored by the California Maritime Infrastructure Authority (CMIA) and California Maritime Infrastructure Bank (CMIB)  
(not a commercial bank)

**May 23, 2012**

**10AM-2PM**

**Port of San Francisco’s Ferry Building**

### **Program**

*CMIA and CMIB were created BY California’s ports and harbors FOR California’s ports and harbors to assist in maritime infrastructure financing needs.*

- **Welcome - Peter Grenell, Chair**
- **Introduction - David Hull, Executive Director**
- **History and Purpose – David Hull, Executive Director**
- **CMIA’s Financing Tools – Doug Charchenko, CMIA/CMIB Financial Advisor**
- **Examples of Past CMIA Financings – Brian Foss, CMIB Board member**
- **Port of San Diego Real Estate Management in a Changing Waterfront - Jenner Smith, Real Estate – Port of San Diego**

**Noon Break – Lunch Served**

- **Discussion of participants financing needs**
- **How to utilize CMIA services**
- **Q&A**
- **Adjourn**

## Frequently Asked Questions

### **Q. What is the history of the California Maritime Infrastructure Authority and Bank?**

**A.** The California Maritime Infrastructure Bank (CMIB) was chartered by the California legislature 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 Harbors and Navigation Code of the State of California (Sections 6516.5 and 6571 of the Government Code and Part 1 (commencing with Section 1690) of Division 6).

Public agency port and harbor districts independently established a joint powers authority as a separate agency without risk or cost to members under State Law to oversee the Bank and to provide a mechanism for pooled financing of port and harbor infrastructure with projects to be screened and loans administered by the Bank on behalf of the Authority insulating it from financial liability.

This joint powers authority is the California Maritime Infrastructure Authority (CMIA) and was formed under Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code and Harbors and Navigation Code of the State of California and a joint exercise of powers agreement among the CMIA's members and invites port and harbor agency members.

**Q. What projects has the Authority funded?**

**A.** The Authority has funded a channel deepening project for Humboldt Bay Harbor District; an electrical power generation plan for the Port of San Diego; a multi-purpose, Multi-tenant building and visitor complex for Santa Cruz Port District. The latter project also included small dock improvements and financing of an NGO tenant improvement within the harbor.

In total the Authority has provided over \$210,000,000 to the maritime industry.

**Q. What Can Be Financed?**

- A.**
- General port/marina improvements/capital projects (docks, wharves, terminals, on dock rail, security), Public, Private and mixed use maritime related improvements (e.g. America’s Cup waterfront improvements, sports facilities, maritime research, aquaria, interpretive centers, etc)
  - On site and off site on public or private submerged lands, tidelands, and uplands (even outside port district boundaries if maritime related and sponsored by Authority member (e.g. upland dredged material disposal sites)
  - Dedicated public improvements (e.g. navigation projects, roads, bridges, marine terminal, inland port facilities)
  - Port owned or leased improvements with public access or mixed use components
  - Private activity improvements with member sponsorship
  - Tenant specific improvements (restaurants, hotels, conference centers)

**Q. Why use the Authority as opposed to other funding sources?**

**A.** The CMIA and the CMIB were founded as not for profit public entities dedicated for the purpose of providing funding for the maritime industry. The members of the Authority are all professionals in various maritime endeavors who volunteer their time to the CMIA. In its singular purpose the CMIA is able act quickly and positively for its clients. There are bond fees and managerial costs involved in any funding operation, but there are no profits in the CMIA enterprise. In short, the CMIA’s mission is to provide timely, low cost funding to the industry.

# California Maritime Infrastructure Authority (CMIA) Indication of Interest Application

<b>1. DATE SUBMITTED</b>	<b>2. DATE RECEIVED BY CMIA</b>
<b>3. LEGAL NAME OF APPLICANT</b>	<b>4. DATE ORGANIZED</b>
<b>5. MAILING ADDRESS OF APPLICANT</b> (include city/county/state/zip code)	<b>6. PRIMARY CONTACT INFORMATION</b>  <b>NAME:</b> <b>TITLE:</b> <b>ADDRESS:</b> <b>TELEPHONE:</b> <b>FAX:</b> <b>E-MAIL:</b> <b>WEBSITE:</b>
<b>7. HOW DID YOU HEAR ABOUT THE CMIA</b>	

<b>8. PURPOSE AND DESCRIPTION OF EACH FACILITY OR PROJECT TO BE FINANCED</b>	<b>APPLICANT CERTIFICATION</b>
<p>Also include estimated timeline with start and completion dates, as well as estimated costs. For construction projects, provide the name of the construction company or developer completing the work. Please submit the names of the owner(s) of the facilities as well as the owner(s) of the improvements.</p>	<p>I, _____ (name of signatory) as _____ (name of position), an authorized officer of the _____ (name of applicant), certify that, to the best of my knowledge, the information contained in this application, including all attachments, is true and accurate.</p> <p>I certify the project is consistent with existing local or regional comprehensive plans.</p> <p>Signature: _____ Date: _____</p>