



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10c

ACTION ITEM

Date of Meeting April 27, 2021

DATE: April 9, 2021

TO: Stephen Metruck, Executive Director

FROM: Elizabeth Morrison, Director, Corporate Finance
Scott Bertram, Manager, Corporate Financial Analysis

SUBJECT: Resolution No. 3787 – Issuance and Sale of First Lien Revenue Refunding Bonds in the Aggregate Principal Amount of Not-to-Exceed \$60,000,000

ACTION REQUESTED

Introduction of Resolution No. 3787: A Resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of First Lien Revenue Refunding Bonds, Series 2021 in the aggregate principal amount of not to exceed \$60,000.000 (the “Bonds”), for the purpose of refunding the Port’s First Lien Revenue Refunding Bonds, Series 2011B (the “2011 Bonds”); setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the Bonds.

EXECUTIVE SUMMARY

Commission authorization is requested to issue the Bonds in an amount estimated not-to-exceed \$60,000.000 (including any required reserve fund deposit and cost of issuance) to refund up to \$57,790,000 outstanding 2011 Bonds for debt service savings.

JUSTIFICATION

As part of the Port’s debt management program, the Port monitors opportunities to reduce debt service. The Port issued the 2011 Bonds to refund bonds issued in 1999 that funded improvements at Terminal 18. The 2011 Bonds are callable on June 1, 2021. Current low interest rates provide a favorable refunding opportunity at this time. The Port expects to refund \$49,385,000 of the 2011 Bonds and estimates present value savings of approximately \$5 million.

The total Bond amount will also include proceeds sufficient to pay cost of issuance and to fund any required deposit to the First Lien common debt service reserve.

DETAILS

The Bonds are being issued pursuant to the Amended and Restated Master Resolution No. 3577 and this Resolution No. 3787. The Bonds will be issued as tax-exempt private activity bond exempt from regular federal income tax, but subject to the alternative minimum tax (AMT).

Meeting Date: April 27, 2021

Resolution No. 3787 is similar in all material respects to other First Lien Series Resolutions and provides for any required contribution to the common debt service reserve fund that provides security for other First Lien bonds.

The Resolution delegates to the Port’s Chief Executive Officer the authority to approve interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities for the Bonds (these are generally set at the time of pricing and dictated by market conditions at that time). Commission parameters that limit the delegation are a maximum bond size, minimum savings rate for the refunding component, maximum interest rate for the new money bonds and expiration date for the delegated authority. If the Bonds cannot be sold within these parameters, further Commission action would be required. The recommended delegation parameters are:

Maximum size: \$60,000.000
Maximum interest rate: 2.5%
Expiration of Delegation of Authority: six months

Upon adoption, Resolution No. 3787 will authorize the Designated Port Representative (the Executive Director or the Chief Financial Officer) to approve the Bond Purchase Contract, the official statement, escrow agreement, if any, pay the cost of issuance and take other action appropriate for the prompt execution and delivery of the Bonds. The Bonds will be sold through negotiated sale to Barclays Capital Inc.; BofA Merrill Lynch; J.P. Morgan Securities LLC; Morgan Stanley and Co. LLC.; and two small firms, Drexel Hamilton, and Siebert Williams Shank. Piper Sandler is serving as Financial Advisor, K&L Gates LLP is serving as bond counsel and Pacifica Law Group is serving as disclosure counsel on the transaction.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3787
- (2) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 27, 2020 – The Commission was briefed on the Draft Plan of Finance