

Intermediate Lien Revenue Bonds

May 11, 2021

Request Adoption of Resolution No. 3786

- Sale and Issuance of Intermediate Lien Revenue Bonds
- Multiple Series Based on Federal tax status
 - Governmental Bonds – no income tax for investors
 - Private Activity Bonds – no regular tax, but subject to Alternative Minimum Tax (AMT)
 - Private Activity, non-AMT – no income tax for investors, special exception during financial crisis and limited to refunding bonds issued in 2010
 - Taxable – investors subject to regular federal income tax

Fund Airport Capital Investments

- Funding for approximately \$600 million of spending
- Project spending must be authorized prior to use of bond proceeds
- Most projects will be funded with Private Activity bonds and subject to AMT



Projects Include:

- Completion of International Arrivals Facility and North Satellite
- Continuation of Baggage Optimization and Airfield Pavement Replacement

Refund Existing Bonds

<u>Refunding Candidates</u>	<u>Total Principal (\$)</u>	<u>Tax Status</u>
PFC Revenue Bonds, Series 2010A	51,110,000	Governmental (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010B	184,995,000	Private Activity (Non-AMT)
Intermediate Lien Revenue Bonds, Series 2010C	48,400,000	Private Activity (AMT)
Commercial Paper (CP)	<u>20,805,000</u>	multiple
TOTAL	305,310,000	

- Bonds will be refunded for debt service savings due to lower interest rates – estimated present value saving of \$25 million
- Due to postponement of the 2020 bond issue, Commercial Paper was used to temporarily refunded bonds

Resolution No. 3786

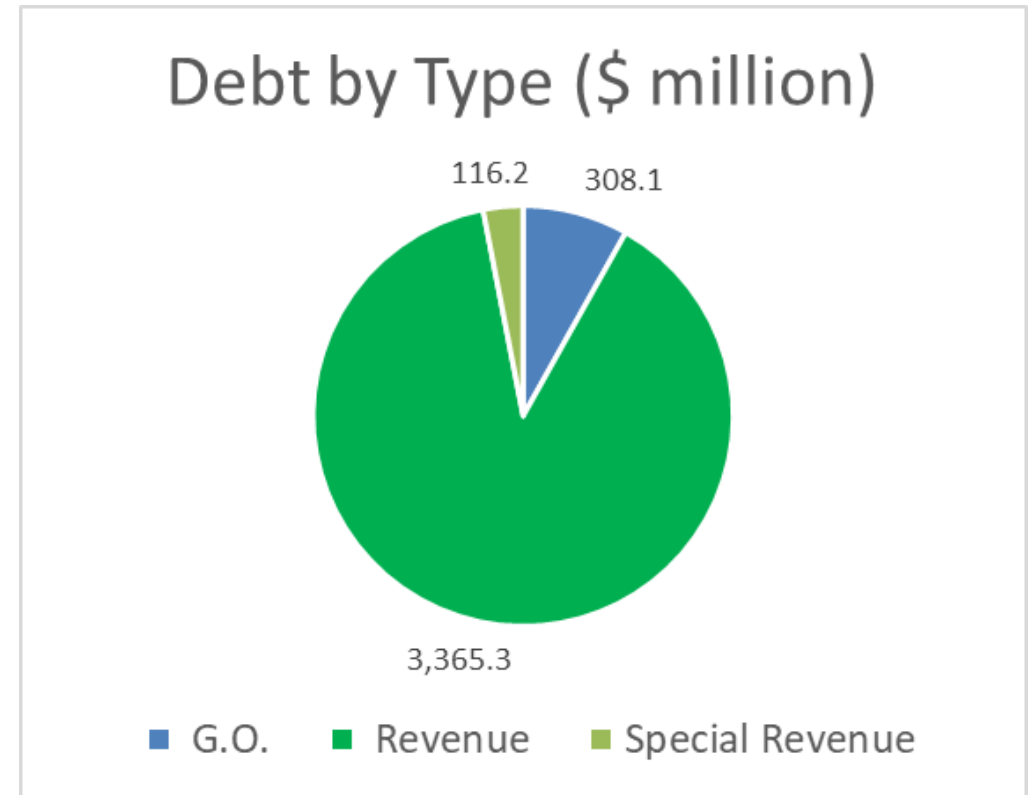
- Similar in all material respect to other Intermediate Lien resolutions
 - Pursuant to Intermediate Lien Master Resolution
 - Provides delegation to Executive Director to approve bond sale
- Provides funding for related costs
- Bonds will be sold by Port underwriting team
- Delegation Limits:
 - Maximum Par Amount: \$950 million
 - Maximum Interest Rate:
 - Tax-exempt series 4%
 - Taxable series 5%
 - Bond sale must occur within six months of adoption
 - Exceeding limits requires further authorization

ADDITIONAL INFORMATION

The Port Primarily Uses Revenue Bonds For CIP Funding

Type of Debt based on Security Pledge

- General Obligation – secured by the Port’s full faith and credit and paid from the tax levy
- Revenue bonds – secured by all of the Port’s net operating revenues
- Special revenue bonds – secured by a specific revenue source:
 - PFCs
 - Fuel Facility lease



Port Revenue Bonds - Three Liens

Priority of Payment from Gross Operating Revenues	
1	Operating Expenses
2	First Lien Obligations
3	Intermediate Lien Obligations
4	Subordinate Lien Obligations
5	Capital Investments

Revenue Liens	Primary Use	3/31/21 \$M
First Lien	Non-Airport or in adverse markets	243.5
Intermediate Lien	Airport funding; includes Airport features like using PFCs and CFCs to off-set debt service	2,895.8
Subordinate Lien	Variable rate debt backed by bank credit facilities; includes CP	<u>226.0</u>
		3,365.3

The Airport accounts for 86% of all Port debt and 93% of revenue bond debt