

Intermediate Lien Revenue Bonds

April 26, 2022

Request Introduction of Resolution No. 3801

- Sale and Issuance of Intermediate Lien Revenue Bonds
 - Fund Airport capital investments
 - Refund outstanding debt for savings
- 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)
 - Taxable – investors subject to regular federal income tax

Fund Airport Capital Investments

- Funding for approximately \$560 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:

- Continuation of Baggage Optimization and Airfield Pavement Replacement
- North Main Terminal Redevelopment

Refund Existing Bonds

<u>Refunding Candidates</u>	<u>Total Principal (\$)</u>
Intermediate Lien Revenue Bonds, Series 2012A	274,200,000
Intermediate Lien Revenue Bonds, Series 2012B	35,745,000
Intermediate Lien Revenue Bonds, Series 2013 (1)	<u>99,785,000</u>
TOTAL	409,730,000
(1) Potential candidate	

- Bonds will be refunded for debt service savings due to lower interest rates – estimated present value saving of
 - \$25million 2012 bonds
 - \$4 million 2013 bonds

Resolution No. 3801

- 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: \$1 billion
 - Maximum Interest Rate: 4.5%
 - Bond sale must occur by December 31, 2022
 - Exceeding limits requires further authorization

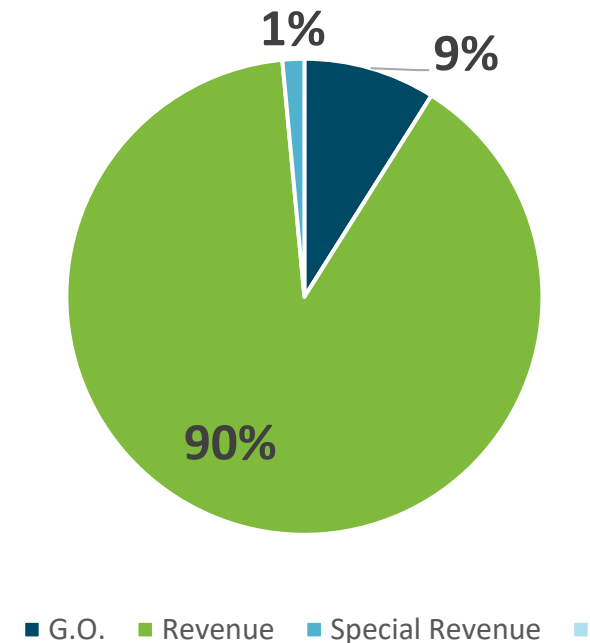
ADDITIONAL INFORMATION

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:
 - Fuel Facility lease

Bonds by Security Type
as of Feb. 28, 2022



Port Revenue Bonds - Three Liens

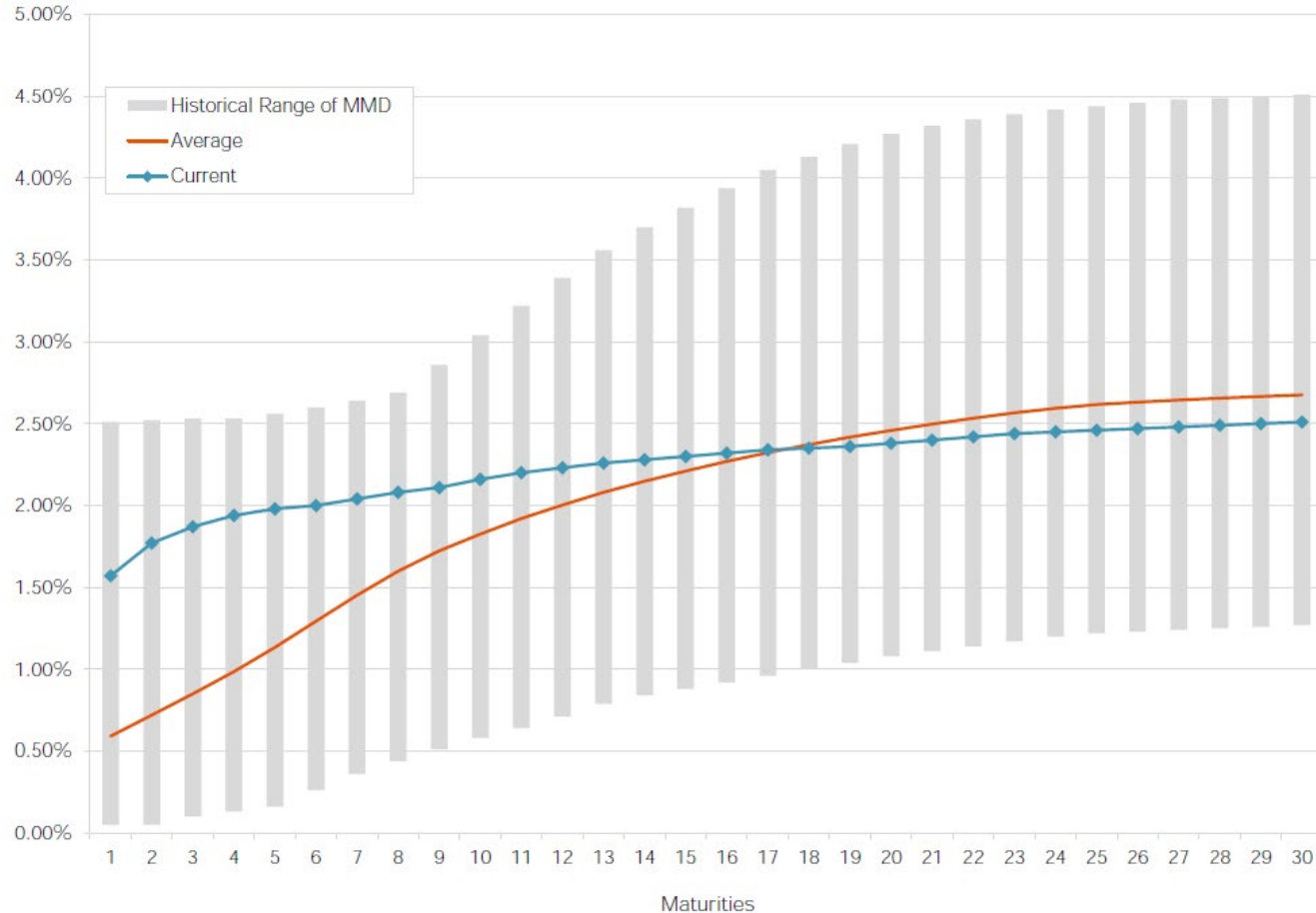
Priority of Payment from Gross Operating Revenues	
1	Operating Expenses
2	First Lien Obligations
3	Intermediate Lien Obligations
4	Subordinate Lien Obligations
5	Capital Investments

Revenue Liens	Primary Use	2/28/22 \$M
First Lien	Non-Airport or in adverse markets	211.8
Intermediate Lien	Airport funding; includes Airport features like using PFCs and CFCs to off-set debt service	3,307.9
Subordinate Lien	Variable rate debt backed by bank credit facilities; includes CP	<u>168.3</u>
		3,688.0

The Airport accounts for 87% of all Port debt and 95% of revenue bond debt

Current Rate Environment – Municipal Market Data (MMD) Index

Range of Municipal Market Data (MMD) Rates (10-Year History)



Current interest rates are reasonable compared to average rates over the past ten years

- Short-term rates in the upper end of the historical range
- Long-term rates are below average

Current rates are 1.25 percentage points higher than the 2021 bond sale

MMD index is based on AAA General Obligation Bonds; Port bonds bear higher interest rates than the index