

DRAFT

EXPLANATION OF CONSENT AGENDA ITEM E.2.c(34) – OCTOBER 28, 2015

ITEM:

In consideration of approving staff to withdraw up to \$38,595,291 from the PNC Line of Credit ("LOC") for the purpose of providing interim construction funds for the Commission approved renovation of Cruise Terminals 5, 8 and 10. These funds will be used to bridge construction draws prior to closing of the permanent financing. It is anticipated that long term permanent financing will be a combination of bank loans and bonds placed through a capital markets transaction.

EXPLANATION:

The Commission previously approved an increase in the PNC LOC to \$50M. The current balance outstanding on the LOC is \$11,404,709. It is anticipated that permanent long term bank financing will be closed at a time to be determined by Commission approval and preparation of paperwork associated with the loan. This is anticipated to occur prior to March 30, 2016. Currently two banks have agreed to provide up to \$79M in bank loans. However due to current and anticipated debt service levels, staff intends to recommend that only \$60M be utilized as bank debt with the balance of \$30M coming from proceeds from sale of Port revenue bonds. Currently, the LOC requires interest at .94% which is 70% of the one month labor rate plus eight basis points (.80%).

As previously reported and approved by the Commissioners, the current outstanding balance on the LOC has been used to purchase the property at I-95 and SR 524, fuel pipeline servicing Cruise Terminal 1, and lease buy-back and paving associated with the contemplated roll-on roll-off auto storage and processing business. Any proceeds from the sale of off-port properties, if approved by the Commission, will be utilized to satisfy the current balance on the LOC thus reducing the amount required on the here-in described financing.

Staff recommends approval

Prepared by Rodger Rees