

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS - ITEM

PREPARED BY: Mark Murchison Chief Financial Officer June 18, 2021

SUBJECT: Discuss and Consider a Resolution of the Board of Trustees of the Galveston Wharves of the City of Galveston Requesting the Approval to Issue an Unsolicited Credit Facility proposed by PNC Bank for the use of Refinance Series 2011 Revenue Bonds, Series 2014 Revenue Notes and a Non-Revolver Line of Credit / Commercial Paper Program to be used for Improvements at Cruise Terminal 3 and Other Capital Improvements Projects, and to Authorize the Port Director/CEO, with Advice and Assistance from Legal Counsel, to Execute Other Documents That May Be Reasonably Required to Effectuate the Proposed Credit Facility

BACKGROUND: Currently there are 2 callable debt issues outstanding, Revenue Refinancing Bonds Series 2011 and Revenue Notes Series 2014. The Wharves received an unsolicited proposal for consideration from PNC Bank to provide a Credit Facility to be used for the purpose of refinancing Series 2011 Revenue Bonds and Series 2014 Revenue Notes and to provide a non-revolving line of credit for the purpose of assisting with Wharves renovations. At the May 25, 2021 Wharves Board meeting Staff was instructed to continue negotiations. At this time Staff is requesting that the Board instructs Staff to prepare and submit a Resolution to the City so that the Credit Facility issuance process may be completed.

RECOMMENDATIONS: The Board of Trustees of the Port of Galveston is respectfully requested to consider authorizing the Port Director/CEO and the Wharves Attorney to proceed with negotiating terms and conditions and acceptance of the Credit Facility agreement between the Wharves and PNC and to proceed with presenting a Resolution to the City of Galveston to approve the Credit Facility.

Respectfully Submitted By:



Rodger Rees, Port Director / CEO

DATE ACTION TAKEN: _____
Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____

PORT OF GALVESTON

Briefing

Discuss and Consider a Resolution of the Board of Trustees of the Galveston Wharves of the City of Galveston Requesting the Approval to Issue an Unsolicited Credit Facility proposed by PNC Bank for the use of Refinance Series 2011 Revenue Bonds, Series 2014 Revenue Notes and a Non-Revolving Line of Credit / Commercial Paper Program to be used for Improvements at Cruise Terminal 3 and Other Capital Improvements Projects, and to Authorize the Port Director/CEO, with Advice and Assistance from Legal Counsel, to Execute Other Documents That May Be Reasonably Required to Effectuate the Proposed Credit Facility

Background

Currently there are 2 callable debt issues outstanding, Revenue Refinancing Bonds Series 2011 and Revenue Notes Series 2014. The Wharves received an unsolicited proposal for consideration from PNC Bank to provide a Credit Facility to be used for the purpose of refinancing Series 2011 Revenue Bonds and Series 2014 Revenue Notes and to provide a non-revolving line of credit for the purpose of assisting with Wharves renovations. At the May 25, 2021 Wharves Board meeting Staff was instructed to continue negotiations. At this time Staff is requesting that the Board instructs Staff to prepare and submit a Resolution to the City so that the Credit Facility issuance process may be completed.

Current Situation

Staff is requesting the Board to authorize the Port Director/CEO and the Wharves attorney the authority to negotiate final terms of a Credit Facility between the Wharves and PNC. This Credit Facility is to be used to refinance existing debt creating a NPV savings of \$1.8M. Additionally the Credit Facility will provide a Non-Revolving Line of Credit / Commercial Paper Program to be used, if necessary, for assistance with Wharves renovations.

At the May 25, 2021 Wharves Board meeting Staff was instructed to continue negotiations. At this time Staff is requesting that the Board instructs Staff to prepare and submit a Resolution to the City so that the Credit Facility issuance process may be completed.

The Credit Facility will be payable from and will be secured by the Net Revenues derived from the Wharves Facilities with a lien on Net Revenues. The Line of Credit will be used, if needed, for short term cash needs related to Wharves capital renovation projects. The City has no obligation for repayment of the debt.

Fiscal Impact

NPV of the refinancing through the unsolicited Credit Facility from PNC is a NPV savings of \$1.8M with the debt final maturity remaining February 1, 2026.

Staff Recommendation

The Board of Trustees of the Port of Galveston is respectfully requested to consider authorizing the Port Director/CEO and the Wharves Attorney the authority to negotiate final terms and conditions and acceptance of the Credit Facility agreement between the Wharves and PNC and to prepare and submit a Resolution requesting the City approval of the Credit Facility.