
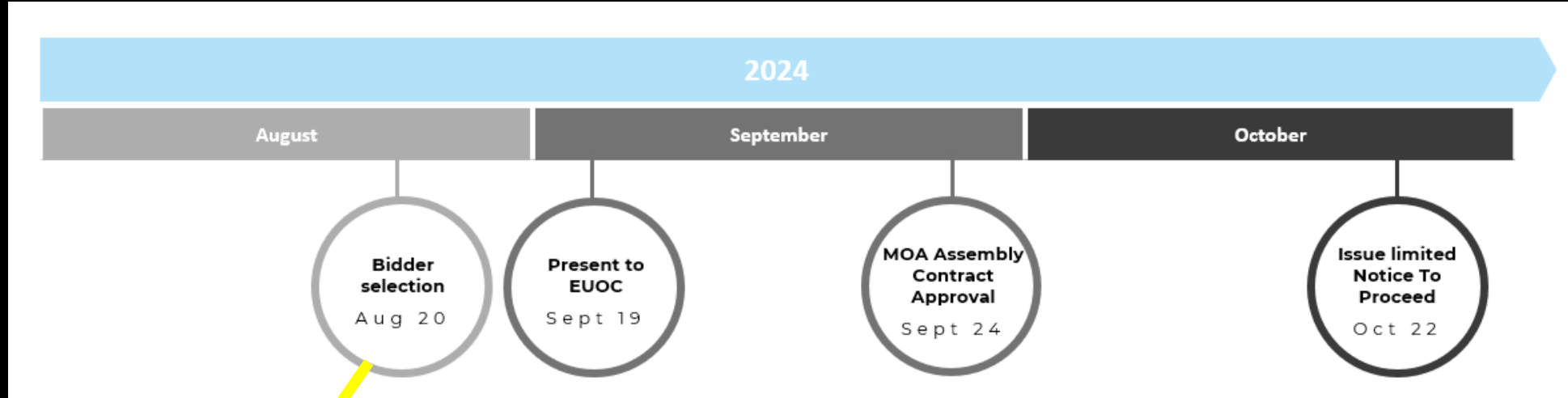




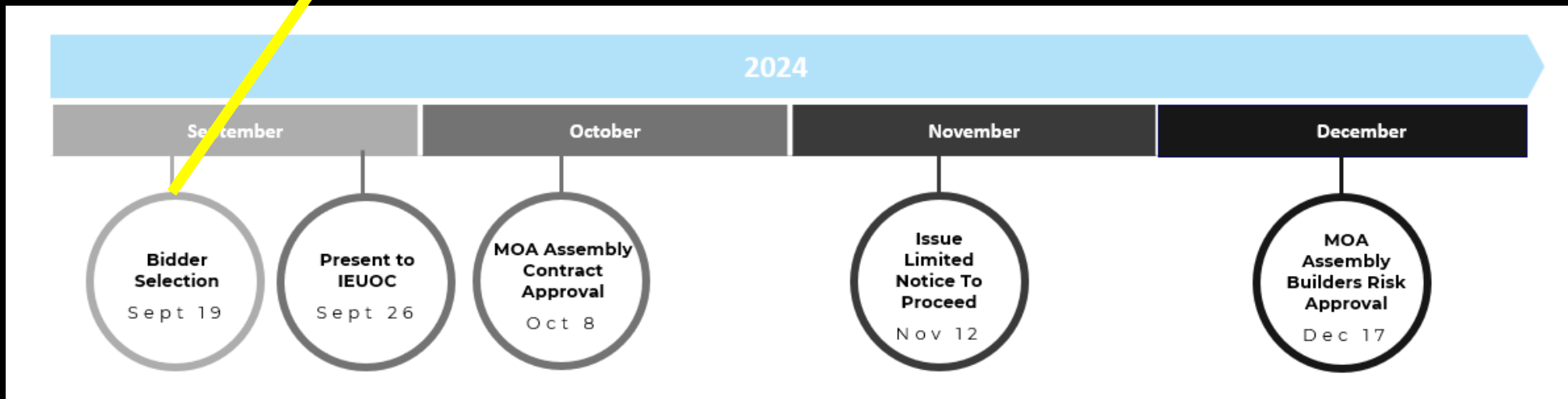
# Port of Alaska Modernization Project Update

- Review of Timeline
  - Steps toward T1 construction contract award
  - Commencement of T1 NEPA process
- What's Next?  Contract Approval
  - Crane Agreement
  - Crane Use Agreement
  - T1 Construction Contract
- Plan of Finance

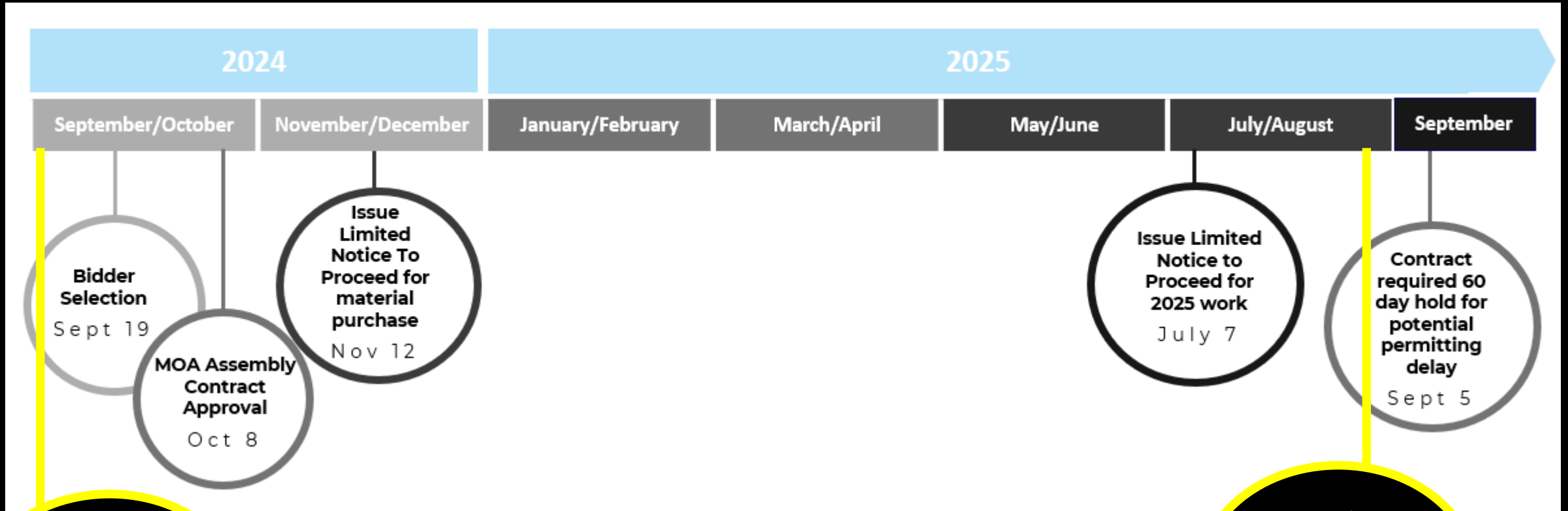
# T1 Construction Contract Timeline Shift



Change driven by need for time to respond to bidder questions



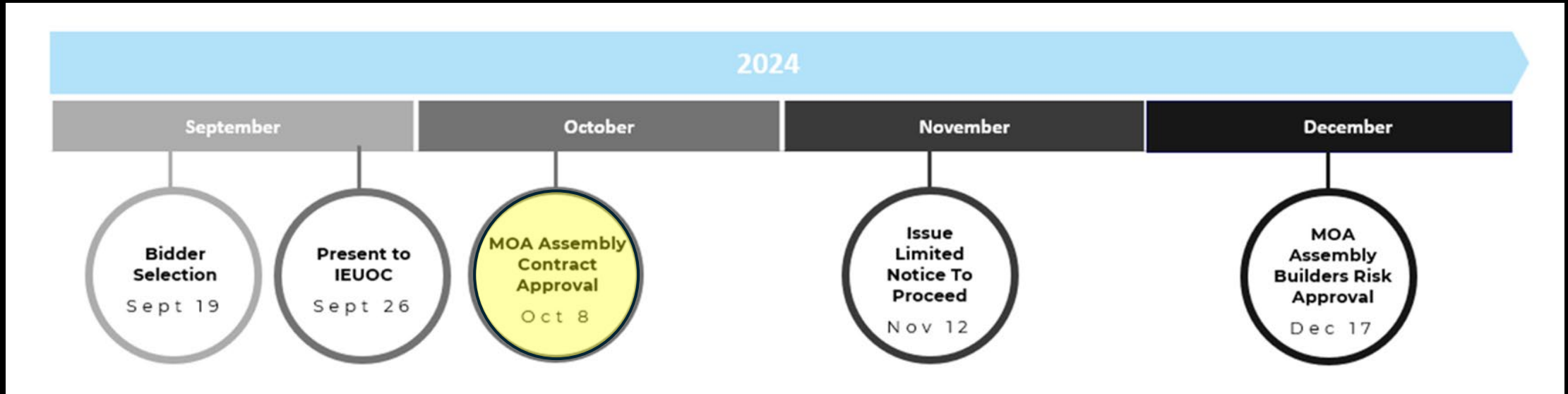
# Commencement of T1 NEPA Process



Target date for MARAD NEPA meeting

Required MARAD NEPA Completion

# What's Next? Contract Approval





Crane Agreement

Crane Use Agreement

Construction Contract



# Three Agreements: To Be Finalized Together

- T1 Construction Contract
  - Governs responsibilities of T1 construction contractor (after selection) to timely complete replacement of terminal 1
  - Included in procurement package for process already underway
  - Includes language governing damages due to MOA if dock is not complete in time for crane installation by Matson
- Crane Agreement
  - Governs the agreement between the MOA and Matson under which Matson will procure, transport, deliver, and install new Gantry cranes for Terminal 1
  - Includes language governing damages MOA will pay to Matson if dock is not complete in time for scheduled crane installation
- Crane Use Agreement
  - Governs how Matson will use and operate the Gantry cranes once installed on the dock at Terminal 1
  - Includes language governing permitted non-Matson uses of the cranes after installation

# Crane Agreements: How did we get here?

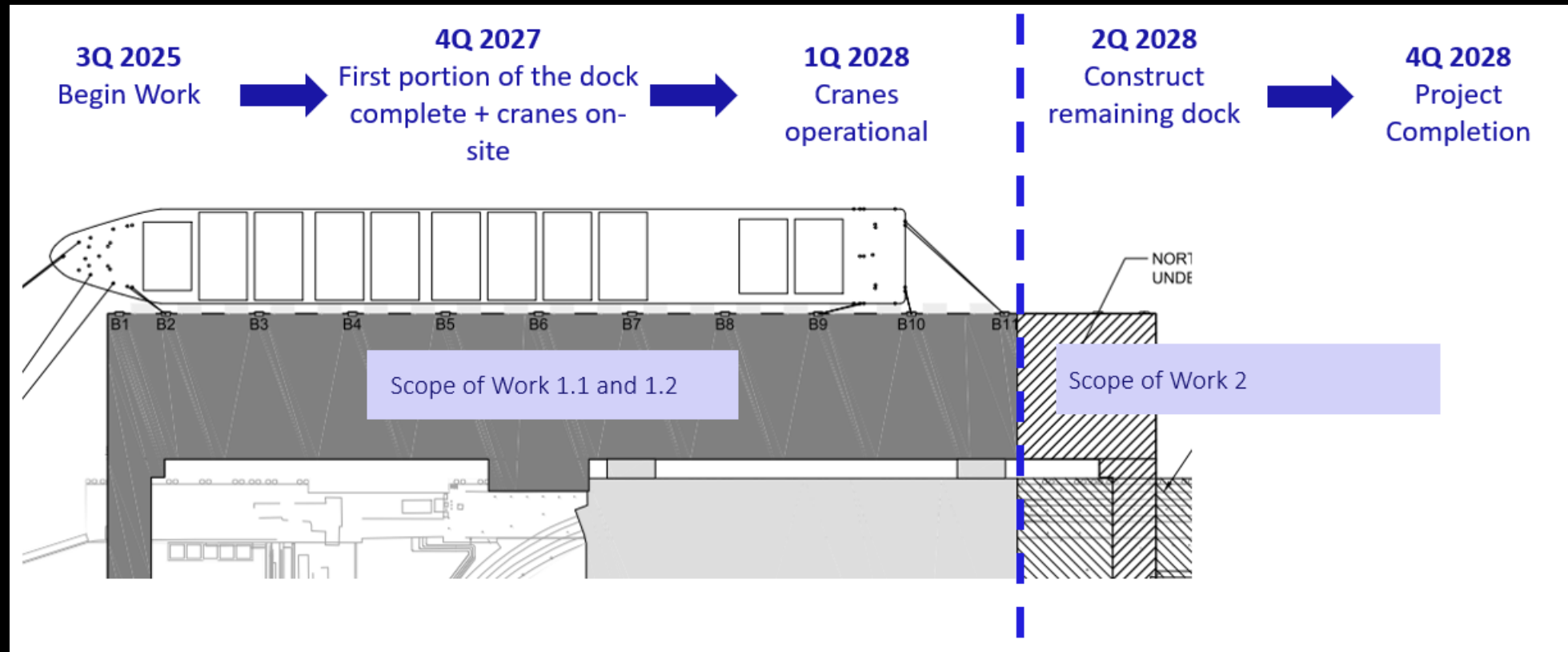
- MOA owns current cranes, with Matson operating pursuant to a Use Agreement
- New structure (Matson owning cranes) aligns with ownership structure of Matson-operated crane infrastructure in Hawaii and other ports
- Structure also known to be used in other west-coast ports (Long Beach, Los Angeles)
- Capital cost of cranes (~\$82M) plus transport (~\$40M) born by Matson, not by MOA [eliminates issue of paying cost through additional surcharge increase, or through creation of separate cost-causer/cost-payer user fee]
- Flexibility for other uses of cranes can be preserved through terms of Crane Use Agreement



# Crane Agreements: Risks

- MOA does not preserve adequate flexibility to allow for humanitarian, Department of Defense, Department of Homeland Security, FEMA, and intermittent special commercial uses (Ambler Metals, etc.).
- MOA contractually obligated to pay damages to Matson if the dock is not sufficiently complete to allow for timely installation of the cranes when they arrive (though MOA really just sits in the middle of the “damages sandwich”).

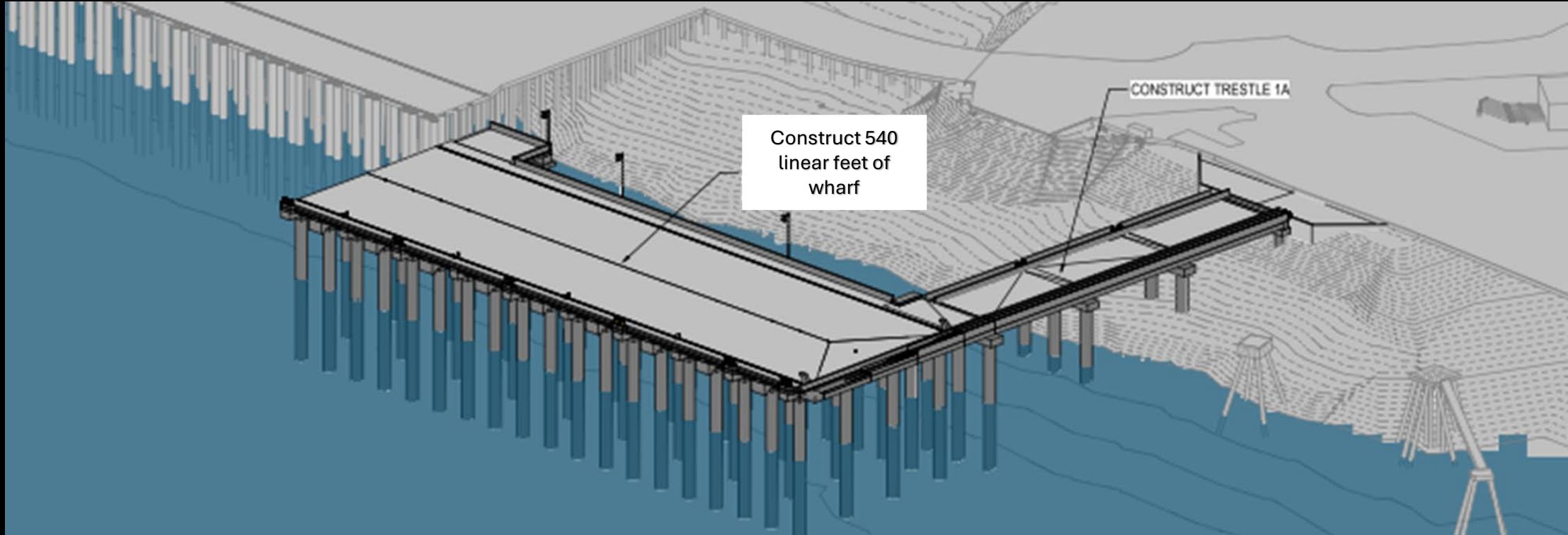
# Crane Agreements: Timeline for T1 Completion



# Crane Agreements: Timeline to T1 Completion

Item	Date
First 540 feet of T1 constructed (Scope of Work 1.1)	By Aug 15 2027
Timeframe wharf available for crane delivery	Aug 15 to Sept 15 2027
Complete T1 to 748 feet (Scope of Work 1.2 - now operation ready)	By Oct 15 2027
Timeframe wharf available for crane commissioning and transfer of Matson operations	Oct 16 2027 to Mar 19 2028
Complete remaining 122 feet of T1 (Scope of Work 2 - Matson needs to operate from new T1 wharf)	Start on Apr 17 2028
Substantial Completion of Terminal 1	Complete by Nov 30 2028

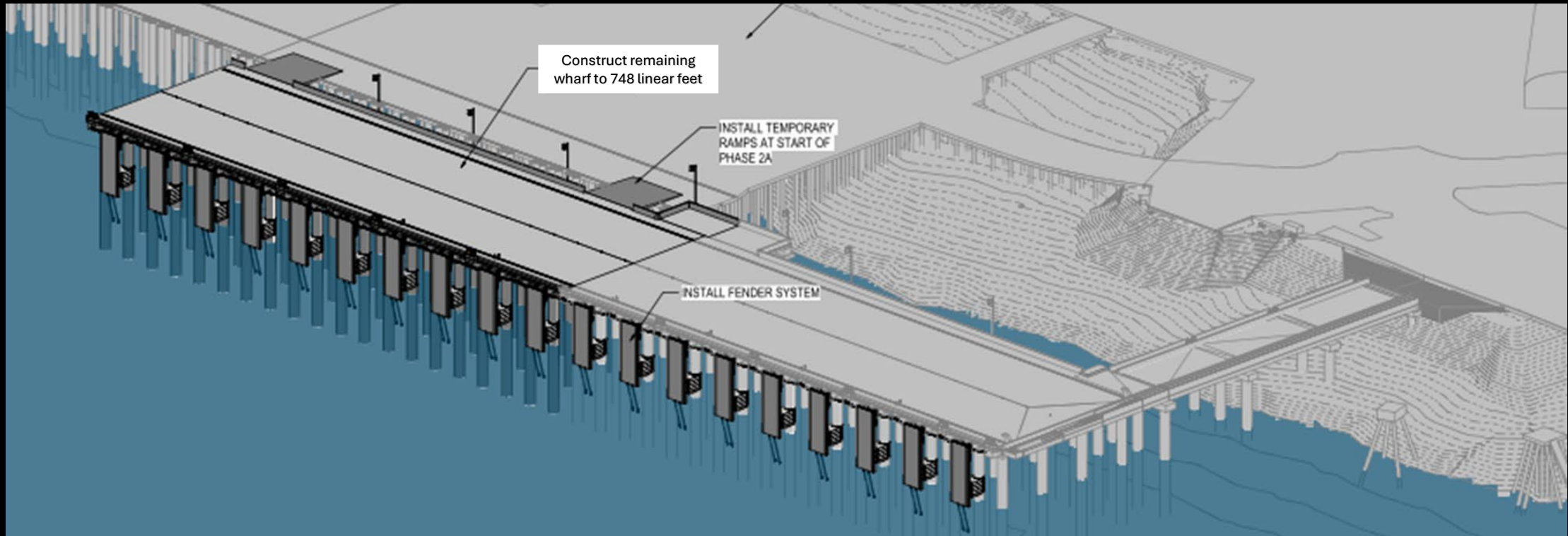
# Crane Agreements: Timeline to T1 Completion



**Scope of Work 1.1 Requires Completion by August 15, 2027.**

T1 Construction Contractor constructs a minimum of 540 feet of dock to be able to receive the cranes before the dock is operational.

# Crane Agreements: Timeline to T1 Completion

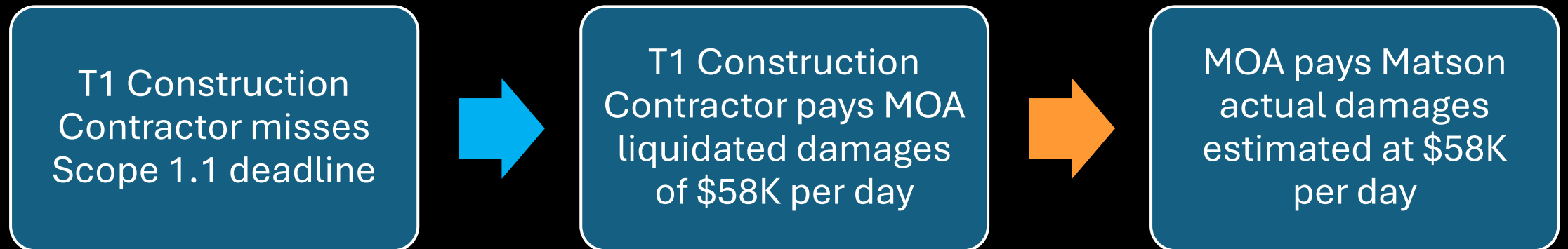


## **Scope of Work 1.2 Required to be Complete by October 15, 2027**

The T1 Construction Contractor completes the terminal to 748 feet allowing Matson to transfer operations to the new Cargo Terminal 1. Operations must be transferred to start Scope of Work 2.0

# Missed Deadline: the Damages Sandwich

## Phase 1: August 15 – September 15



# Missed Deadline: the Damages Sandwich

## Phase 2: September 15



Goal of transaction structure: MOA either (1) uses liquidated damages from Construction Contractor to pay full storage costs for the cranes (most likely), or (2) purchases the cranes for no more than MOA would have paid to purchase them directly (less likely).

# Missed Deadline: the Damages Sandwich

## Phase 3: October 15



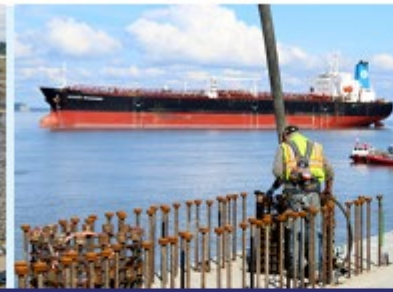
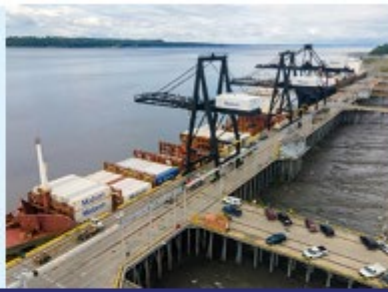


# Three Agreements: Status

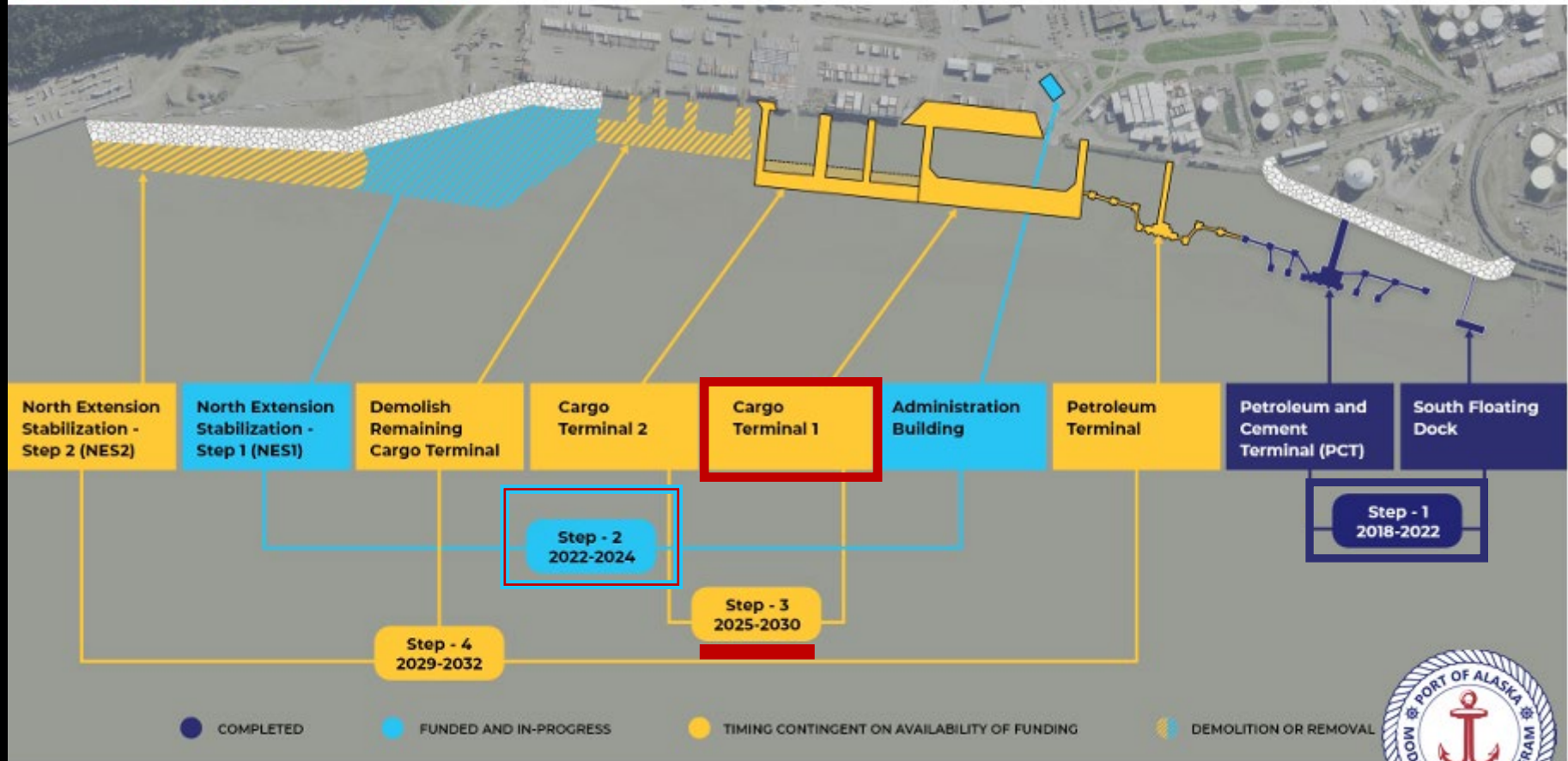
- T1 Construction Contract
  - Included in bid package, proceeding through process
- Crane Agreement
  - In negotiation, received edits from Matson 8/22/24
- Crane Use Agreement
  - In negotiation, received edits from Matson 8/22/24

Provided that the final contractual agreements preserve reasonable operational flexibility for desired third-party uses of the cranes and protect the MOA from excessive liability in the “damages sandwich,” moving ahead with the proposed crane agreement structure is the recommended plan because it removes financing complexity, aligns with user preferences, and keeps the PAMP schedule on-track.

# Port of Alaska MODERNIZATION PROGRAM



## Construction sequencing



All dates are subject to change. Note that the depiction of Cargo Terminal 2 includes a potential design modification.



# Municipality of Anchorage

Dave Bronson, Mayor  
Purchasing Department

January 18, 2024

REQUEST FOR PROPOSAL

RFP 2024P001

## Port of Alaska Modernization Program Construction Services for Terminal 1 (T1) Replacement

The Municipality of Anchorage is an equal opportunity employer.

Enclosed is pertinent information for use in preparing your proposal.

Pre-Proposal Conference (non-mandatory):	<u>3:00 P.M. Local Time, February 7, 2024</u>
Questions Due:	<u>12:00 Noon Local Time, February 12, 2024</u>
PFP Step 1 Proposals Due:	<u>12:00 Noon Local Time, March 31, 2024</u>

If applicable, the call-in phone number for Pre-Bid Conferences is 907-343-6089. Conference lines are opened 5 minutes prior to the Pre-Bid Conference times. To attend meetings in person; you may do so at 632 W. 6th Avenue, Suite 520, Anchorage, AK 99501. In person meetings are not required. FOR AUXILIARY AIDS, SERVICES, OR SPECIAL MODIFICATIONS TO PARTICIPATE PLEASE CONTACT THE PURCHASING DEPARTMENT TO REQUEST REASONABLE ACCOMMODATIONS AT 907-343-4590; FAX 907-343-4595; OR [wwpur@muni.org](mailto:wwpur@muni.org)

For further information or questions contact Purchasing at [email wwpur@muni.org](mailto:wwpur@muni.org). All correspondence should include the Request for Proposal number and title. All Request For Proposal questions should be emailed to the above purchasing email address. **DO NOT contact the specified department directly.** It is your responsibility to periodically check the website for addenda.

Note, no technical or environmental questions (i.e., questions pertaining to the design drawings and permits) will be answered during the Step 1 Written Proposal phase of the procurement process.

The Municipality of Anchorage reserves the right to reject any and all proposals and to waive any informalities in procedures.

Sincerely,



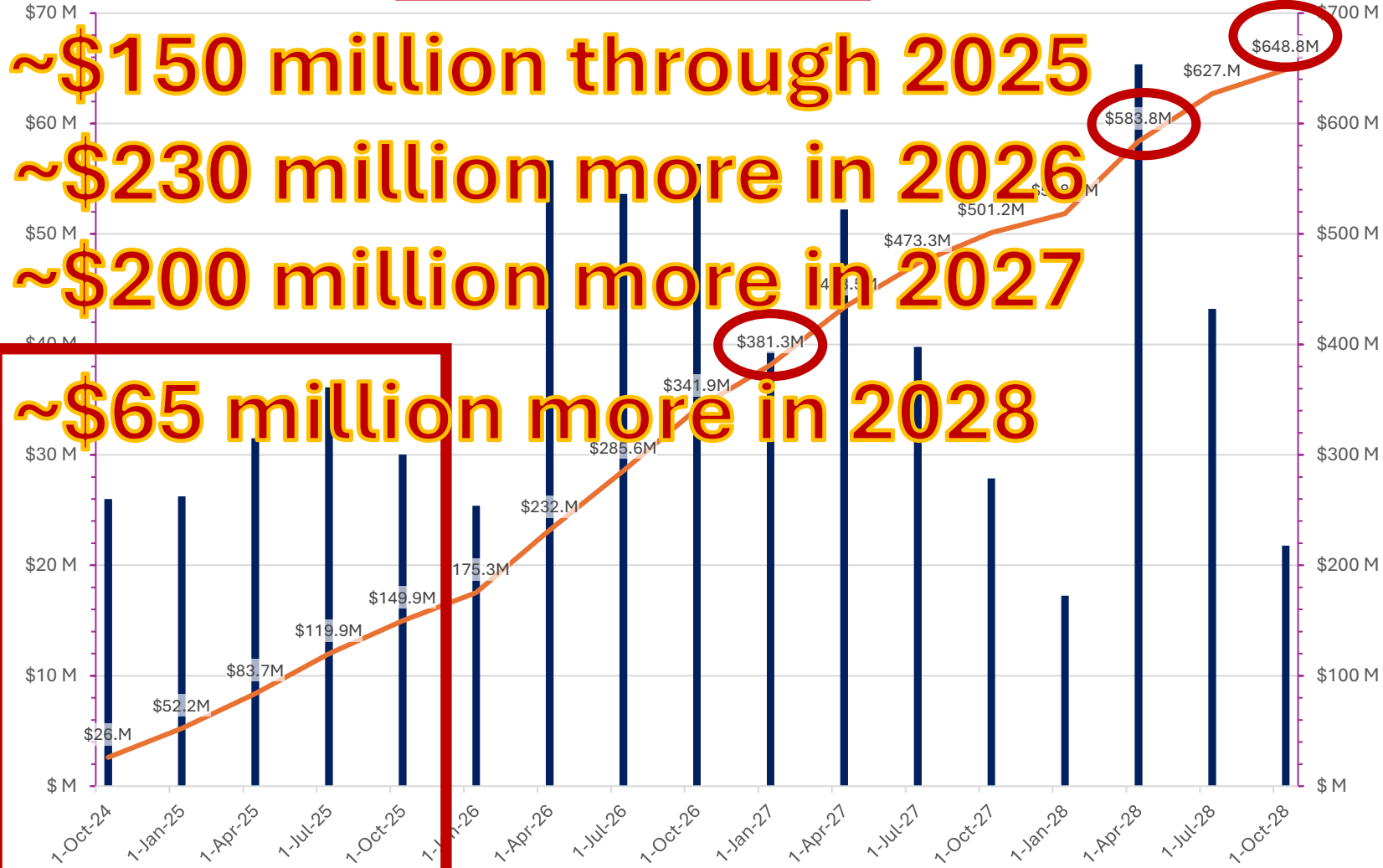
Chris Hunter

Deputy Purchasing Director

- Bidder Selection – Sept 19
- Present to EUOC – Sept 26
- MOA Contract Approval – Oct 8
- Limited Notice to Proceed – Nov. 12 (long lead-time items)
- Full Notice to Proceed – July 7, 2025



### T1 Planned Construction Cost



~\$150 million through 2025  
 ~\$230 million more in 2026  
 ~\$200 million more in 2027  
 ~\$65 million more in 2028

	1-Oct-24	1-Jan-25	1-Apr-25	1-Jul-25	1-Oct-25	1-Jan-26	1-Apr-26	1-Jul-26	1-Oct-26	1-Jan-27	1-Apr-27	1-Jul-27	1-Oct-27	1-Jan-28	1-Apr-28	1-Jul-28	1-Oct-28
Budgeted Cost	\$26.M	\$26.2M	\$31.5M	\$36.1M	\$30.M	\$25.4M	\$56.7M	\$53.6M	\$56.3M	\$39.4M	\$52.2M	\$39.8M	\$27.9M	\$17.2M	\$65.3M	\$43.2M	\$21.8M
Cum Budgeted Cost	\$26.M	\$52.2M	\$83.7M	\$119.9M	\$149.9M	\$175.3M	\$232.M	\$285.6M	\$341.9M	\$381.3M	\$433.5M	\$473.3M	\$501.2M	\$518.4M	\$583.8M	\$627.M	\$648.8M

■ Budgeted Cost    — Cum Budgeted Cost







# T1 Construction: Budget



1 Municipal Clerk's Office Requested by: Chair of the Assembly at the  
 2 **Amended and Approved** Request of the Mayor  
 3 Date: February 27, 2024 (S) Prepared by: Cynthia M. Weed  
 4 Immediate Reconsideration Failed Bond Counsel, K&L Gates LLP  
 5 Date: February 27, 2024 (S) for Reading: February 13, 2024

8 **MUNICIPALITY OF ANCHORAGE, ALASKA**  
 9 **AO No. 2024-11(S). As Amended**

10  
 11 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
 12 PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF PORT  
 13 REVENUE BONDS AND/OR NOTES FOR THE MUNICIPALITY IN ONE OR  
 14 MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OUTSTANDING AT  
 15 ANY TIME OF NOT TO EXCEED FOUR HUNDRED FIFTY-THREE MILLION  
 16 DOLLARS (\$453,000,000) [FOUR HUNDRED SEVENTY-ONE MILLION  
 17 DOLLARS (\$471,000,000)] [THREE HUNDRED NINETY SIX MILLION  
 18 DOLLARS (\$396,000,000)] FOR THE PURPOSE OF PROVIDING FUNDS TO  
 19 REFINANCE CERTAIN OUTSTANDING DEBT AND TO PROVIDE FOR  
 20 ADDITIONAL FUNDS FOR FUTURE CAPITAL IMPROVEMENTS AND RELATED  
 21 FINANCING EXPENSES OF THE PORT OF ALASKA, AND APPROPRIATING  
 22 THE PROCEEDS OF SUCH BONDS AND/OR NOTES TO THE PORT OF  
 23 ALASKA CAPITAL IMPROVEMENT FUND (570800).

24  
 25  
 26 **WHEREAS**, the Municipality of Anchorage, Alaska (the "Municipality") owns and  
 27 operates port facilities (the "Port Facilities") as a public enterprise of the Municipality;  
 28 and  
 29

34 **Financing the Reconstruction of Terminal 1**

35 On or about March 1, 2024, the Port needs approximately \$663 million of  
 36 unencumbered budget in SAP as a formal source of funds in order to begin the  
 37 municipality's Procurement Process for the reconstruction contract of Terminal 1.  
 38 The Municipality cannot award a contract without a defined and formal source of  
 39 funds pursuant to Anchorage Municipal Code Title 7. Additionally, the Purchasing  
 40 Department requires staff to have a formal source of funds prior to commencing

1 work on a request for proposal for services or materials. The timing of the award  
 2 for this contract is forecasted to be on or about October 1, 2024.

3  
 4 **Unencumbered Budget**

5 We are currently forecasting the unencumbered capital budget for the Port to be  
 6 \$192 million as of March 1, 2024. we will therefore need \$471 million of additional  
 7 authorization to sell Port Revenue Bonds. The authorization to sell revenue bonds  
 8 does not require us to sell the bonds. What it does provide us with and what we  
 9 need is, unencumbered budget. The Municipality uses unencumbered budget to  
 10 procure professional services and materials. Once invoices arrive for payment, we  
 11 will use the lowest cost of funds to actually pay those invoices. Passage of this  
 12 ordinance will result in sufficient unencumbered budget to begin the process for a  
 13 contract for the reconstruction of Terminal 1.

# Revenue Bond Authorization

---

# ...But Where Does the Money Come From?

- MARAD Judgment
  - *Not within our control*
- Grants
  - *Cannot bank on \$150m in 2025*
- Revenue Bonds
- TIFIA Loan



# Revenue Bonds = Surcharge Increase

## 20 **Assembly Approval Prior to Bond Issuance**

21 Prior to the execution of any binding contract for the issuance of a series of revenue  
22 bonds for the Port of Alaska, the CFO will submit a resolution to the Assembly for  
23 approval of the issuance of the proposed series of the Bonds in a maximum principal  
24 amount specified in the resolution. Additionally, in tandem with each such  
25 subsequent resolution, the CFO will introduce an ordinance requesting an increase  
26 to the Surcharge Concept to pay for the debt service of the proposed series of Port  
27 Revenue Bonds. Finally, Port Revenue Bond authorization does not commit the  
28 Municipality to issue Port Revenue Bonds. In the event that a viable financing  
29 alternative becomes available that is more cost effective than long-term revenue  
30 bonds, the administration will certainly consider the alternative versus long-term  
31 revenue bonds.







**Municipality of Anchorage**

**Surcharge Concept Review**

**Surcharge Concept**  
(Repayment of Port Debt  
for the PAMP)

**Dated July 21, 2023**

**Port of Alaska  
Modernization Program  
(PAMP)**

**Assembly Worksession**

# Surcharge Concept Review

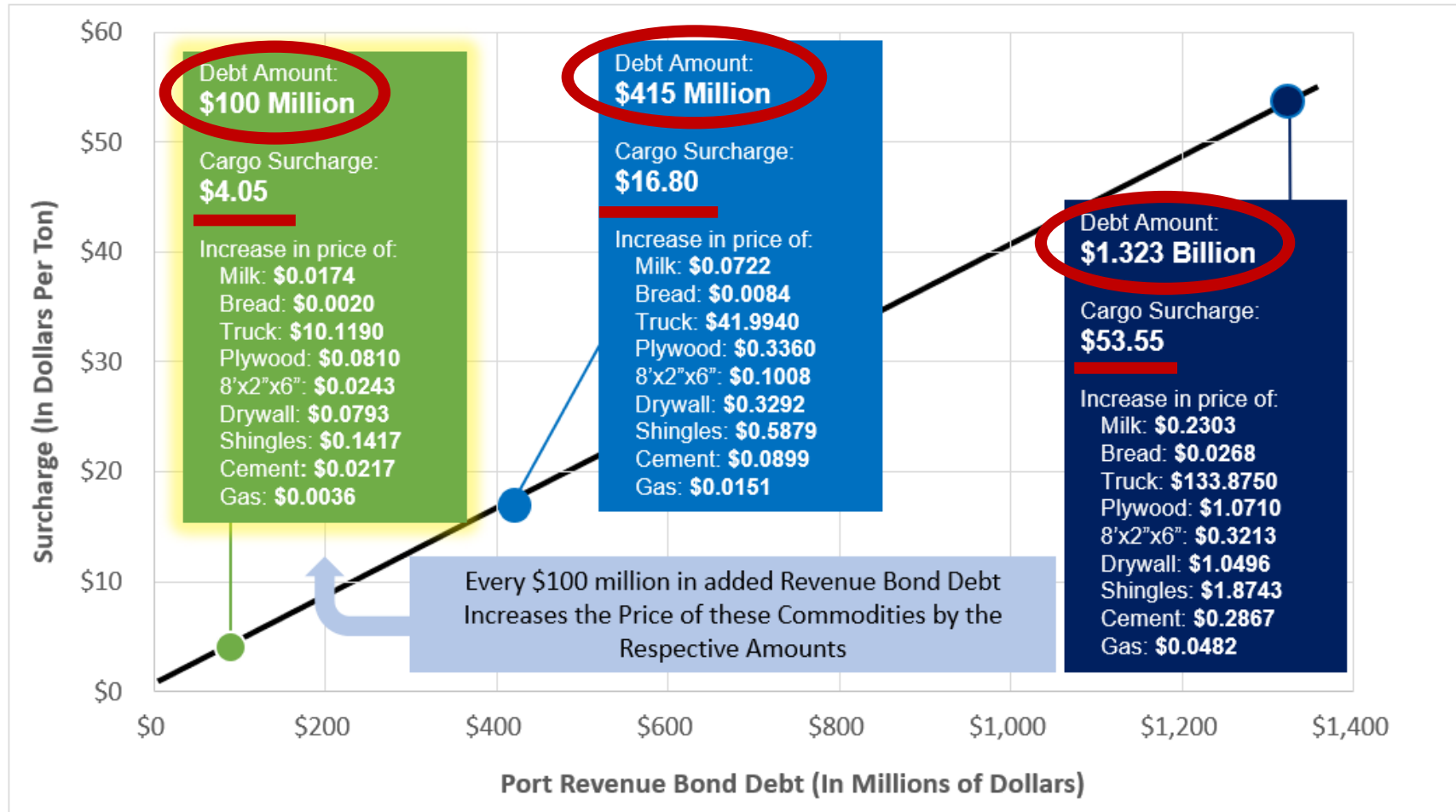
---

## Item 272 Port Modernization Surcharge Fees

- Adds a Surcharge for Cargo Terminal Users
  - Uniform Pricing – All Cargo Terminal Users Pay the Same Surcharge
- Adds a Surcharge for Cement Terminal Users
  - Uniform Pricing – All Cement Terminal Users Pay the Same Surcharge
- Adds a Surcharge for Petroleum Terminal Users
  - Uniform Pricing – All Petroleum Terminal Users Pay the Same Surcharge

# Surcharge Concept Review

## Commodity Price Impact



# Users pay for projects they use, but Surcharge Ramps As *Whole* Project Comes Online

Calculation of PAMP Current Debt Allocation / Liability Percentage					
<u>Terminal User</u>	<u>PCT 1</u> <u>User Allocation *</u>	<u>Petro &amp; Cargo</u> <u>User Allocation</u>	<u>Total Cost of PCT 1</u>	<u>Allocated Cost</u>	<u>Liability</u> <u>Percentage</u>
Cement - PCT 1	7.00%		223,520,082	15,646,406	0.96%
Petro 1 - PCT 1	93.00%		223,520,082	207,873,676	12.74%
Petro 2		100.00%		180,700,000	11.07%
<u>Cargo</u>		100.00%		1,227,425,072	75.23%
Total Terminals	100.00%			<b>1,631,645,154</b>	<b>100.00%</b>

Petro 1 and Petro 2 are the same Users  
 \* The PCT 1 allocation is based on a previously determined calculation set forth in Tariff 9.1





# Revenue Bonds = Surcharge Increase

Municipal Clerk's Office  
Amended and Approved  
Date: July 25, 2023

Submitted by: Chair of the Assembly at the  
Request of the Mayor  
and Meg Zaletel, Assembly Member  
Prepared by: Port of Alaska  
S-version prepared by: Department of Law  
For reading: July 25, 2023

## ANCHORAGE, ALASKA AO No. 2023-34(S), As Amended

1 | **AN ORDINANCE AUTHORIZING AND APPROVING ADOPTION OF PORT OF**  
2 | **ALASKA TERMINAL TARIFF NO. 10.0.**

---

3 |  
4 | **WHEREAS**, pursuant to Anchorage Municipal Code 11.50.030C., the Anchorage Port  
5 | Commission is charged with promulgating the Port's Terminal Tariff, subject to the  
6 | approval of the Anchorage Municipal Assembly and notification to the Federal  
7 | Maritime Commission; and



# Revenue Bonds = Surcharge Increase

SECTION 2 DEFINITIONS & SCHEDULES OF CHARGES											ITEM NO.
PORT OF ALASKA MODERNIZATION PROGRAM	2020	2021	2022	2023	RATES						
					2024	2025	2026	2027	2028	2029	
Port of Alaska will assess a surcharge fee in order to cover expenses incurred for the modernization program.											
<b>PORT MODERNIZATION SURCHARGE FEES</b>											
<b>CARGO VESSELS</b>											
Notwithstanding any other schedule of charges, the Port of Alaska shall assess a modernization surcharge per ton for all commodities crossing the Port of Alaska facilities.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.59 [3.40]	\$0.59 [3.40]	\$0.59 [3.40]	\$0.59 [3.40]	\$0.59 [3.40]	\$0.59 [3.40]	
<b>CEMENT VESSELS</b>											272
Notwithstanding any other schedule of charges, the Port of Alaska shall assess a modernization surcharge fee per ton for all cement commodities crossing the Port of Alaska facilities.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12 [91]	\$0.12 [91]	\$0.12 [91]	\$0.12 [91]	\$0.12 [91]	\$0.12 [91]	
<b>PETROLEUM VESSELS</b>											
Notwithstanding any other schedule of charges, the Port of Alaska shall assess a modernization surcharge fee per barrel for all commodities crossing the Port of Alaska facilities.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02 [1285]	\$0.02 [1285]	\$0.02 [1285]	\$0.02 [1285]	\$0.02 [1285]	\$0.02 [1285]	
ISSUED: 03/01/2022											EFFECTIVE: 01/01/2024 [03/1/2022]

Would have raised ~\$85m  
Amended down



# Revenue Bonds = Surcharge Increase

3 **Subject: AN ORDINANCE AUTHORIZING AND APPROVING ADOPTION**  
4 **OF PORT OF ALASKA TERMINAL TARIFF NO. 10.0.**  
5

6 This S-Version amends the Exhibit B to Assembly Ordinance 2023-34 to reduce  
7 the tariff rates in the schedule of charges to reflect Required Revenue for the  
8 approximately \$19 million of outstanding 2020 Series A Bonds. The Ordinance  
9 itself is also amended to more specifically call out the surcharge mechanism of  
10 payment for the Bonds and to clarify that the Port Commission has not reviewed  
11 and approved the amendments to Exhibit B.  
12

13 Terminal Tariff 10.0 will be in effect beginning January 1, 2024.

**Just refinanced existing debt**



# Surcharge Increase – The Process

- Proposed Surcharge Presented to Port Commission
- Port Commission recommends Tariff change (~2-4 weeks?)
- Recommended Tariff goes to Assembly as proposed Ordinance (~1 week)
- Assembly Approval (~4 weeks?) – ideally before Jan. 1, 2025
- Revenue Bonds issued (any time after)

**Plan on Several Months**





# Surcharge to Support in \$150 million in new borrowing

	Tariff Item 272 - New Surcharge		
	Actual Current Surcharge 2020 Series A Bonds	2025	
		Forecasted New Surcharge 2020 Series A Bonds & \$150 Million Revenue Bonds	Forecasted New Surcharge 2020 Series A Bonds & \$150 Million TIFIA Loan
Cement	0.12	0.43	0.36
Cargo	0.59	3.15	2.68
Petro	0.02	0.10	0.09

	Tariff Item 272 - New Surcharge		
	Actual Current Surcharge 2020 Series A Bonds	2026 – life of bond	
		Forecasted New Surcharge 2020 Series A Bonds & \$150 Million Revenue Bonds	Forecasted New Surcharge 2020 Series A Bonds & \$150 Million TIFIA Loan
Cement	0.12	0.88	0.77
Cargo	0.59	6.44	5.67
Petro	0.02	0.21	0.18



# In 2020 and 2021, Petroleum and Cement Rates were higher than today

## Petroleum & Cement Terminal - \$81m (\$25m Build), Approved Rates, 2021, STB 1 yrs, 90 Cash

- ⚡ Includes some general increases to all Tariff & PUA Services
  - ⚡ PCT Debt Costs x Debt Service Ratio directly assigned to PCT Tariff Rates
  - ⚡ PCT Debt Service starts in 2020 & PCT Tariff Rates cover Debt Cost by 2029
  - ⚡ Meets Operating Requirements
- |                   |                |              |                     |
|-------------------|----------------|--------------|---------------------|
| ⚡ Short Term Loan | 2.33% Interest | 1 Year Term  | 1.25% Issuance Cost |
| ⚡ Revenue Bonds   | 4.30% Interest | 40 Year Term | 0.50% Issuance Cost |



	CYE	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>OPERATING FUND</b>											
Beginning Balance [a]	\$	3,174,764	3,182,359	3,265,500	2,686,444	2,583,721	2,710,451	2,947,820	3,097,273	3,206,751	3,319,519
plus: Net Cash Flow after Rate Increase		10,724	466,667	1,594,721	1,461,460	1,509,874	1,503,780	1,948,002	2,336,578	2,203,767	2,150,755
less: Transfer of Surplus to Capital Fund		(3,128)	(383,526)	(2,173,777)	(1,564,184)	(1,383,144)	(1,266,411)	(1,798,549)	(2,227,101)	(2,090,998)	(2,038,954)
Ending Balance	\$	3,182,359	3,265,500	2,686,444	2,583,721	2,710,451	2,947,820	3,097,273	3,206,751	3,319,519	3,431,320
Minimum Target Balance		1,591,180	1,632,750	1,343,222	1,291,860	1,355,225	1,473,910	1,548,637	1,603,375	1,659,760	1,715,660
Maximum Funds to be Kept as Operating Reserves		3,182,359	3,265,500	2,686,444	2,583,721	2,710,451	2,947,820	3,097,273	3,206,751	3,319,519	3,431,320
No of Days of Cash Operating Expenses		90	90	90	90	90	90	90	90	90	90
Variance from Baseline	\$	5,395,066	5,343,652	2,007,138	17,473	65,215	220,461	284,502	305,112	325,383	340,872
<b>CAPITAL FUND</b>											
Beginning Balance [b]	\$	1,114,264	363,526	2,576,480	4,209,882	4,076,106	4,013,322	3,142,531	2,227,102	2,429,406	2,589,882
plus: Rate Fund System		-	-	-	965,000	795,000	210,000	-	-	-	-
plus: Grant		7,100,000	1,400,000	-	-	-	-	-	-	-	-
plus: Debt Proceeds Available for Projects		-	87,180,023	14,000,000	-	-	-	-	-	-	-
plus: Operating Expenses paid with LOC		-	-	-	965,000	795,000	210,000	-	-	-	-
plus: Interest Earnings		26,572	55,713	19,176	128,821	213,474	230,805	230,668	157,127	111,355	121,473
plus: Transfer of Operating Fund		(3,128)	(383,526)	(2,173,777)	(564,184)	(1,383,144)	(1,266,411)	(1,798,549)	(2,227,101)	(2,090,998)	(2,038,954)
plus: Capital Projects		(1,114,264)	(363,526)	(2,576,480)	(4,209,882)	(4,076,106)	(4,013,322)	(3,142,531)	(2,227,102)	(2,429,406)	(2,589,882)
less: Capital Projects		(1,114,264)	(363,526)	(2,576,480)	(4,209,882)	(4,076,106)	(4,013,322)	(3,142,531)	(2,227,102)	(2,429,406)	(2,589,882)
Ending balance	\$	1,114,264	363,526	2,576,480	4,209,882	4,076,106	4,013,322	3,142,531	2,227,102	2,429,406	2,589,882
Variance from Baseline	\$	(1,644,873)	236,433	2,422,031	2,971,882	1,280,682	1,156,802	(577,088)	(1,911,979)	(3,319,241)	(4,562,648)
Impact on Future Capital Projects		-	-	-	795,000	795,000	(1,790,000)	-	(200,337)	-	-
Debt Service Coverage		n/a	1.96	1.50	1.30	1.30	1.30	1.38	1.43	1.40	1.39
Variance from Baseline		-	0.66	(1.02)	(1.37)	(1.55)	(1.74)	(1.74)	(1.77)	(1.64)	(1.53)
Petroleum Tariff per Barrel Rate	\$0.1642	\$0.2033	\$0.2526	\$0.2853	\$0.3222	\$0.3640	\$0.4111	\$0.4643	\$0.5045	\$0.5329	\$0.5630
Cement Tariff per Ton Rate	\$1.6700	\$2.0676	\$2.5688	\$2.9015	\$3.2772	\$3.7016	\$4.1810	\$4.7224	\$5.1309	\$5.4203	\$5.7260

**~8.84 cents / barrel (dropped to 2)**  
**~89.88 cents/ton (dropped to 12)**



# TIFIA Loan -> Partial cheaper financing, with NEPA



- Transportation Infrastructure Finance and Innovation Act (TIFIA) **Loan** is a low interest rate federal loan from the Build America Bureau (BAB) of the US Department of Transportation
- A TIFIA Loan interest rate is one basis point above the 30-year US Treasury
- Transaction costs of ~\$1.3m

**Have to pay it back**

- A NEPA (National Environmental Policy Act of 1969 – Requirements) is required for any project that uses federal money (grants or loans)
- Timing of the NEPA for the Cargo Terminal Reconstruction (CTR) is critical; must precede construction
- TIFIA can only finance a minority *portion* of a project

**Only 33% of**  
**“eligible costs”**

- Two TIFIA Loans Versus One TIFIA Loan is under review by the CFO & Public Finance
  - Small Loan (<\$86.7m) for prior expenditures that had pre-construction NEPA (for grants)
  - Larger Loan for: (1) prior expenditures + (2) post-NEPA Cargo Dock costs
    - Should know more in mid-September

# TIFIA Loan

## SUMMARY

### TIFIA LOAN VERSUS REVENUE BONDS

- TIFIA Loan All-In Cost of Funds 4.35%
- Annual Debt Service \$5,328,458
  
- Revenue Bonds All-In Cost of Funds 4.88%
- Annual Debt Service \$6,096,302
  
- Revenue Bonds Cost More
- All-In Cost of Funds 0.53%
- Annual Debt Service \$767,844
  
- Assumptions
  - Level Debt Service for 40 years
  - \$100,000,000 of proceeds
  - Costs of Issuance Fees are paid for and financed by the debt



# Surcharge to Support in \$150 million in new borrowing

	Tariff Item 272 - New Surcharge		
	Actual Current Surcharge 2020 Series A Bonds	2025	
		Forecasted New Surcharge 2020 Series A Bonds & \$150 Million Revenue Bonds	Forecasted New Surcharge 2020 Series A Bonds & \$150 Million TIFIA Loan
Cement	0.12	0.43	0.36
Cargo	0.59	3.15	2.68
Petro	0.02	0.10	0.09

	Tariff Item 272 - New Surcharge		
	Actual Current Surcharge 2020 Series A Bonds	2026 – life of bonds or loan	
		Forecasted New Surcharge 2020 Series A Bonds & \$150 Million Revenue Bonds	Forecasted New Surcharge 2020 Series A Bonds & \$150 Million TIFIA Loan
Cement	0.12	0.88	0.77
Cargo	0.59	6.44	5.67
Petro	0.02	0.21	0.18



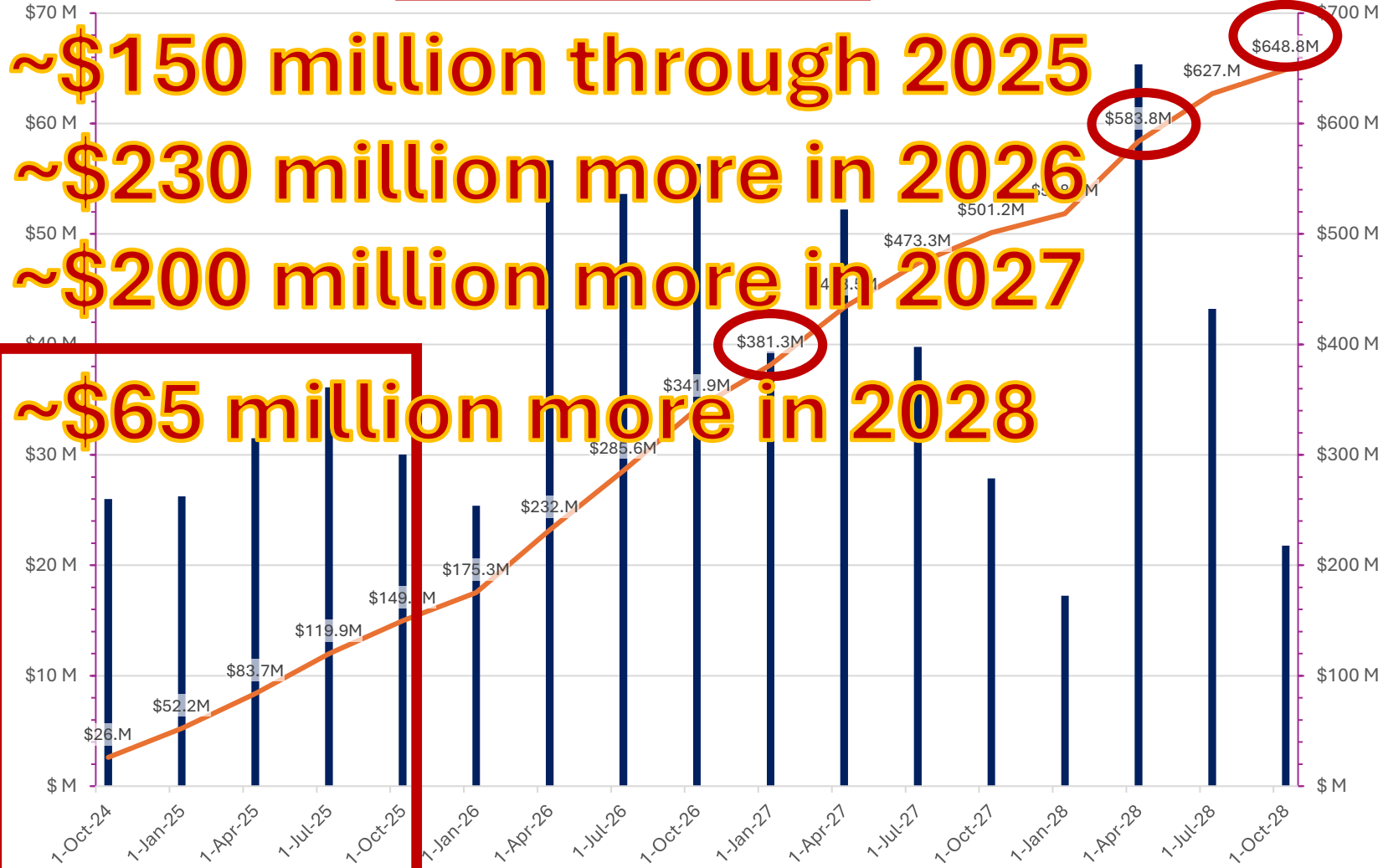


# Recommendation

- Effective Jan. 1, 2025, raise PAMP surcharge to support approximately \$150m in revenue bonds and either
  - actually issue bonds, or
  - secure TIFIA loan
- Meanwhile, keep pursuing MARAD judgment and grants
- There is no risk of over-elevating the PAMP surcharge in this scenario now, because
  - even if the MARAD judgment and additional grants come through, we will need this surcharge capacity and borrowing:
    - Many grants require a match, and are paid on a reimbursable basis, (so payments significantly lag need), and
    - We need to spend *a lot* more after 2025
- Expect additional annual adjustments



### T1 Planned Construction Cost



	1-Oct-24	1-Jan-25	1-Apr-25	1-Jul-25	1-Oct-25	1-Jan-26	1-Apr-26	1-Jul-26	1-Oct-26	1-Jan-27	1-Apr-27	1-Jul-27	1-Oct-27	1-Jan-28	1-Apr-28	1-Jul-28	1-Oct-28
■ Budgeted Cost	\$26.M	\$26.2M	\$31.5M	\$36.1M	\$30.M	\$25.4M	\$56.7M	\$53.6M	\$56.3M	\$39.4M	\$52.2M	\$39.8M	\$27.9M	\$17.2M	\$65.3M	\$43.2M	\$21.8M
— Cum Budgeted Cost	\$26.M	\$52.2M	\$83.7M	\$119.9M	\$149.9M	\$175.3M	\$232.M	\$285.6M	\$341.9M	\$381.3M	\$433.5M	\$473.3M	\$501.2M	\$518.4M	\$583.8M	\$627.M	\$648.8M

■ Budgeted Cost    — Cum Budgeted Cost



# Next Steps

- *Assembly discussion*
- *Port Commission development*
- *Port User Group collaboration*





