

Board of Trustees of the Galveston
Wharves
SPECIAL MEETING
Tuesday, August 8, 2023 11:45 a.m.
Port of Galveston
123 Rosenberg Avenue, 8th Floor
Galveston, TX 77550

BOARD OF TRUSTEES
Chairman Harry D. Maxwell, Jr.
Vice Chairman Victor Pierson
Trustee/Mayor Craig Brown
Trustee Willy Gonzalez
Trustee Sheila S. Lidstone
Trustee Jeff Patterson
Trustee James D. Yarbrough
Rodger Rees, Port Director/CEO
Anthony P. Brown, Port Attorney

NOTICE OF MEETING

The Special Meeting is open to the public.

A. CALL TO ORDER

- A.1. Roll Call
- A.2. Declaration of Quorum
- A.3. Pledge of Allegiance
- A.4. Declaration of Conflicts of Interest by a Trustee

B. BUSINESS ITEMS

- B.1. Discuss And Consider Approval Of Resolution Requesting The City Of Galveston To Authorize And Issue City Of Galveston, Texas, Wharves And Terminal First Lien Revenue Bonds, Series 2023 (AMT) To Finance Improvements At Cruise Terminal No. 25**

Documents:

[RESOLUTION REQUESTING ISSUANCE OF DEBT \(APB 08.04.2023\).DOCX](#)

- B.2. Discuss And Consider Approval Of Reimbursement Resolution For Payments Made For Improvements To Cruise Terminal No. 25 Prior To The Issuance Of Bonds**

Documents:

[DRAFT REIMBURSEMENT RESOLUTION - CT25 \(APB 08.04.2023\).DOCX](#)

C. COMMENTS FROM THE BOARD OF TRUSTEES

Pursuant to Texas Government Code Section 551.0415, Trustees may report on any of the following items:

- 1. Expressions of thanks, gratitude, and condolences
- 2. Information regarding holiday schedules
- 3. Honorary or salutary recognition of a public official, public employee, or other citizen
- 4. Reminders regarding Galveston Wharves events
- 5. Reminders regarding community events
- 6. Health and safety announcements

D. SET DATE OF NEXT BOARD MEETING, TIME AND LOCATION

E. ADJOURNMENT

THE ITEMS LISTED FOR THE CONSENT AGENDA ARE CONSIDERED ROUTINE AND WILL NOT BE DISCUSSED UNLESS A TRUSTEE DESIRES TO DISCUSS - AS IS THE CASE, THAT SUCH ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND CONSIDERED PRIOR TO THE REGULAR AGENDA ITEMS. AS USED IN THIS NOTICE, THE TERM "EXECUTIVE SESSION" MEANS A "CLOSED MEETING" AS DEFINED IN TEXAS GOVERNMENT CODE CHAPTER 551, THE OPEN MEETINGS ACT. THE BOARD RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME DURING THE COURSE OF THIS MEETING TO DISCUSS ANY SUBJECT, INCLUDING WITHOUT LIMITATION ANY SUBJECT APPEARING ON THIS AGENDA, AS AUTHORIZED BY THE OPEN MEETINGS ACT. FOLLOWING ANY EXECUTIVE SESSION, THE BOARD IN OPEN SESSION MAY TAKE A FINAL ACTION, DECISION, OR VOTE ON A MATTER DELIBERATED IN EXECUTIVE SESSION, AS AUTHORIZED BY THE OPEN MEETINGS ACT.

I certify that the above Notice of Meeting was posted in a place convenient to the public, in accordance with Chapter 551 of the Texas Government Code, on or before 11:45 a.m. Friday, August 4, 2023.

Rodger Rees, Port Director/CEO

RESOLUTION REQUESTING THE CITY OF GALVESTON, TEXAS TO AUTHORIZE AND ISSUE CITY OF GALVESTON, TEXAS, WHARVES AND TERMINAL FIRST LIEN REVENUE BONDS, SERIES 2023 (AMT) TO FINANCE IMPROVEMENTS AT CRUISE TERMINAL NO. 25

WHEREAS, the Board of Trustees of the Galveston Wharves (the "Board") is making certain improvements to Cruise Terminal No. 25, which is located on property known as the Port of Galveston, more fully described in Article XII § 4 of said Charter, has been placed under the exclusive management and control of the Board of Trustees of the Galveston Wharves (hereafter, "Port Property"), and related infrastructure to accommodate increased cruise ship business operating at said Cruise Terminal No. 25 (the "Project"); and

WHEREAS, the City Council of the City of Galveston, Texas is authorized by law to issue obligations and refunding obligations payable from revenues generated by the operations conducted by the Board of Trustees of the Galveston Wharves on Port Property (hereafter, "Wharves and Terminal Revenue Obligations" and "Wharves and Terminal Revenue Refunding Obligations"), and has done so in the past, most recently when the City Council of the City of Galveston authorized the issuance of (1) City of Galveston, Texas, Wharves and Terminal Refunding Bonds Series 2021A and (2) City of Galveston, Texas, Wharves and Terminal Refunding Bonds Series 2021B (AMT), pursuant to City of Galveston Ordinance No. 21-039; and

WHEREAS, in accordance with the Trust Indenture between the City and The Bank of New York Mellon Trust Company, N.A., as amended and supplemented from time to time (the "Trust Indenture") pursuant to which the above-described Wharves and Terminal Revenue Obligations" and "Wharves and Terminal Revenue Refunding Obligations have been authorized and secured by a first lien on the Net Revenues from which said Obligations are payable, the City is authorized to issue additional obligations secured by liens on said Net Revenues; and

WHEREAS, pursuant to prior City Ordinances authorizing the Obligations, the City reserves the right to issue such additional bonds, notes and other obligations that may be secured by a lien on said Net Revenues that may be (a) superior in right to, (b) on parity with, or (c) junior or subordinate to the Obligations previously authorized; and

WHEREAS, the Board requests that the City issue its Wharves and Terminal First Lien Revenue Bonds, Series 2023 (AMT) (the "Bonds") in order to (i) renovate, expand and improve Cruise Terminal No. 25 at the Wharves' Facilities, and (ii) to pay the costs of issuance of the Bonds in an amount sufficient to provide the Wharves with a net amount of approximately \$51,600,000.00 in Bond proceeds, after paying said costs of issuance of said Bonds; and

WHEREAS, the Board further requests that (3) the Bonds be issued for a term of approximately 20 years, (2) the Bonds be issued without including capitalized interest, and (3) that the Bonds be issued without including an amount sufficient to fund a debt service

reserve fund account, because the Board will use funds it currently has available to fund said debt service reserve fund account at the closing of the sale of the Bonds;

WHEREAS, the Bonds will be payable from and will be secured by the Net Revenues derived from the Wharves Facilities with a lien on Net Revenues; and

WHEREAS, the Board unanimously adopted a proposal for the issuance of the Bonds at its Regular Monthly Meeting held on July 25, 2023, and wishes to adopt this Resolution to adopt and confirm the specific terms set out herein, as part of its request to City Council to issue the Bonds. Now, Therefore

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES:

Section 1. Incorporation of Findings. The findings and recitations set out in the preamble of this Resolution are found to be true and correct and they are hereby adopted by the Board and made a part hereof for all purposes.

Section 2. Purpose and Consideration. It is hereby found and determined that the issuance of the Notes to finance the Project will provide a public benefit to the City and the Galveston Wharves.

Section 3. Reimbursement. The Board reasonably expects to reimburse itself for costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the acquisition, construction, reconstruction or renovation of the financed Project from the proceeds of obligations to be issued subsequent to the date hereof. The Board reasonably expects that the maximum principal amount of obligations issued to reimburse the Board for the costs associated with the Project will not exceed \$13,000,000.00.

Section 5. Authorization for Further Action. The Chairman, Vice-Chairman, Port Director, Director of Finance, the Board's Legal Counsel and the other officials of the Board are hereby authorized, jointly and severally, to execute and deliver such certificates, documents or papers necessary and advisable, and to take such actions as are necessary to carry out the intent and purposes of this Resolution and the Agreements.

DULY PASSED by majority vote of all members of the Board of Trustees of the Galveston Wharves on the 8th day of August, 2023.

BOARD OF TRUSTEES
OF THE GALVESTON WHARVES

By: _____
Chairman

ATTEST:

By: _____
Vice-Chairman

RESOLUTION OF THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES

WHEREAS, the **BOARD OF TRUSTEES OF THE GALVESTON WHARVES** (the "Board") is a utility of the City of Galveston and a political subdivision of the State of Texas, pursuant to Article XII of the City Charter of the City of Galveston and Chapter 54 of the Texas Transportation Code, and is legally authorized to issue debt obligations for authorized purposes, which may include qualified tax credit bonds or obligations the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations"), pursuant to the Internal Revenue of 1986, as amended (the "Code"), or both; and

WHEREAS, the Board has made payments for the Cruise Terminal No. 25 Improvement Project (defined below), within the sixty (60) day period preceding the date hereof, and anticipates making additional payments prior to the issuance of qualified tax credit bonds or tax-exempt obligations, or both, to be issued subsequent to the date hereof; and

WHEREAS, under 26 CFR § 1.150-2, to fund such reimbursement with proceeds of tax-exempt obligations, the Board must declare its expectation to make such reimbursement; and

WHEREAS, the Board desires to preserve its ability to reimburse itself for the costs associated with the Cruise Terminal No. 25 Improvement Project (defined below) from the proceeds of qualified tax credit bonds or tax-exempt obligations, or both, to be issued subsequent to the date hereof;

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES, AS FOLLOWS:

RESOLVED, that the **BOARD OF TRUSTEES OF THE GALVESTON WHARVES** (the "Board") has made capital expenditures, and reasonably expects to make additional capital expenditures after the date of this Resolution in connection with the renovation, expansion and improvement of the Cruise Terminal No. 25 facility at the Port of Galveston (the "Cruise Terminal No. 25 Improvement Project"), and the Board intends to reimburse itself for such expenditures with the proceeds of qualified tax credit bonds or tax-exempt obligations, or both, to be issued subsequent to the date hereof.

RESOLVED FURTHER, that the Board reasonably expects that the maximum principal amount of qualified tax credit bonds or tax-exempt obligations, or both, issued to reimburse the Board for cost incurred with expenditures for completion of the Cruise Terminal No. 25 Improvement Project will not exceed \$13,000,000, and such obligations may be issued in one or more series.

RESOLVED FURTHER, that unless otherwise advised by legal counsel, any reimbursement allocation will be made not later than 18 months after the later of (1) the date the original expenditure is paid or (2) the date on which the expenditure is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

RESOLVED FURTHER, this Resolution shall be effective immediately upon adoption.

ADOPTED August 8, 2023

I hereby certify that the foregoing resolution was adopted and approved by the Board of Trustees at its Special Meeting held on August 4, 2023.

Harry D. Maxwell, Jr.
Chairman
Board of Trustees of the
Galveston Wharves