# Bond Case Briefs

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## Port of Miami to Sell $1.4 Billion in Muni Bonds.

**Miami-Dade County will sell debt backed by revenue from Port of Miami, a pandemic high and a sign of investors' demand for local-government debt**

Florida officials announced the largest pandemic-era municipal-bond sale backed by port revenue, hoping to tap into investor demand for local-government debt tied to recovering sectors of the U.S. economy.

Miami-Dade County said Monday it is selling around $1.4 billion of bonds due 2050 and backed by revenue from the Port of Miami, or PortMiami—the county's largest municipal bond sale ever. That is also the largest sale tied to a port since last March, beating a $1.1 billion bond issued by the Port Authority of New York and New Jersey during July 2020.

Miami is home to the largest port in Florida. It processed more than $45 billion worth of cargo during the fiscal year ending September 2020 and in normal times is home to over a fifth of the world's cruise traffic.

The offering's size is a sign of the strength of the overall municipal market. A stimulus- and vaccine-fueled recovery has sparked a rally in bond prices, dropped yields toward record lows and left many state and local governments flush with cash. Those improvements, plus increased prospects of a federal tax increase, have prompted more investors to buy municipal bonds, analysts say, after coronavirus fears sparked a sharp selloff last spring.

Investors, meanwhile, have been receptive to assets that benefit from a global shipping crunch, leading municipal bonds tied to ports to outperform other local debt. The S&P municipal-bond port index has returned over 2.4% to investors this year through Aug. 4, including price changes and interest payments. That compares with a 1.9% return on municipal bonds broadly and 0.2% on U.S. investment-grade corporate bonds.

Still, the Miami sale, which is being led by Wells Fargo, WFC -1.52% will occur against a backdrop of growing fears related to rising Delta variant infections. Questions remain about the cruise industry's recovery following canceled cruise voyages over the past year. PortMiami officials are forecasting around 3.8 million cruise passengers during the next fiscal year starting in September, below pre-pandemic totals above six million.

So far, between fiscal years 2019 and 2020, cruise revenue at PortMiami has fallen more than 35% to $34 million, based on the port's most recent audit. Other passenger fees such as parking revenue have declined by nearly half to around $6 million.

Recent support from the federal government has helped PortMiami make up lost revenue. The port received over $66 million through the American Rescue Plan, the second-largest recipient among ports in Florida, behind Port Canaveral.

Increased demand for shipping goods globally has also helped soften the blow from stranded cruises. Cargo volume at PortMiami this fiscal year is running at an annualized pace of 1.25 million 20-foot-equivalent units, or TEUs, port officials say. That is on pace to beat the port's previous volume record from 2019 by 11%. Cargo revenue during the fiscal year ending September 2020 rose over 20% to $28.7 million.

Despite the challenges, analysts are optimistic about the offering's prospects. While PortMiami relies more on cruise revenue than other U.S. ports, investors in search of yield have been willing to lend to shipping and travel-related municipal borrowers looking to refinance debt, said Howard Cure, director of municipal bond research at Evercore Wealth Management. "The market is pretty receptive to giving some relief as long as there's a faith things will return to normal," he said.

Cruise operators and port officials are expecting passenger volumes at PortMiami to recover as the world reopens. Construction of new boat-berthing spaces and ship terminals is expected to increase yearly passenger capacity to around 8.5 million people, officials say.

Moody's Investors Service recently raised the credit outlook for PortMiami to stable from negative. It expects cruise operations will increase over the next year and that the port has sufficient liquidity to manage that transition.

The new bond will refinance most of PortMiami's $1.6 billion in outstanding debt, some of which will be used for new construction. The deal will also extend the maturity of about $600 million in short-term debt, helping lower yearly interest costs.

Demand for municipal bonds has made such refinancings attractive to local officials. "Now is the right time to take advantage of historically low interest rates," said Juan Kuryla, chief executive of PortMiami.

Daniella Levine Cara, mayor of Miami-Dade County, said the bond sale could have an added benefit: increasing confidence among county officials about the government's ability to tap debt markets for future financing needs.

"We can take this to the bank," she said.

**The Wall Street Journal**

By Sebastian Pellejero

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