

PORT ORDINANCE NO. 4837
ORDINANCE AMENDING AND ADOPTING THE DEBT POLICY AS
CHAPTER 5.14 OF THE PORT OF OAKLAND ADMINISTRATIVE
CODE (POAC), AND FINDING THAT THE PROPOSED ACTION
IS EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT.

WHEREAS, the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 5.1, dated April 23, 2026, and related agenda materials ("Agenda Report"), has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; and

WHEREAS, Section 706 of the City of Oakland ("City") Charter gives to the Board the complete and exclusive power and duty for and on behalf of the City to exercise various powers and duties relating to the Port's jurisdiction, including, but not limited to, the power and duty to "adopt and enforce such ordinances, orders, regulations and practices as are necessary for the proper administration and discharge of its duties and powers, or for the management and government of the port, and its facilities" (City Charter, Sec. 706(27)); and

WHEREAS, in acting upon this matter, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in testimony received; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The Board hereby finds and determines that the proposed action is not subject to the California Environmental Quality Act ("CEQA") under the general rule exclusion under Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that the proposed action will not have a significant effect on the environment and therefore is not a "project" under CEQA.

Section 2. The Board hereby:

A. Approves, amends, and adopts the Debt Policy as Chapter 5.14 of the Port of Oakland Administrative Code ("POAC"), as reflected in **Attachment A**, and as further described in the Agenda Report.

B. Repeals all former Port ordinances and/or resolutions containing the Debt Policy, including, without limitation, Port Resolution Nos. 17-09 and 25-20, as currently contained in Administrative Policy (AP) 514.

C. Authorizes the Executive Director or her designee to take all actions necessary to implement this adoption into the POAC, provided

that such actions do not materially differ from the terms and conditions set forth herein and in the Agenda Report, subject to approval as to form and legality by the Port Attorney.

Section 3. This Ordinance is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Port. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this Ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement.

Section 4. This Ordinance shall take effect on the date of its final adoption; provided, however, that if a petition protesting the adoption of this Ordinance is timely and duly submitted to the elections official of the City of Oakland in the manner required under California Elections Code § 9237, the effective date of this Ordinance shall be suspended, and all actions authorized by this Ordinance shall be null and void.

The Board of Port Commissioners, Oakland, California, April 23, 2026. Passed to print for one day by the following vote: Ayes: Commissioners Dominguez Walton, Leslie, Martinez, Myres, Wong and President Cluver - 6. Noes: 0. Excused: Commissioner Muhammad - 1.

Daria Edgerly,

Secretary of the Board

Chapter 5.14 Debt Policy

Section 5.14.010 Scope and Application

The purpose of this Chapter is to provide guidance for the issuance and management of Debt. The purpose of this Chapter is also to identify Debt management objectives, improve the quality of the decision-making processes, provide a basis for the determination of appropriate Debt structures, and demonstrate a commitment to best practices in municipal Debt management planning and execution. This Chapter does not authorize the issuance of any Debt. Any Debt issuance to finance or refinance capital project expenditures must be authorized by the Board of Port Commissioners under separate Board action.

The Board may, in its sole discretion, approve Bonds and other forms of indebtedness that deviate from this Chapter, upon the recommendation of the Chief Financial Officer. The failure of the Port to comply with any provision of this Chapter shall not affect the authorization or the validity or enforceability of any Bonds or other forms of indebtedness that are otherwise issued in accordance with the law. The actual terms and conditions governing Port Bonds are as set forth in the respective Bond agreements.

This Chapter is subject to periodic review and amendment to account for developments in the financial markets and changes in the law and regulatory environment, and to ensure the Port adheres to sound Debt issuance and management practices.

Section 5.14.020 Definitions

The following words and phrases whenever used in this Chapter shall be construed as defined in this Section:

“ALT” means Additional Leverage Test.

“Aviation Division” means the aviation division or department of the Port.

“Bond” means, collectively, a fixed-income instrument representing a loan made by an investor to a borrower and other forms of indebtedness of the Port, together with any credit, liquidity or other security instruments and agreements that may be executed in connection with the issuance of such instrument and other forms of indebtedness.

“Cash-Based Debt Service Coverage Ratio” generally means Cash-Based Net Revenues divided by Debt Service.

“Cash-Based Net Revenues” means Net Revenues adjusted to reverse certain non-cash accounting adjustments to Net Revenues (e.g., GASB 87 and GASB 96) as determined by the Chief Financial Officer; operating expenses funded by sources other than operating revenues (e.g., grants) shall be excluded from the calculation.

“Cash-Based Revenues” means “Revenues” as defined in the Intermediate Lien Bonds Master Indenture adjusted to reverse certain non-cash accounting adjustments to Revenues (e.g., GASB 87 and GASB 96) as determined by the Chief Financial Officer.

“Chief Financial Officer” means the Port’s senior executive officer designated by the Board to be responsible for managing the financial actions of the Port, or such successor office holder and/or their designees.

“CIP” means Capital Improvement Plan.

“Commercial Paper Trust Indentures” shall mean the Trust Indenture dated as of October 1, 1998, as amended and supplemented, and the Trust Indenture dated as of September 1, 1999, as amended and supplemented, relating to the Port’s commercial paper program.

“Commercial Real Estate Division” means the commercial real estate division or department of the Port.

“DBW Loans” means the loan agreements by and between the Port and the California Department of Boating and Waterways.

“DCOH” shall refer to Days Cash on Hand which shall be calculated by dividing unrestricted cash balances, including Board reserves, by the average daily operating expenses, i.e., operating expense before depreciation and amortization divided by three hundred and sixty-five (365) days.

“Debt” means, collectively, a Bond and other forms of indebtedness of the Port, together with any credit, liquidity or other security instruments and agreements that may be executed in connection with the issuance of Bonds and other forms of indebtedness.

“Debt Service” shall have the meaning assigned to such term in the Intermediate Lien Bonds Master Indenture, but shall also include any other indebtedness that is subordinate to the Intermediate Lien Bonds and secured by Net Revenues and exclude interim funding indebtedness to be repaid by non-operating revenues, such as grants and passenger facility charges.

“Debt Service Coverage Ratio” means Net Revenues divided by Debt Service.

“Director of Aviation” shall mean the official designated by the Board or Executive Director as the official in charge of day-to-day management of the Aviation Division and/or their designees.

“Director of Commercial Real Estate” shall mean the official designated by the Board or Executive Director as the official in charge of day-to-day management of the Commercial Real Estate Division and/or their designees.

“Director of Engineering” shall mean the official designated by the Board or Executive Director as the official in charge of day-to-day management of the Engineering Division and/or their designees.

“Director of Maritime” shall mean the official designated by the Board or Executive Director as the official in charge of day-to-day management of the Maritime Division and/or their designees.

“Director of Utilities” shall mean the official designated by the Board or Executive Director as the official in charge of day-to-day management of the Utilities Division and/or their designees.

“Engineering Division” means the engineering division or department of the Port.

“Fixed Rate Debt” means Debt with an interest rate that is fixed to maturity; such Debt is the most conservative Debt structure, as the interest rate and principal repayment schedule are established at the time of issuance, and not subject to changes in the Port’s credit rating or interest rate market conditions.

“GASB” means Government Accounting Standards Board and is an independent, private-sector organization that sets authoritative generally accepted accounting principles for U.S. state and local governments.

“Intermediate Lien Bonds” means Bonds issued under the Intermediate Lien Bonds Master Indenture.

“Intermediate Lien Bonds Master Indenture” means the Intermediate Lien Master Trust Indenture dated October 1, 2007, as amended and supplemented, between the Port and trustee.

“Maritime Division” means the maritime division or department of the Port.

“Net Revenues” shall have the meaning assigned to such term in the Intermediate Lien Bonds Master Indenture.

“New Money” means Debt to finance the acquisition, construction, and/or major rehabilitation of capital assets.

“Port Revenue Fund” means the fund defined in Section 717(3) of the City Charter.

“Refunding Efficiency” means the ratio between the net present value savings and the sum of the net present value savings and the refunding escrow negative arbitrage.

“Senior Lien Bonds” means the Bonds issued under the Senior Lien Trust Indenture.

“Senior Lien Trust Indenture” means the Amended and Restated Master Trust Indenture dated April 1, 2006, as amended and supplemented, between the Port and trustee.

“SOFR” means the Secured Overnight Financing Rate, a benchmark interest rate for dollar-denominated derivatives and loans which measures the cost of borrowing cash overnight, collateralized by United States Treasury securities.

“Special Facility Bonds” means Bonds secured by a special revenue pledge, such as passenger facility charges or lease payments from a specific facility.

“Special Revenue Bonds” means Bonds secured by a special revenue pledge, such as passenger facility charges or lease payments from a specific facility.

“TIC” means true interest cost, which is a measure of the interest cost of a Bond issue that accounts for the time value of money; the TIC is the annual discount rate (yield) which, when used to discount all Debt service payments to the date of issuance, results in the aggregate

present value of such Debt service payments being equal to the original purchase price of the Bond issue.

“Utilities Division” means the electric utility division or department of the Port.

“Variable Rate Bonds” means Bonds with an interest rate that is not fixed to maturity.

“Variable Rate Debt” means a Debt with an interest rate that is not fixed to maturity.

Section 5.14.030 Debt Management Objectives

This Chapter is intended to meet the following objectives:

- A. Maintain cost-effective access to financial markets through prudent Debt management practices.
- B. Maintain moderate Debt and Debt service levels through effective long-term planning.
- C. Meet significant capital acquisitions and improvements through Debt financing and if cost-effective, alternative financing mechanisms such as, but not limited to, public-private partnerships.
- D. Structure long-term financings to minimize transaction specific risk and total Debt portfolio risk to the Port.
- E. Retain financial flexibility.
- F. Maintain the highest practical credit ratings to ensure efficient access to financial markets.
- G. Maintain good investor relationships through the timely dissemination of material financial information.
- H. Provide user-friendly and publicly accessible electronic portal for the timely dissemination of material information concerning the financial condition of the Port.
- I. Maintain compliance with all relevant laws, and reporting and disclosure requirements.

Section 5.14.040 Allowable Uses of Debt

The Port requires capital investments for the operation and long-term viability of its aviation, maritime, commercial real estate and utilities businesses. The use of long-term Debt is considered an appropriate funding source for capital projects. Debt is only one source of funding for capital projects, and the Port actively seeks other funding sources including, but not limited to, grants, partnerships, passenger facility charges, customer facility charges, and cash from operations. The Port may issue Debt for the following purposes:

A. New Money

The Port may issue New Money. Debt shall not to be used to fund Port operating deficits or assets with a useful life of less than five (5) years. All efforts shall be made to utilize Bond proceeds for discrete capital assets in its entirety, and capital assets with long useful lives.

1. Coordination with Port's Capital Budget and Five (5)-Year Capital Improvement Plan

New Money needs are first identified as part of the business planning and budget process. In determining New Money needs, a five (5)-year CIP shall be developed and updated each year as part of the annual budget process and presented to the Board for planning purposes. Inclusion of capital projects in the Port's five (5)-year CIP is prioritized by the Director of Engineering in consultation with the Executive Director, Director of Aviation, Director of Maritime, Director of Commercial Real Estate, Director of Utilities, and Chief Financial Officer and must be consistent with projected available funding sources, including Bond proceeds.

2. Coordination with Port's Five (5)-Year Financial Forecast and Cash Flow Analysis

A five (5)-year financial forecast and cash flow analysis shall be developed and updated each year as part of the annual budget process and presented to the Board. The financial forecast shall take into account the five (5)-year CIP and associated revenues, operating and maintenance expenses, non-operating expenses, and Debt service requirements.

3. Impact of the Debt to the Port's Long-Term Financial Sustainability

Prior to the issuance of any Debt, the impact of the Debt to the Port's long-term financial sustainability shall be analyzed, including, but not limited to, the Debt's impact on operations, cash flow, days cash on hand, Debt service coverage ratio, Bond ratings, airline rates and charges, utilities rates and charges, as well as the financial risks associated with the Debt terms and structure.

4. Coordination with Port Attorney's Office and Bond Counsel/Special Tax Counsel

A listing of the projects to be financed or refinanced with Bond proceeds shall be determined in consultation with the Port Attorney's Office and Bond counsel/special tax counsel. Any changes in uses from the original expenditure list shall be submitted to the Port Attorney's Office and Bond counsel/special tax counsel for approval.

5. Use of Interim Funding Sources

Capital projects that are eligible for Debt funding may use interim funding sources including cash or commercial paper notes and these sources may be reimbursed with Bond proceeds, subject to tax law limitations.

B. Refunding Bonds

Outstanding Debt may be refunded to realize Debt service savings, or for other Debt restructuring purposes.

1. Absent significant other factors, refunding transactions should produce aggregate net present value Debt service savings of at least three percent (3%) of the par value of the refunded Bonds, calculated using the refunding Bond's TIC as the discount rate. A lower aggregate net present value Debt service savings of one percent (1%) of the par value of refunded Bonds is required if refunding prior Bonds with maturity dates within five (5) years of the prior Bonds' optional redemption date.

2. Absent significant other factors, advance refunding transactions should produce aggregate net present value Debt service savings of at least three percent (3%) of the par value of the refunded Bonds, as well as have a minimum fifty percent (50%) Refunding Efficiency.

Section 5.14.050 Types of Debt and Debt Structuring Guidelines

The Chief Financial Officer shall manage the Port's overall Debt portfolio to appropriately balance risk and cost of capital in order to provide for long-term financial sustainability, market access, and Debt capacity for future capital needs. On a case-by-case basis, the Port may issue the following types of Debt:

A. Tax-Exempt versus Taxable Debt

Port Bonds are typically eligible to be issued on a tax-exempt basis. Tax-exempt Bonds generally have a lower cost of capital than taxable Bonds and are typically utilized by public agencies when allowed. Tax-exempt Bonds are subject to restrictions and requirements by the Internal Revenue Code of 1986 and Treasury regulations, including, but not limited to, arbitrage rebate, yield restriction, limits on Bond maturity, and uses of Bond proceeds and Debt-financed assets. In all cases, careful evaluation of potential business limitations shall be considered for assets financed with tax-exempt Bonds, including, but not limited to, allowable uses of facility and future lease renewal term restrictions.

Taxable Bonds should be considered in lieu of tax-exempt Bonds when there is little or no additional costs, and/or if additional flexibility and lower administrative burden can be obtained to meet the operational and strategic objectives of the Port. Issuance of taxable Bonds is also necessary in instances when use of Bonds proceeds do not qualify for tax-exemption.

B. Revenue Bonds

Revenue Bonds are secured by a pledge of Port revenues. Pursuant to the priority of payments established in the City Charter, all monies in the Port Revenue Fund, shall be first applied to make Debt service payments on general obligation Bonds of the City of Oakland issued for Port purposes and second to make Debt service payments on revenue Bonds. Operating expenses and other payments of the Port are payable following the payment of Debt service as set forth in the priority of payments established in the City Charter.

C. Special Revenue or Special Facility Bonds

Other Port revenue may or may not be pledged as additional security for Special Revenue or Special Facility Bonds. Use of these types of Bonds is on a case-by-case basis. Criteria used to determine the appropriateness include:

1. Pledged revenues are sufficient to repay the Debt service.
2. The special revenue pledge is not already pledged to revenue Bonds.
3. Projects to be funded are significant to justify the effort of a special financing.
4. There is a compelling business reason to pursue a Special Revenue or Special Facility Bond; for example, segregation of risk.

D. Fixed Rate Debt

In general, Port Debt should be issued as Fixed Rate Debt with the following additional guidance:

1. Maturity of Debt

The final maturity of the Debt shall be equal to or less than the useful life of the assets being financed, subject to tax law limitations. Absent significant other factors, the final maturity shall not exceed thirty (30) years.

2. Principal Payment Dates

Absent significant other factors, for New Money issues, principal repayment shall be structured to achieve level Debt service payments, taking into account principal and interest payments. Principal repayment may be deferred during the capitalized interest period, if any, but should generally not be deferred. For refunding issues, principal repayment should be structured so the Debt service savings are uniform or spread over the life of the Bonds, with certain deviations as otherwise recommended by the Chief Financial Officer. Absent significant other factors, refunding transactions shall not extend the final maturity date of the Bonds. This guidance is to ensure that the Debt is affordable; repaid in a timely, prudent and proactive manner; and that short-term gains are not realized at the expense of longer-term costs.

3. Lien Level

Port Bonds may be bifurcated into multiple lien levels in order to provide optimal pricing and/or if there is a compelling business reasons such as segregation of risk. The lien level for a Bond financing shall be determined on a case-by-case basis.

4. Call Options

To preserve future Port prepayment flexibility, the shortest possible call option shall be established, consistent with optimal pricing.

5. Premium or Discount Bonds

Premium or discount Bonds may be issued if consistent with optimal pricing parameters established by the financial markets and taking into account the impact on future flexibility.

6. Debt Service Reserve Fund

A Debt service reserve fund shall be established at an amount deemed reasonable, customary and acceptable to the financial markets, subject to tax law limitations.

7. Capitalized Interest

On a case-by-case basis, the Port may issue Bonds to pay interest during the construction period, subject to tax law limitations, to the extent fiscally prudent to match revenues to Debt service payments.

8. Credit Enhancement

All or any portion of a Bond issue may be secured by Bond insurance provided by municipal Bond insurers if it is reasonable, cost-effective and competitive. The relative cost or benefit of Bond insurance may be determined by comparing the cost of the Bond insurance premium to the present value of the estimated interest savings to be derived as a result of the Bond insurance. In addition, the ability or likelihood of the Bond insurer maintaining its ratings over the term of the Bond insurance as well as any limitations and consent rights that the insurer would impose shall be considered.

9. Surety Bonds

Surety Bonds and other credit instruments may fund the reserve fund, if it is reasonable, cost-effective and competitive. In addition, the likely remedial strategies in the event of a material decline in the surety Bond credit quality as well as any limitations and consent rights that the surety provider would impose shall be considered.

10. Costs of Issuance and Underwriters' Discount

As is customary for a municipal Bond offering, costs of issuance and underwriters' discount are paid for with Bond proceeds, subject to tax law limitations. Costs of issuance include, but are not limited to fees associated with Bond counsel, rating agencies, financial advisors, verification and escrow agents, trustee and printing.

E. Variable Rate Debt

1. Benefits and Risks

Variable Rate Debt may be issued in a number of different forms, including variable rate demand Bonds, floating rate notes and commercial paper notes. In addition to a variable rate of interest, most Variable Rate Debt has a put or tender feature prior to the final maturity date of the Bonds. Most Variable Rate Debt also requires a liquidity facility acceptable to the financial markets. A liquidity facility is typically a letter of credit and, in some cases, line of credit.

a. Variable Rate Debt can provide the following benefits:

- (1). Historically low interest rates on average over time;
- (2). Greater flexibility to refund the Debt;
- (3). Possibility for flexible principal repayment schedule; and
- (4). Natural hedge to fluctuating interest earnings on Port investments.

b. Offsetting these benefits, are risks associated with Variable Rate Debt, including, but not limited to:

- (1). Interest rate fluctuations due to market conditions;
- (2). Interest rate fluctuations due to changes in credit quality of Debt (Port credit and/or liquidity facility provider credit);
- (3). Variable Rate Bonds are subject to periodic tender or put, subjecting the Port to remarketing risk. It may be difficult or impossible to remarket the Bonds for reasons ranging from financial market disruption to changes in credit quality. A failed remarketing may result in high penalty interest rates and/or accelerated repayment of the outstanding Debt amount; and
- (4). Variable Rate Bonds typically require a liquidity facility, subjecting the Port to renewal risk. Liquidity facilities are typically available for a maximum term of three to five (3-5) years. Upon expiration of the liquidity facility, a replacement facility may or may not be available. This renewal risk may result in higher than anticipated liquidity facility fees, high penalty interest rates and/or accelerated repayment of the outstanding Debt amount.

2. To balance the benefits and risks of Variable Rate Debt:

a. Purpose

Variable Rate Debt should primarily be used as an asset-liability management tool, and secondarily as a product to lower capital costs. Depending on the Port's assessment of the benefits and risks, the Port may determine to use little or no Variable Rate Debt.

b. Portfolio Allocation

The amount of Variable Rate Debt outstanding at any given time shall be no more than twenty percent (20%) of all outstanding Debt and also consistent with the cash position of the Port.

c. Monitoring

The Port will periodically, but at least annually, determine if the Variable Rate Debt should be converted to fixed rate.

d. Budgeting

The Port will budget for variable interest rate based on a SOFR curve or other appropriate index, plus a minimum of fifty (50) basis points.

e. Interest Rate Mode

Interest payment dates shall be consistent with current market practices for Variable Rate Debt, such as daily, weekly, or monthly. Variable Rate Debt may be issued as multi-modal.

f. Maturity of Debt

The final maturity of the Debt shall be equal to or less than the useful life of the assets being financed, subject to tax law limitations. The final maturity shall not exceed thirty (30) years.

g. Principal Payment Dates

Absent significant other factors, for New Money issues, principal repayment shall be structured to achieve level Debt service payments, taking into account principal and projected interest payments. Principal repayment may be deferred during the capitalized interest period, if any, but should generally not be deferred. For refunding issues, principal repayment should be structured so the Debt service savings are uniform or spread over the life of the Bonds, with certain deviations as otherwise recommended by the Chief Financial Officer. Absent significant other factors, use of Variable Rate Debt to refund fixed rate Debt should be avoided and refunding transactions shall not extend the final maturity date of the Bonds. This guidance is to ensure that the Debt is affordable; repaid in a timely, prudent and proactive manner; and that short-term gains are not realized at the expense of longer-term costs.

h. Lien Level

Variable Rate Debt should be issued on a subordinate lien basis given the security of a liquidity facility, if reasonably acceptable to the financial markets.

i. Call Provisions

To preserve future prepayment flexibility and manage interest rate risk, call provisions shall be allowed on any date without penalty. Bonds that are subject to mandatory put should provide for optional redemption by the Port at least six months prior to any put date in order to provide a window of time for the Port to refinance. Similarly, the Port should seek a minimum period of six (6) months prior to any term-out provisions under a reimbursement agreement.

j. Debt Service Reserve Fund

A Debt service reserve fund requirement shall be established at an amount deemed reasonable, customary and acceptable to the financial markets, subject to tax law limitations.

k. Capitalized Interest

On a case-by-case basis, the Port may issue Bonds to pay interest during the construction period, subject to tax law limitations, to the extent fiscally prudent to match revenues to Debt service payments.

l. Liquidity Facility

A liquidity facility acceptable to the financial markets is typically necessary for Variable Rate Debt. The liquidity facility is typically a letter of credit or, in some cases, line of credit. The liquidity facility shall be reasonable, cost-effective and competitive. In addition, the likely remedial strategies in the event of a material decline in the facility provider's credit quality or lack of availability of a liquidity facility at renewal, as well as any limitations and consent rights that the liquidity facility provider would impose shall be considered.

m. Credit Enhancement

All or any portion of a Bond issue may be secured by Bond insurance provided by municipal Bond insurers if it is reasonable, cost-effective and competitive. The relative cost or benefit of Bond insurance may be determined by comparing the cost of the Bond insurance premium to the present value of the estimated interest savings to be derived as a result of the Bond insurance. In addition, the ability or likelihood of the Bond insurer maintaining its ratings over the term of the Bond insurance as well as any limitations and consent rights that the insurer would impose shall be considered.

n. Surety Bonds

Surety Bonds and other credit instruments may fund the reserve fund, if it is reasonable, cost-effective and competitive. In addition, the likely remedial strategies in the event of a material decline in the surety Bond credit quality as well as any limitations and consent rights that the surety provider would impose shall be considered.

o. Costs of Issuance and Underwriter's Discount

As is customary for a municipal Bond offering, costs of issuance and underwriters' discount are paid for with Bond proceeds, subject to tax law limitations. Costs of issuance include, but are not limited to fees associated with Bond counsel, rating agencies, financial advisors, verification and escrow agents, trustee and printing.

F. Commercial Paper Notes

1. Interim Funding

A commercial paper program serves primarily as an interim funding mechanism to be repaid by long-term Bonds, grants, or cash. Prior to drawing on commercial paper proceeds, the Port shall identify the repayment source and its timing. In addition, the likely remedial strategies if the repayment source does not materialize shall be considered.

2. Long-Term Funding

If commercial paper notes are used as a long-term funding source, the considerations for Variable Rate Debt under Section 5.14.050 E., as applicable, shall be adhered to. In addition, the Chief Financial Officer shall establish a timely principal repayment schedule of the outstanding commercial paper notes and include these amounts in the Port's annual budget. Commercial paper notes utilized as long-term funding and its corresponding budgeted repayment schedule shall be included in the Debt Service Coverage Target limitations as set forth in Section 5.14.060.

3. Annual Reporting

The Chief Financial Officer shall provide to the Board at least annually, through the final maturity of the last commercial paper note outstanding, a report describing the commercial paper notes issued since the date of the last report, the purpose for the issuance, and the repayment plan.

G. Derivative Products

Derivative products shall not be allowed, unless otherwise recommended by the Chief Financial Officer and approved by the Board. In addition, a Derivatives Policy approved by the Board shall be in place should the Port elect to use derivative products.

H. Capital Equipment Leases

Certain capital equipment leases may be considered Debt, and subject to restrictions and covenants as agreed to in the Port's Bond agreements. As such, all capital equipment lease transactions shall be approved and coordinated with the Chief Financial Officer to evaluate the appropriateness thereof.

Section 5.14.060 Debt Service Coverage Target; Additional Leverage Test and Cash Liquidity

The targets set forth in this Section, along with development of a five (5)-year CIP, five (5)-year financial forecast and five (5)-year cash flow analysis, will assist the Port in providing its essential operational services, while planning for the replacement, rehabilitation and expansion of its capital investments.

A. Debt Service Coverage Ratio Targets

The Port, as well as the Aviation, Maritime, Commercial Real Estate and Utilities Divisions, shall each maintain a minimum targeted annual Debt Service Coverage Ratio of 1.40x.

B. Cash-Based Debt Service Coverage Ratio Targets

The Port, as well as the Aviation, Maritime, Commercial Real Estate, and Utilities Divisions, shall each maintain a minimum targeted annual Cash-Based Debt Service Coverage Ratio of 1.40x.

C. ALT Targets for Maritime and Commercial Real Estate Divisions

Additional Debt may only be issued if the requirements to issue Bonds under the Senior Lien Trust Indenture and Intermediate Lien Bonds Master Trust Indenture, whichever is applicable, are met. In addition, Cash-Based Net Revenues in the fiscal year of Debt issuance shall be at least 1.40x maximum annual Debt Service for all Senior Lien Bonds, Intermediate Lien Bonds, DBW Loans, and any other long-term indebtedness that is subordinate to the Intermediate Lien Bonds and secured by Net Revenues and exclude interim funding indebtedness to be repaid by non-operating revenues, such as grants, which will collectively be outstanding and authorized immediately after the issuance of the proposed Debt. At the discretion of the Chief Financial Officer, Cash-Based Net Revenues for purposes of calculating the ALT ratio may be adjusted if, for instance, incremental revenues are reasonably expected to become available during the period for which the estimates are provided.

D. ALT Targets for Aviation and Utilities Divisions

Additional Debt may only be issued if the requirements to issue Bonds under the Senior Lien Trust Indenture and Intermediate Lien Bonds Master Trust Indenture, whichever is applicable, are met. In addition, as of the issuance date of the new Bonds, projections shall demonstrate that Cash-Based Net Revenues in the (1) fiscal year of issuance, and (2) the first five (5) fiscal years following issuance or five (5) years after the completion of project construction, are at least 1.40x the Debt Service due in those years.

E. Cash Liquidity Targets

The Port shall target to maintain a minimum of four hundred (400) DCOH across all operations. The Aviation, Maritime, and Utilities Divisions each shall have a minimum DCOH requirement of three hundred sixty five (365) days, while the Commercial Real Estate Division shall have a minimum requirement of five hundred (500) days. Temporary declines below these minimums shall be permissible with the approval of the Chief Financial Officer, provided that

projections demonstrate compliance with the respective minimums by the end of a five (5)-year financial forecast period.

F. Operating Expense-to-Cash-Based Revenue Ratio

To ensure financial sustainability and maintain adequate resources for Debt service and capital investment, the Port will target annual operating expenses (excluding depreciation and amortization) not to exceed sixty-five percent (65%) of Cash-Based Revenues for the Maritime and Commercial Real Estate Divisions.

For the Aviation Division, which operates under a partial cost-recovery model, the Port shall target an operating expense (excluding depreciation, amortization and any operating expenses that are directly funded through airline cost recovery revenues) ratio of no more than sixty-five percent (65%), calculated using Cash-Based Revenues adjusted to exclude airline revenues tied to cost recovery of Debt service and operating expenses.

The Utilities Division shall be exempt from the sixty-five percent (65%) threshold due to its full cost-recovery structure.

Temporary deviations above the sixty-five percent (65%) threshold may be permitted with Chief Financial Officer approval, provided that financial forecasts demonstrate a return to compliance within a five (5)-year planning horizon. Extraordinary, non-recurring expenses may be excluded from the calculation at the Chief Financial Officer's discretion.

Section 5.14.070 Methods of Sale

A. Negotiated Underwriting Process

Port Bonds should be sold through a negotiated underwriting process due to the complex credit profile of the Port and the necessary pre-marketing efforts, limited market base for Bonds subject to the alternative minimum tax, timing and structuring flexibility afforded with a negotiated process, and ability to enhance Port-certified local business participation. The underwriting team shall be selected through a competitive request for proposal process.

B. Use of Financial Advisor

In addition, the Port shall retain a financial advisor to benchmark and provide assistance with the structuring, execution and pricing of the Bonds in the financial markets. The financial advisor shall be an Independent Registered Municipal Advisor as defined by the Securities and Exchange Commission. No financial advisor shall serve as an underwriter on a transaction.

C. Other Sale Methods

At the recommendation of the Chief Financial Officer, other methods of sales, such as a private placement or competitive underwriting process, may be utilized to provide the lowest cost of capital.

Section 5.14.080 Bond Disclosure

The Chief Financial Officer shall establish and maintain reasonable procedures for the preparation, review, and dissemination of the disclosure documents of the Port, including primary offering documents and continuing disclosure filings to ensure the accuracy, completeness and timeliness of such disclosure documents.

A. Initial Disclosure

The Port's initial Bond disclosure documents shall comply with all applicable securities laws. They shall not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. In preparing a Bond offering, the Executive Director, Chief Financial Officer, Director of Aviation, Director of Maritime, Director of Commercial Real Estate, Director of Utilities, Port Attorney and other senior management, as deemed necessary, shall provide a certification that the Bond disclosure document is accurate and does not omit to state a material fact.

B. Continuing Disclosure

All continuing disclosure obligations as prescribed in the Bond agreements and as required by securities law shall be strictly adhered to, including dissemination through electronic portals customarily utilized by the financial markets.

C. Training

Periodic training for relevant staff regarding the Port's Bond disclosure obligations shall be provided.

D. Other Information

The Port's audited financial statements, adopted budget, five (5)-year CIP and five (5)-year financial forecast shall be posted on the Port's website.

Section 5.14.090 Rating Agency and Investor Relations

The Chief Financial Officer shall have primary responsibility for maintaining the Port's relationship with rating agencies and Bond investors.

Section 5.14.100 Safeguarding and Accounting of Bond Proceeds

The Chief Financial Officer shall be responsible for monitoring the use of Bonds proceeds and the use of Bond-financed assets throughout the term of the Bond to ensure compliance with covenants and restrictions set forth in any agreements related to the Bonds.

A. Bond Trustee

All Bond proceeds shall be deposited with the Port's Bond trustee. Bond proceeds shall be distributed by the trustee pursuant to written instructions only, as described in the Bond agreements. In no case shall the trustee be permitted to transfer funds to personal accounts. Any Bond proceeds transferred by the trustee to the Port shall only be used to pay invoices in accordance with (1) allowable uses of Bond proceeds as provided in Section 5.14.040, and (2) the internal controls and procedures established in a duly adopted and applicable Port Administrative Policy.

B. Complete Accounting of Bond Proceeds

Accurate and complete records shall be maintained, tracking the use of all Bond proceeds, including, but not limited to, trustee requisitions and payment records, documents relating to costs paid or reimbursed with Bond proceeds, and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds. Within three (3) months of the complete expenditure of Bond proceeds, a final allocation and accounting of the expenditure of the proceeds of such Bonds shall be prepared and submitted to Bond counsel/special tax counsel.

Section 5.14.110 Permitted Investments of Bond Proceeds

Bond proceeds shall be invested in highly rated and highly liquid securities to minimize investment risk, as currently defined in the Port's Senior Lien and Intermediate Lien Master Trust Indentures, and Commercial Paper Trust Indentures. Permitted investments may be added or deleted, to the extent that the rating agencies have confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any applicable Bonds, and that the Port's permitted investments are customary and reasonable among public agencies.

Section 5.14.120 Post-Issuance Debt Compliance and Administration – Debt Compliance Manual

The Chief Financial Officer shall be responsible for on-going Debt compliance and administration to ensure compliance with all laws, covenants, restrictions and requirements as set forth in agreements relating to the Bonds. This includes, but is not limited to continuing disclosure, annual disclosure report(s), arbitrage rebate compliance, insurance certification, delivery of annual budgets and financial statements, and ratings notifications. Bond counsel and other legal counsel shall be consulted on a periodic basis to review contracts and arrangements involving the use of Bond proceeds and the use of assets financed or refinanced with Bond proceeds, to ensure that those uses are consistent with all covenants and restrictions set forth in agreements relating to the Bonds. A detailed "debt compliance manual" shall be maintained and updated on a periodic basis, and in consultation with Bond counsel.

Section 5.14.130 Recordkeeping

The Chief Financial Officer shall be responsible for maintaining the pertinent documents for the term of each issue of Bonds plus three (3) years, and in accordance with

IRS guidelines and the Port's Retention Schedule established in Port Resolution 16-107, as it may be amended, superseded, or codified. Documents shall include but are not limited to:

A. Bond closing transcript(s) and other relevant documentation in connection with the closing of the issuance of the Bonds;

B. All material documents relating to capital assets financed or refinanced by Bond proceeds, including, but not limited to, invoices, trustee requisitions and payment records, documents relating to costs paid or reimbursed with Bond proceeds, and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including final allocation of Bond proceeds;

C. Contracts and agreements involving the use of Bond financed or refinanced assets including, but not limited to lease agreements and management contracts; and

D. Documentation pertaining to any investment of Bond proceeds, including, but not limited to, State and Local Government Series subscriptions, investment agreements, arbitrage and rebate reports, and trustee statements.

Section 5.14.140 Professional Assistance and Counterparties

A. Financial Advisor

The Port shall retain a financial advisor in connection with Bond transactions. The financial advisor shall be an Independent Registered Municipal Advisor as defined by the Securities and Exchange Commission. No financial advisor shall serve as an underwriter on a transaction.

B. Bond, Special Tax and Disclosure Counsel

The Port Attorney shall retain a nationally recognized Bond/Special Tax/Disclosure counsel in connection with Bond transactions, and on-going compliance requirements.

C. Arbitrage Rebate Consultant

A rebate consultant shall be retained by the Port to calculate rebate obligations of the Port in compliance with tax law.

D. Trustees

The Port's trustee shall have excess net capital of at least Fifty Million Dollars (\$50,000,000) and be subject to supervision or examination by relevant Federal or State regulatory bodies.

E. Underwriters

Underwriters may be selected by the Port for a specific Bond transaction or a pool of underwriters may be established for a three to five (3-5)-year period. If a pool of

underwriters is established, the role of each underwriter for each Bond transaction shall be determined as described in the request for qualifications establishing the underwriter pool.

F. Dealers, Auction Agents, and Remarketing Agents

Firms providing dealers, auction agents, and remarketing agents shall be selected by the Port on an as-needed basis. Their performance shall be monitored regularly.

G. Letter of Credit or Liquidity Facility Providers

Letter of credit or liquidity facility providers shall be selected by the Port on the basis of a competitive bid process subject to the provisions of Section 5.14.050.

H. Investment Agreement Counterparties

Investment agreement counterparties shall be selected by the Port on the basis of a competitive bid process subject to the provisions of Section 5.14.050.

I. Bond Insurer and Surety Providers

Bond insurer and surety provider shall be selected by the Port on the basis of a competitive bid process subject to the provisions of Section 5.14.050.

J. Other

Other professional assistance, counterparties and fiduciary relationships may be retained by the Port as necessary and prudent including, but not limited to, verification agents, escrow agents, auction agents, and Bondholder identification and notification services.