PORT OF OAKLAND
Administrative Manual

Policies and Procedures

DEBT POLICY

SECTION: **Finance**
INITIAL DATE PREPARED: **February xx, 2017**

POLICY NUMBER: AP xx
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I. SCOPE AND APPLICATION

This policy provides guidance for the issuance and management of bonds 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 (collectively referred to as "bonds" or "debt"). The purpose of this policy is 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 policy 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 ("Board") under separate Board action.

The Board may, in its sole discretion, approve bonds and other forms of indebtedness that deviate from this policy, upon the recommendation of the Chief Financial Officer. The failure of the Port to comply with any provision of this policy 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 policy 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.

II. DEBT MANAGEMENT OBJECTIVES

The Port's Debt Policy is intended to meet the following objectives:

- Maintain cost-effective access to financial markets through prudent debt management practices.
- Maintain moderate debt and debt service levels through effective long-term planning.

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- 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.
- Structure long-term financings to minimize transaction specific risk and total debt portfolio risk to the Port.
- Retain financial flexibility.
- Maintain the highest practical credit ratings to ensure efficient access to financial markets.
- Maintain good investor relationships through the timely dissemination of material financial information.
- Provide user-friendly and publicly accessible electronic portal for the timely dissemination of material information concerning the financial condition of the Port.
- Maintain compliance with all relevant laws, and reporting and disclosure requirements.

III. ALLOWABLE USES OF DEBT

The Port requires capital investments for the operation and long-term viability of its aviation, maritime and commercial real estate 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 debt to finance the acquisition, construction and/or major rehabilitation of capital assets ("new money"). Debt shall not to be used to fund Port operating deficits or assets with a useful life of less than 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.

(i) Coordination with Port's Capital Budget and 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 5-year Capital Improvement Plan (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 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, and Chief Financial Officer and must be consistent with projected available funding sources, including bond proceeds.

(ii) Coordination with Port's 5-Year Financial Forecast and Cash Flow Analysis A 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 5-year CIP and associated revenues, operating and maintenance expenses, and debt service requirements.

(iii) 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 must 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, as well as the financial risks associated with the debt terms and structure.

(iv) Coordination with Port Attorney's Office and Bond 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. Any changes in uses from the original expenditure list must be submitted to the Port Attorney's Office and bond counsel for approval.

(v) 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.

(i) Absent significant other factors, refunding transactions should produce aggregate net present value debt service savings of at least 3% of the par value of the refunded bonds, calculated using the refunding bonds true interest cost (TIC)[1] as the discount rate.

(ii) Absent significant other factors, advance refunding transactions should produce aggregate net present value debt service savings of at least 3% of the par value of the refunded bonds, as well as have a minimum 50% refunding efficiency. Refunding efficiency is defined as the ratio between the net present value savings and the sum of the net present value savings and the refunding escrow negative arbitrage.

IV. TYPES OF DEBT AND DEBT STRUCTURING GUIDELINES

The Chief Financial Officer or his/her designee 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 must be considered for assets financed with tax-exempt

[1] TIC 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.

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 must be first applied to make debt service payments on general obligation bonds of the City of Oakland issued for Port purposes (there are currently no general obligation bonds outstanding or anticipated to be outstanding) 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

Special revenue or special facility bonds are secured by a special revenue pledge, such as passenger facility charges or lease payments from a specific facility. Other Port revenue may or may not be pledged as additional security. Use of this type of bonds is on a case-by-case basis. Criteria used to determine the appropriateness include:

- Pledged revenues are sufficient to repay the debt service.
- The special revenue pledge is not already pledged to revenue bonds.
- Projects to be funded are significant to justify the effort of a special financing.
- There is a compelling business reason to purse a special revenue or special facility bond; for example, segregation of risk.

D. Fixed Rate Debt

Fixed rate 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. In general, Port debt should be issued as fixed rate debt with the following additional guidance:

(i) **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 30 years.

(ii) **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.

(iii) **Lien Level –** Port bonds may be bifurcated into multiple lien levels in order to provide optimal pricing and/or 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.

(iv) **Call Options** – To preserve future Port prepayment flexibility, the shortest possible call option shall be established, consistent with optimal pricing.

(v) **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.

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(vi) **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.

(vii) **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.

(viii) **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.

(ix) **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.

(x) **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

Benefits and Risks – Variable rate debt can 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 (and in some cases, line) of credit.

Variable rate debt can provide the following benefits:

- Historically low interest rates on average over time.
- Greater flexibility to refund the debt.
- Possibility for flexible principal repayment schedule.
- Natural hedge to fluctuating interest earnings on Port investments.

Offsetting these benefits, are risks associated with variable rate debt, including but not limited to:

- Interest rate fluctuations due to market conditions.
- Interest rate fluctuations due to changes in credit quality of debt (Port credit and/or liquidity facility provider credit).
- 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.
- Variable rate bonds typically require a liquidity facility, subjecting the Port to renewal risk. Liquidity facilities are typically available for a maximum term of 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.

To balance the benefits and risks of variable rate debt:

(i) **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.

(ii) **Portfolio Allocation** – The amount of variable rate debt outstanding at any given time shall be no more than 20% of all outstanding debt and also consistent with the cash position of the Port.

(iii) **Monitoring** – The Port will periodically, but at least annually, determine if the variable rate debt should be converted to fixed rate.

(iv) **Budgeting** – The Port will budget for variable interest rate based on a forward LIBOR curve or other appropriate index, plus a minimum of 50 basis points.

(v) **Interest Rate Mode** – Interest payment dates must 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.

(vi) **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 30 years.

(vii) **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.

(viii) **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.

(ix) **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 months prior to any term-out provisions under a reimbursement agreement.

(x) **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.

(xi) **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.

(xii) **Liquidity Facility** – A liquidity facility acceptable to the financial markets is typically necessary for variable rate debt. The liquidity facility is typically a letter (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.

(xiii) **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.

(xiv) **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.

(xv) 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

(i) 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.

(ii) Long-term Funding – If commercial paper notes are used as a long-term funding source, the considerations under Section IV.E. – "Variable Rate Debt", as applicable, must 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 V – "Debt Service Coverage Target".

(iii) 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 are not allowed, unless otherwise recommended by the Chief Financial Officer and approved by the Board. In addition, a Derivatives Policy approved by the Board must 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 must be approved and coordinated with the Chief Financial Officer or his/her designee to evaluate the appropriateness.

V. DEBT SERVICE COVERAGE TARGET

The minimum targeted Intermediate Lien Debt Service Coverage Ratio (as defined in the Intermediate Lien Bonds Master Indenture) is 1.40x. Furthermore, the Aviation, Maritime and Commercial Real Estate Divisions should each provide net revenues of at least 1.25x of its related debt service, respectively. Failure of one business line to meets its minimum 1.25x debt service coverage ratio does not preclude issuing debt to finance assets for another business line, if recommended by the Chief Financial Officer and if the Intermediate Lien Debt Service Coverage Ratio is at least 1.40x. These minimum targets, along with development of a 5-year CIP, 5-year financial forecast and 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.

VI. 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 (AMT), 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 (RFP) 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 (IRMA) 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.

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VII. BOND DISCLOSURE

The Chief Financial Officer or his/her designee 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 must comply with all applicable securities laws. They must 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, 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. See Section XI – "Post-Issuance Debt Compliance and Administration".

C. **Training –**Periodic training to relevant staff regarding the Port's bond disclosure obligations shall be provided.

D. **Other Information –** The Port's audited financial statements, adopted budget, 5-year CIP and 5-year financial forecast shall be posted on the Port's website.

VIII. RATING AGENCY AND INVESTOR RELATIONS

The Chief Financial Officer or his/her designee shall have primary responsibility for maintaining the Port's relationship with rating agencies and bond investors.

IX. SAFEGUARDING AND ACCOUNTING OF BOND PROCEEDS

The Chief Financial Officer or his/her designee 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 (i) allowable uses of bond proceeds (see Section III – "Allowable Uses of Debt") and (ii) the internal controls and procedures established in AP 512 – "Accounts Payable".

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 3 months of the complete expenditure of bond proceeds, a final allocation and accounting of the expenditure of the proceeds of such bonds must be prepared and submitted to bond counsel.

X. 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.

XI. POST-ISSUANCE DEBT COMPLIANCE AND ADMINISTRATION – DEBT COMPLIANCE MANUAL

The Chief Financial Officer or his/her designee 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

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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.

XII. RECORDKEEPING

The Chief Financial Officer or his/her designee shall be responsible for maintaining the pertinent documents for the term of each issue of bonds plus 3 years, and in accordance with the Port's Retention Schedule established in Resolution 16-107 and IRS guidelines. Documents shall include but are not limited to:

- Bond closing transcript(s) and other relevant documentation in connection with the closing of the issuance of the bonds.
- 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.
- Contracts and agreements involving the use of bond financed or refinanced assets including but not limited to lease agreements and management contracts.
- Documentation pertaining to any investment of bond proceeds, including but not limited to State and Local Government Series (SLGS) subscriptions, investment agreements, arbitrage and rebate reports, and Trustee statements.

XIII. 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 (IRMA) as defined by the Securities and Exchange Commission. No financial advisor shall serve as an underwriter on a transaction.

B. **Bond, Tax and Disclosure Counsel** – The Port Attorney shall retain a nationally recognized bond counsel in connection with bond transactions, and on-going compliance requirements.

C. **Arbitrage Rebate Consultant –** A rebate consultant shall be retained to calculate rebate obligations of the Port in compliance with tax law.

D. **Trustees –** The Trustee shall have excess net capital of at least $50 million and be subject to supervision or examination by relevant Federal or State regulatory bodies.

E. **Underwriters** – Underwriters may be selected for a specific bond transaction or a pool of underwriters may be established for a 3 to 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 (RFQ) establishing the underwriter pool.

F. **Dealers, Auction Agents and Remarketing Agents –** Such firms shall be selected 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 on the basis of a competitive bid process. See Section IV – “Types of Debt and Debt Structuring Guidelines”.

H. **Investment Agreement Counterparties –** Investment agreement counterparties shall be selected on the basis of a competitive bid process. See Section IV – “Types of Debt and Debt Structuring Guidelines”.

I. **Bond Insurer and Surety Providers –** Bond insurer and surety provider shall be selected on the basis of a competitive bid process. See Section IV – “Types of Debt and Debt Structuring Guidelines”.

J. **Other** – Other professional assistance, counterparties and fiduciary relationships may be retained as necessary and prudent including but not limited to verification agents, escrow agents, auction agents and bondholder identification and notification services.