



530 Water Street, Oakland, California 94607

February 1, 2019

**Addendum No. 1**  
**RFP No.: 18-19/07 Letter of Credit or Revolving Credit Facilities**

This Addendum modifies the original RFP Documents for the above-mentioned RFP. **Acknowledge receipt of this addendum in the space provided on the RFP Acknowledgement and Signature Form (Attachment 3). Failure to do so may disqualify your proposal.**

**The following questions were submitted by the deadline and are answered in this addendum.**

1. **Question:** Is the Port's commercial paper ("CP"), a fourth lien obligation or third lien obligation and on parity with the Intermediate lien debt?

***Response:** The commercial paper is a fourth lien obligation, subordinate to the pledge of revenues established under the Port's Senior Lien Indenture, the pledge of revenues established by the Port's Department of Boating and Waterways ("DBW") loan, and the pledge of revenues established under the Port's Intermediate Lien Indenture. The revenue pledge associated with the CP notes consists of the "Available Pledged Revenues", as that term is defined in the Commercial Paper Trust Indenture attached to the RFP (Attachment 10). Please also see §3.01 of the Commercial Paper Trust Indenture for a detailed description of the revenue pledge applicable to the CP Notes. A further detailed description of the different types of Port debt and the priority of payment can be found on page 39 of the Comprehensive Annual Financial Report for the Years Ended June 30, 2018 and 2017, a link to which may be found in the RFP (Attachment 12)*

2. **Question:** The Moody's report appears to indicate that the Bank Note for the CP is subordinate to the Intermediate bonds. Please confirm whether this is correct.

***Response:** This is correct. The Bank Notes are secured by Available Pledged Revenues, which consist of Pledged Revenues (as defined in the Port's Senior Lien Indenture) less debt service on the Port's Senior Lien Bonds, payments on the Port's DBW loan and debt service on the Port's Intermediate Lien Bonds.*

3. **Question:** Does the CP have rate and/or ABT covenants?

***Response:** The Commercial Paper Trust Indentures associated with the CP do not have rate and/or ABT covenants. However, it should be noted that the trust indentures associated with the Port's Senior Lien Bonds and Intermediate Lien Bonds do include rate and ABT provisions, and under the Form of Reimbursement Agreement attached to this RFP (Attachment 9) the Port*

*is obligated to comply with those covenants. See Sections 5.3 and 6.5 of the Form of Reimbursement Agreement. In addition, the Port is limited in the amount of CP it can issue by the size of the available credit facility supporting the CP program.*

4. **Question:** We understand that there is currently \$98,826,000 of CP outstanding. Can the Port provide a usage assumption or guidance going forward, beyond the amount currently outstanding? Any guidance available would be appreciated, particularly as it relates to a potential revolving credit facility.

**Response:** *The Port's most current estimate of future CP usage is contained in its One Year Operating and Capital Budget Ending June 30, 2019... (Attachment 13 in the RFP). In that document the Port has programmed a total of \$86.6 million between FY 2019 and FY 2023 to pay down outstanding CP. Of this amount a total of \$6.5 million has already been paid and is reflected in the \$98.8 million outstanding balance. In addition, the Budget document does not include any new issuance of CP through FY 2023.*

*Given the above, the Port's intention is to pay down its outstanding commercial balance over time. However, respondent banks should keep in mind that one purpose of the Port's current commercial paper program is to fund unanticipated capital needs that could not be easily accommodated using cash. Therefore, over the five-year planning horizon, needs may change and new short-term debt would need to be issued.*

END OF ADDENDUM NO.1