
TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 017 Category: Financial Matters

DEBT MANAGEMENT POLICY

I. Introduction & Objectives

The purpose of this policy is to set forth debt issuance-related policies and procedures for the Transbay Joint Powers Authority to govern issuance and management of all debt, including the selection and management of related financial and advisory services and products. The primary objectives are to:

- maintain cost effective access to capital markets through prudent debt management policies and practices.
- maintain moderate and sustainable total debt and annual debt service levels with effective long-term planning.
- meet capital needs through debt financing as needed.
- structure long term financing as to minimize transaction specific risk and total debt portfolio risk.
- maintain the highest practical credit ratings to ensure efficient access to capital markets.
- maintain good investor relations through the timely dissemination of material financial information.

This is consistent with examples of debt policies of other comparable local government agencies, Government Finance Officers Association (“GFOA”) best practices and rating agency guidelines.

Furthermore, these Policies are intended to comply with applicable regulatory requirements including the California Government Code Section 8855 which requires any issuer of public debt to provide the California Debt Investment Advisory Commission (“CDIAC”) with certain reports and information related to the issuance of public debt. California Government Code Section 8855 also requires issuers to certify before any debt is issued, and as part of its report of proposed debt issuance submitted to CDIAC, that it has adopted a debt policy concerning the use of debt proceeds and that the debt policy includes the following:

- The purpose for which the debt proceeds may be used;
- The types of debt that may be issued;
- The relationship of the debt to and integration with the issuer’s capital improvement program or budget;
- Policy goals related to the issuer’s planning goals and objectives; and
- Internal control procedures that the issuer has implemented to ensure that the proceeds of the debt issuance will be directed to the intended use.

II. Governing Authority

This policy is subject to and limited by applicable provisions of federal and state law and prudent debt management principles.

III. Delegation of Authority

This policy requires that the Board authorize each debt financing. Responsibility for implementation of this policy, and day-to-day responsibility and authority for structuring and managing the TJPA's debt, is hereby delegated to the TJPA Chief Financial Officer or the Executive Director's designee.

While adherence to this policy is required in applicable circumstances, the TJPA recognizes that changes in the public and private debt markets, the Transbay Program, or other unforeseen circumstances may from time to time produce situations that are not covered by the policy or require modifications or exceptions to this policy to achieve policy goals. In such cases, management flexibility is appropriate. The provisions of this policy provide guidance only and any failure to comply with its provisions or any departure therefrom shall not affect the authorization, validity or enforceability of any bonds or other forms of indebtedness that are otherwise issued in accordance with law for TJPA.

DEBT LIMITS & STRUCTURE

IV. Types of Debt

A. Instruments

TJPA may enter into or issue bonds, notes, bond anticipation notes, grant anticipation notes, revenue anticipation notes, tax anticipation notes, revenue bonds, lease revenue bonds, financing leases, installment purchase obligations, certificates of participation, tax increment financing, Mello-Roos financing, U.S. Department of Transportation loans (e.g., TIFIA, RRIF), loans, commercial paper and any other evidence of indebtedness or financing permitted by law.

B. Term and Use

TJPA may issue debt when there is a defined repayment source. TJPA may incur short-term or long-term debt. Short-term debt is debt with a term to maturity of less than five years. Long-term debt has a term to maturity of five years or more. TJPA's long-term debt will be structured such that obligations do not exceed the maturity permitted by law or the average useful life of the capital asset as determined by the Internal Revenue Code, if applicable. Long-term debt may be used to finance the acquisition and construction of capital assets consistent with TJPA's capital

improvement program and capital budget or plan. Long-term debt shall not be used to fund operating costs or operating deficits of the TJPA. Short-term debt may be used to either provide funds to finance cash flow deficits, or provide capital financing.

C. New Money Debt

New money debt issues are those financings that generate additional funding to be available for expenditure on capital projects. These funds will be used for acquisition, construction and major rehabilitation of capital assets. New money debt proceeds may not be used to fund operational activities.

D. Refunding Debt

The TJPA may issue debt to refund the principal of and interest on outstanding bonds and/or other indebtedness of the TJPA in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded debt; or (v) modify covenants otherwise binding upon the TJPA. Refunding debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The TJPA may also utilize a tender offer process to refund bonds that are not otherwise subject to optional call by the TJPA.

In most cases, refunding debt should be issued solely to achieve debt service savings and should not be issued unless the estimated net present value savings, as determined by the TJPA's external municipal advisors or internal management, are greater than or equal to five percent (5%) of the principal amount of the refunded debt. Non-economic refundings, or ones producing less savings, will be permitted if justified based on other reasons, such as restructuring outstanding debt, changing the type of instruments originally used, retiring a bond issue, removing covenants/pledges that have become restrictive, or retiring debt prior to maturity.

E. Senior Lien Debt

The TJPA may issue debt on parity with outstanding bonds or other indebtedness of the most senior open lien position in order to achieve the most advantageous borrowing costs.

F. Subordinate Lien Debt

The TJPA may issue subordinate debt on one or more subordinate lien levels relative to other outstanding bonds or other indebtedness of the TJPA where necessary or desirable, in the determination of the TJPA, to accommodate the particular structure or terms of a given issue, or in circumstances where the issuance of senior lien debt would be limited or restricted.

G. Variable Rate Debt

To maintain a predictable debt service burden, TJPA may give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is floating or variable rate debt. It may be appropriate to issue variable rate debt to reduce forecast interest costs, provide interim financing, and/or improve the match of assets to liabilities. Under no circumstances will TJPA issue variable rate debt solely for the purpose of earning arbitrage. In connection with each issuance of unhedged variable rate debt, TJPA should make a determination that the use of unhedged variable rate debt is not imprudent, taking into consideration the security source for repayment of the variable rate debt and the projected coverage if variable rate debt was to equal the maximum rate permitted under the applicable debt.

TJPA may employ safeguards to protect against the risk of changes in interest rates related to variable rate debt. Adequate safeguards against the risk of adverse impacts from interest rate shifts in variable debt may include, but are not limited to, interest rate swaps, interest rate caps, and the matching of assets and liabilities. Financial strategies may result in a synthetic fixed rate debt, subject to the provisions of this policy regarding derivative products.

V. Financial Derivative Products

Financial derivative products, such as interest rate swaps, will be considered appropriate in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces the risk of fluctuations in expense or revenue, or alternatively where the derivative product will significantly reduce the project cost. Financial derivative products will only be considered, i) after a thorough evaluation of risks associated therewith, including counterparty credit risk, basis risk, tax risk, termination risk, and liquidity risk; ii) after consideration of the potential impact on the TJPA's ability to refinance debt at a future date; and iii) in compliance with the requirements below.

A. Qualified Independent Representative

1. TJPA will enter into a contract with a firm or firms that will have the qualifications to act as a qualified independent representative ("QIR") to TJPA in accordance with the requirements of Commodity Futures Trading Commission ("CFTC") Regulation §23.450, "Requirements for swap dealers and major swap participants acting as counterparties to Special Entities", and its related safe harbor provisions and in such contract such firm or firms will make representations and provide agreements to satisfy the requirements and safe harbors of CFTC Regulation §23.450 in a manner satisfactory to TJPA.
2. TJPA shall utilize the services of such QIR when (i) entering into a new swap transaction, (ii) modifying, terminating (in whole or in part), transferring or novating an existing swap transaction, or (iii) discussing the possibility of the transactions in (i) and/or (ii) with a swap counterparty.
3. TJPA shall monitor the continued performance of each QIR by requesting certifications at least annually from each QIR restating that the representations and agreements in the contract described in (1) above are true and correct and by requiring in the contract described in (1) above prompt notice by the QIR of any failure of a representation or agreement to be true and correct. If the TJPA does not have any outstanding swap transactions, the annual QIR certification will not be required.

B. Recordkeeping and Retention

TJPA will maintain full records (in the manner specified in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act")) related to interest rate swap agreements, interest rate swap transactions, and similar agreements for at least five years following the final termination of each transaction. Such records must be retrievable within five business days.

C. Consent to Recording

Each employee or representative of TJPA that enters into discussions with a swap counterparty regarding a swap transaction or the International Swaps and Derivatives Association (“ISDA”) master agreement (including the related schedule and credit support annex, if applicable) that governs such swap transaction acknowledges and agrees that the discussions will be recorded by the swap counterparty and consents to the recording and agrees to sign an annual acknowledgement form stating that they have notice of and consent to the recording of discussions of swap documentation and transactions.

D. Amendment of Documentation

TJPA will work with legal counsel and a QIR to amend ISDA master agreements entered into with swap counterparties to comply with requirements of the Act and regulations thereunder and any additional legal and/or regulatory requirements relating to swap transactions and ISDA master agreements. TJPA will amend documentation through completion and distribution of applicable ISDA Protocol documentation and/or through direct negotiation of amendments with individual swap counterparties.

E. Counterparty and Contract Guidelines

TJPA will not use derivative contracts that are purely speculative in nature or create extraordinary leverage or risk or lack sufficient price transparency to allow reasonably transparent valuation. TJPA will only work with counterparties (or their guarantors) with a long-term senior, unsecured debt credit rating of at least “A3” or “A-” from at least two of the nationally recognized statistical rating organizations.

No derivative contract will be entered into structured as a terminating transaction with a counterparty or be subject to automatic termination in any circumstance without the explicit approval of the Board.

All termination payments under any contract shall be expressly subordinate to the payment of debt service on the debt being hedged, unless the Board explicitly approves otherwise.

Each counterparty with TJPA must provide collateralization to secure any or all of its payment obligations under the derivative contract under terms and provisions acceptable to TJPA and the QIR, provided that, if any of the counterparty’s (or guarantor’s) ratings fall below investment grade, the credit support agreement must provide for a zero threshold limit for the initial deposit and for increments or decrements of collateral thereafter.

TJPA will consider diversifying its counterparties so that TJPA does not have an excessive amount of exposure to any counterparty.

The TJPA Chief Financial Officer is required to prepare a report summarizing derivative exposure at least annually to the extent any derivatives are outstanding.

VI. Structuring

Debt issuance shall be planned to achieve relatively rapid repayment of debt while recognizing the useful life of the facilities. Debt issuance should be structured within prudent risk parameters, and including preservation of an appropriate degree of financial flexibility.

A. Capitalized Interest

Certain types of financings may require the use of capitalized interest from the issuance date until the TJPA has constructive use of the financed project and/or until revenue is estimated to be sufficient to cover such interest/debt service payments. Capitalized interest may be funded from the proceeds of TJPA debt.

B. Debt Service Reserve Funds

Reserve accounts shall be maintained per debt requirements and where deemed advisable by the TJPA Board per the Reserve Policy. Debt service reserves shall be structured so that they do not violate Internal Revenue Service arbitrage regulations (if funded with tax-exempt bond proceeds).

The TJPA may issue debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of bonds, and may be funded by proceeds of bonds, other available moneys of the TJPA, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund.

Amounts in the debt service reserve funds shall be invested, in permitted investments as defined under the TJPA's Indenture and consistent with the TJPA's Investment Policy primary objectives, in order of priority, of (i) safety, (ii) liquidity, and (iii) return on investment. to. Such investments may include forward purchase and sale agreements with respect to permitted investments.

C. Call Provisions

1. *Optional Call Provisions.* The TJPA shall seek to include the shortest practicable optional call rights, with and/or without a call premium, on bonds with a final maturity of more than ten (10) years, consistent with optimal pricing of such bonds. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the TJPA. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the TJPA. Capital appreciation bonds are an example of a potential non-callable structure.

2. *Extraordinary Call Provisions.* The TJPA, at its option, may include extraordinary call provisions, including for example with respect to unspent proceeds, damage to or destruction of the project or facilities financed, credit-related events of the TJPA or the user of the project or facilities financed, or other matters, as the TJPA may determine is necessary or desirable.

D. Third Party Credit Enhancement

The TJPA may secure credit enhancement for its debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (each a "Credit Facility"), as well as other similar instruments. Credit enhancement providers shall be selected on a competitive basis.

1. *Bond Insurance.* All or any portion of an issue of debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular debt issuance. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

2. *Credit Facilities.* The issuance of certain types of debt may require a Credit Facility from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of bonds where a Credit Facility may be necessary include commercial paper, variable rate bonds with a tender option and bonds that could not receive an investment grade credit rating in the absence of such a facility.

The criteria for selection of a Credit Facility provider shall include the following:

- a. Long-term ratings from at least two nationally recognized credit rating agencies ("Rating Agencies") preferably to be equal to or better than A2/A/A or equivalent;
- b. Short-term ratings from at least two Rating Agencies of at least P-VA-1+ or equivalent;
- c. Experience providing such facilities to state and local government issuers;
- d. Fees, including without limitation initial and ongoing costs of the Credit Facility; draw, transfer and related fees; counsel fees; termination fees and any trading differential; and
- e. Willingness to agree to the terms and conditions proposed or required by the TJPA.

DEBT ISSUANCE

VII. Method of Sale

TJPA will determine, on a case-by-case basis, whether to issue its debt competitively or through negotiation.

In a competitive sale, the transaction shall be awarded to the bidder providing the lowest true interest rate cost as long as the bid adheres to the requirements set forth in the procurement documents. A competitive sale may be the most appropriate when the debt type and structure are conventional, and the issuer has a strong credit rating and is well known to investors. The TJPA recognizes that certain transactions are best handled through negotiation, including situations when sale of the debt will require complex explanations such as TJPA's projects, political structure and support, funding, or credit quality. From time to time, TJPA may elect to privately place its debt with institutional investors. Such placement shall be considered if this method is likely to result in a cost savings or other benefit to the TJPA relative to other methods of debt issuance, whether due to interest rate savings or costs of issuance, or to control aspects of a transaction other than cost.

VIII. Green Bonds

Green bonds typically finance projects that have positive environmental and/or climate benefits. Consistent with the Transbay Program's commitment to reduce greenhouse gases, TJPA capital projects typically may be categorized as green bond eligible. The TJPA shall seek to obtain green bond identification on its debt issuances that finance green bond eligible capital projects. Pursuing green bond identification is in the TJPA's best interests to broaden the potential investor base for the TJPA's debt issuances and possibly lower the borrowing costs for the TJPA.

IX. Capital Planning

The TJPA's borrowing decisions in terms of timing, amount, structure and alternative products will be made in the context of the Transbay Program Capital Improvement Plan and the TJPA Capital Budget. As the Transbay Program Capital Improvement Plan is developed in the context of the TJPA Annual and Long-Term Capital Budgets, borrowing decisions will be made in the appropriate strategic context to ensure that any proposed borrowing is directly supporting the goals and objectives of the TJPA.

X. Professional Services Providers

The TJPA may retain professional services providers as necessary or desirable in connection with (i) the structuring, issuance and sale of debt; (ii) monitoring of and advice regarding its outstanding debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities, derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include financial advisors, bond counsel, disclosure counsel, TJPA consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The TJPA shall require that its financial advisors, bond and disclosure counsel and other TJPA

consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained. All key professional service providers (e.g., underwriters, financial advisors, QIRs, bond counsel) shall be selected in accordance with Board Policy No. 001: Procurement Policy.

The TJPA may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, green bond verification agents or other providers as may be necessary or appropriate in connection with its debt.

DEBT MANAGEMENT

XI. Investment of Debt Proceeds

TJPA shall accurately account for all interest earnings in debt-related funds. TJPA will maximize the interest earnings on all funds within the investment parameters set forth in the respective indenture documents, loan agreement or similar documents, or as otherwise permitted by the TJPA Investment Policy. TJPA will implement a system of reporting interest earnings that relates to and complies with any tax certificates relating to its outstanding debt and Internal Revenue Code requirements, and make any required filings with federal and state agencies.

XII. Post-Issuance Compliance Procedures

TJPA will establish and document procedures to ensure compliance with all Internal Revenue Code requirements with respect to tax-exempt debt and obligations so that the interest on the bonds and obligations is and will remain tax-exempt.

XIII. Disclosure

Each publicly offered TJPA debt issuance will meet the disclosure requirements of the Securities and Exchange Commission (“SEC”) and other government agencies before and after the debt issuance takes place. Whether a document or other communication is a Disclosure Document (“Disclosure Document”), as defined under SEC Rule 15c2-12 (the “Rule”), shall be determined by TJPA Officers and Staff in consultation with Disclosure Counsel. The TJPA will endeavor to use best practices and uniform procedures, and attorneys, consultants, and other experts, as necessary, to ensure primary and secondary disclosure is timely and completed in full compliance with SEC regulations.

Continuing disclosure information is intended to reflect the financial or operating condition of an issuer as it changes over time, as well as specific events occurring after issuance, which can have an impact on both the ability to pay amounts owed and the market value of the bonds or other debt obligations if bought or sold prior to maturity. Pursuant to the Rule, each new publicly-offered debt issuance will require a written agreement (which the TJPA refers to as a “continuing disclosure certificate” or CDC), between the TJPA and the original purchaser/underwriter for the benefit of holders of municipal securities, to provide certain annual financial information (“Annual Disclosure Reports”) and material event notices to the public. In accordance with changes made in 2009 to the Rule, those filings must be made electronically at the Municipal Securities

Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") web dissemination portal.

The TJPA will meet secondary disclosure requirements in a timely and comprehensive manner, as stipulated by the Rule. The TJPA's Chief Financial Officer shall be responsible for providing ongoing disclosure information to the MSRB EMMA system, the central depository designated by the SEC for ongoing disclosures by municipal issuers.

Although the Rule prescribes certain annual information and event-based disclosures that must be filed, issuers may determine that additional information would be of interest to investors. To this end, the TJPA may choose to voluntarily disclose other information to the MSRB that goes beyond the requirements of the Rule. This information may include, but is not limited to, items such as monthly financial reports, updates on issues that could affect the TJPA's budgetary, financial, or economic position, annual/biennial budgets, and changes in rating outlooks.

In addition to continuing disclosure requirements as undertaken pursuant to the TJPA's CDCs, the TJPA also has certain disclosure obligations vis-à-vis specific agreements with certain debt issuance-related entities. These entities include the bond rating agencies, trustee bank, insurers, credit facility providers, commercial paper dealers, private placement lenders and others. At such time that the TJPA no longer has an agreement with such an entity (i.e., through expiration or termination of the agreements), the disclosure requirements with that entity ends.

XIV. Investor Relations

The TJPA's Chief Financial Officer shall maintain the TJPA's relationships and reputation with current and prospective investors in the TJPA's debt obligations, including in particular with its principal institutional investors. Such communications may include, without limitation:

- Timely preparation of the TJPA's audited financial statements and annual report and delivery to the TJPA's bond trustees and other parties;
- Formal written and/or verbal presentations in connection with proposed debt obligations, as deemed necessary or appropriate in consultation with the TJPA's Municipal Advisor(s); and
- Timely compliance with the TJPA's continuing disclosure requirements, consistent with Securities and Exchange TJPA Rule 15c2-12, in connection with each issue of bonds to which such Rule is applicable.

The TJPA basic strategy for communications with rating agencies, bond insurers, credit/liquidity providers, investors and other market participants shall be developed and maintained by the Chief Financial Officer.

XV. Ethics and Conflict of Interest

Officers and employees involved in the debt management process will not engage in personal business activities or investments that could conflict with the proper and lawful execution and management of the debt management program, or that could impair their ability to make impartial decisions. Pursuant to the TJPA's Conflict of Interest code, employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to TJPA's debt.

XVI. Internal Controls

TJPA shall maintain a system of internal controls, which shall be documented in writing. The internal controls shall be provided to and reviewed by the independent auditor. When issuing debt, in addition to complying with the terms of this Debt Management Policy, TJPA shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of debt proceeds. TJPA will periodically review the requirements of and will remain in compliance with the following:

1. Any continuing disclosure undertakings under SEC Rule 15c2-12,
2. Any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
3. TJPA investment policies as they relate to the investment of proceeds of debt.

Proceeds of debt will be held either (a) by a third-party trustee, which will disburse such proceeds to TJPA upon the submission of one or more written requisitions, or (b) by TJPA, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by TJPA. Such internal controls are incorporated herein by this reference to the same extent as if recited in full.

XVII. Recordkeeping

TJPA shall maintain all debt-related records for a period no less than six years after the final maturity of the debt. At a minimum, these records shall include all official statements, term sheets, bid documents, resolutions, disclosure reports, and consultant agreements.

XVIII. Debt Management Policy Review

TJPA's debt management policy shall be adopted by resolution of the TJPA Board of Directors. This policy shall be reviewed annually at a regular meeting of the TJPA Board, or more frequently as required. Any modifications to this policy must be approved by resolution of the TJPA Board.

Glossary of Terms

Arbitrage: The difference between the interest paid on tax-exempt securities and the interest earned by investing the security proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage on the proceeds from issuance of tax-exempt municipal securities.

Capitalized Interest: A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specific period of time. Interest is commonly capitalized for the construction period of a project.

Competitive Sale: A sale of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.

Derivatives: Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying indices or securities, and may include a leveraging factor, or financial contracts based upon notional amounts whose value is derived from an underlying index or security (e.g., interest rates).

Indenture: A legal and binding contract between a debt issuer and the debt holders. The indenture specifies all the important features of the debt, such as its maturity date, timing of interest payments, method of interest calculation, call features, investment requirements, etc.

Municipal Advisor: Section 15B of the Securities Exchange Act defines the term „municipal advisor“ to mean a person that (i) provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, or (ii) undertakes a solicitation of a municipal entity. Also frequently referred to as a financial advisor.

Negotiated Sale: A method of sale in which the issuer chooses one underwriter to negotiate terms pursuant to which an underwriter will purchase and market the debt.

Private Placement: The original placement of an issue with one or a limited number of investors as opposed to being publicly offered or sold.

Underwriter: A dealer that purchases new issues of municipal securities from the issuer and resells them to investors.

Variable Rate: An interest rate on a security which changes at intervals according to an index or formula or other standard of measurement as stated in a debt contract.