



# Debt Management Policy

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## 1. Policy Objectives and Philosophy

The purpose of this Debt Management Policy (“Policy”) is to ensure that all Financing Programs (as defined herein) undertaken by the Texas Transportation Commission (“Commission”) and/or the Texas Department of Transportation (“TxDOT” or “Department”) are completed in the most efficient manner and in accordance with the highest standards of industry, law and government practice. This Policy confirms the intent of the Department and the Commission to adhere to sound financial management practices including full and timely payment of all borrowings, and achieving the lowest cost of capital within prudent risk parameters.

The Commission intends to use its Financing Programs efficiently to maximize the delivery of transportation and mobility projects throughout the State within acceptable levels of risk, balancing obtaining the best possible credit ratings, minimizing interest costs and optimizing future flexibility. Due to the wide variety of projects and available Financing Programs, this policy sets parameters within which flexibility is retained to respond to specific or unplanned circumstances.

## 2. Scope and Authority

This Policy shall govern the management of all Financing Programs of the Commission or TxDOT and debt issued by related entities on behalf of the Commission or the Department if adopted by their boards. This Policy pertains to all new money obligations and refunding obligations and has been reviewed and approved by the Commission as of the date specified on the cover of this document. The Commission will review this Policy annually and will approve changes to the Policy when it concludes that doing so advances TxDOT’s fiscal management goals and objectives and is fiscally prudent based upon recommendations from the Chief Financial Officer (“CFO”) or the Project Finance, Debt and Strategic Contracts Division (“PFD”) Director as his designee. Such amendments shall be evidenced in writing and the most current Policy will be posted to the TxDOT website.

Management responsibility for this Policy is hereby delegated to the CFO. The CFO shall have responsibility and authority as provided by the Commission for structuring, implementing, and managing all Financing Programs, and for ensuring compliance with this Policy.

## 3. Currently Authorized Financing Programs

The Commission has authority to issue bonds, notes and other obligations for several “Financing Programs” as briefly described below:

- a. **Texas Mobility Fund Revenue Financing Program (“TMF”):** Authorized by Article III, Section 49-k of the Texas Constitution and Subchapter M, Chapter 201, Texas Transportation Code, TMF bonds are secured by revenues deposited into the Texas Mobility Fund and, at the option of the Commission, the full faith and credit of the State of Texas. The proceeds of bonds may be used to fund state highway improvement projects and other public transportation projects and to establish a loan program for qualified mobility projects. TMF bonds may have a maturity of no longer than 30 years; bonding capacity is constrained by statutory debt service coverage requirements as certified by the Comptroller and other limitations in state law.
- b. **State Highway Fund Revenue Financing Program (“SHF”):** Authorized by Article III, Section 49-n of the Texas Constitution and Section 222.003, Texas Transportation Code, SHF obligations (also called “Proposition 14” Bonds) are secured by a pledge of, and are payable from, revenues deposited to the State Highway Fund. Under current statutory authority, proceeds may be used for highway improvement projects; however \$1.2 billion must be used for safety projects. State Highway Fund Revenue Bonds may have a maximum maturity of 20 years and up to \$6 billion aggregate principal amount may be issued pursuant to current statutory authority. The Commission has utilized all statutory authority to issue bonds for new money purposes

and thus may only issue bonds to refund outstanding obligations and to renew or replace credit agreements.

- c. **Highway Improvement General Obligation Bond Program (“HIGO”):** Article III, Section 49-p of the Texas Constitution and Transportation Code 222.004 authorize the issuance of up to \$5 billion in general obligation bonds for highway improvement projects. HIGO bonds were approved by the voters in 2007 under ballot Proposition 12 and are thus referred to as “Proposition 12” Bonds. HIGO bonds may have a maximum maturity of no longer than 30 years. The Commission has utilized all statutory authority to issue bonds for new money purposes and thus may only issue bonds to refund outstanding obligations.
- d. **Short-Term Obligations:** As authorized by Article III, Section 49-m of the Texas Constitution and Section 201.115, Texas Transportation Code the Commission and the Department may issue notes or borrow money from any source to carry out the functions of the Department. Such obligations are payable only from funds appropriated by the State legislature, including State Highway Funds, and must mature within two years of issuance. The amount of a loan may not exceed an amount which is two times the average monthly revenue deposited to the State Highway Fund for the twelve months preceding the month of the loan.
- e. **Highway Tax and Revenue Anticipation Notes (“HTRANS”):** Article III, Section 49-n and Chapter 201, Subchapter N, Texas Transportation Code authorize the Commission to issue HTRANS in anticipation of a temporary shortfall in the State Highway Fund during any fiscal year. Obligations are payable from the State Highway Fund and are subject to approval of the Cash Management Committee (comprised of the Governor, Lieutenant Governor, Speaker of the House of Representatives, and Comptroller of Public Accounts). Proceeds may be in the amount of the projected cash shortfall and such obligations must be repaid within the fiscal biennium in which they were issued.
- f. **Toll Project Revenue Bonds:** Subchapter C, Chapter 228, Texas Transportation Code (“Chapter 228”) authorizes the Commission to issue toll revenue bonds to finance, in part or in whole, toll projects.
- g. **Rail Facility Bonds:** Chapter 91, Texas Transportation Code (“Chapter 91”) authorizes the Commission to issue revenue bonds to pay all or part of the cost of developing State-owned rail facilities, as defined in Chapter 91. The Commission is authorized to issue bonds under the same terms and conditions as bonds are issued with respect to toll projects under Chapter 228.
- h. **State Infrastructure Bank (“SIB”) Revenue Bonds:** Subchapter D, Chapter 222, Texas Transportation Code authorizes the Commission to issue bonds to capitalize the State Infrastructure Bank, such bonds to be secured and payable from income derived from the State Infrastructure Bank.
- i. **Texas Rail Relocation and Improvement Fund:** Article III, Section 49-o of the Texas Constitution and Subchapter O, Chapter 201, Texas Transportation Code authorize the Commission to issue bonds to finance the costs of relocating, constructing, reconstructing, acquiring, improving, rehabilitating or expanding publicly- or privately-owned rail facilities. Bonds are payable from revenues deposited to the Rail Relocation and Improvement Fund and the full faith and credit of the State of Texas may be pledged to secure such bonds.
- j. **Real Property Financings:** The Commission is authorized under Section 201.1055, Texas Transportation Code, and Section 1232.111, Texas Government Code, to enter into agreements with a private entity for the acquisition, design, construction, or renovation of a building located on TxDOT property or to acquire from a private entity

real property, including any improvements, in exchange for TxDOT-owned real property and improvements. In the event that any project is not wholly paid for by an exchange of TxDOT-owned real property, TxDOT may finance the project through the Texas Public Finance Authority, which may issue obligations payable from lease payments by TxDOT to obtain the funds for the remaining cost of the building.

#### **4. Allowable Purposes of Debt Issuance**

The statutory authority for the Commission's Financing Programs are outlined in Section 3, however the general purposes for which the Commission may issue debt are as follows:

- a. Interim or long-term financing of the construction and acquisition of eligible projects (including feasibility and engineering studies, other preliminary engineering and design activities and the purchase of right-of-way);
- b. Reimbursement of the State Highway Fund for qualified expenditures;
- c. Major capital improvements, rehabilitations, or repairs to existing Department facilities;
- d. Cash management (to the extent permitted by federal tax law); and
- e. Refunding of outstanding debt.

Long-term tax-exempt debt may not be used to fund routine operations or maintenance; tax-exempt debt may not be issued for the purpose of investing or for the purpose of earning arbitrage.

#### **5. Eligible Projects**

As described in more detail in Section 3, each Financing Program has specifically authorized purposes for which bond proceeds may be used.

#### **6. Long Term Debt Planning**

Annually, the CFO shall review and update the long-term debt profile for each Financing Program. The information to be updated includes annual debt service requirements, pledged revenues, planned future issuances and projections of debt service coverage. For unhedged variable rate bonds, an assumed interest rate will be used as prescribed in the legal documents for such Financing Program. If no interest rate is prescribed, the CFO may determine a rate which he deems reasonable.

To the extent possible, these updates shall be considered complete if required as part of the Commission's annual continuing disclosure or other reporting undertakings or as a component of its rating updates.

#### **7. Refunding Procedures and Practices**

Refunding of outstanding debt will be considered in order to:

- a. Achieve interest rate savings;

The Commission sets forth the following savings guidelines as a measure for evaluating refunding proposals; however the CFO shall have discretion in determining whether to undertake refunding transactions that do not meet the relevant savings or negative arbitrage considerations set forth below. Consideration will be given to compliance with Commission policy and/or the financial objectives of each Financing Program.

For current refundings, the net present value savings target is 3% of the par amount of bonds refunded.

For advance refundings the net present value savings target is 5% of the par amount of bonds refunded. In addition, the amount of negative arbitrage generated should also be calculated and considered before determining if the obligation should be advance refunded.

For refundings which include the use of derivative products such as interest rate swaps, the transaction must be in compliance with the Commission's Derivative Management Policy. In order to reflect the additional risks associated with such transactions, the net present value savings target is 6% of the par amount of bonds refunded and 8% of the par amount of bonds refunded for transactions in which the Commission assumes tax risk.

The manner in which savings are realized (up front, deferred or on an annual basis) will be determined by the CFO based upon the overall needs and objectives for the specific Financing Program.

b. Restructure principal including conversion of short-term obligations to long-term obligations or alternative interest rate mode obligations;

Refundings involving a restructuring of principal shall be considered if the Commission can achieve a more favorable matching of revenues or other resources pledged to meet debt service payments. Consideration shall be given to the effect of such restructuring on the credit rating (if any) or credit perception of the Financing Program. Any transactions involving the restructuring of principal shall seek to minimize the amount of refunding debt to be issued.

c. Make termination payments due under swap agreements as authorized by the legal documents for such Financing Program and in compliance with the Derivative Management Policy; or

To the extent permitted by law refunding bonds may be issued to make a payment due by the Commission to a qualified counterparty in the event of a termination, whether voluntary or involuntary, for any interest rate swap agreements or similar derivative structures. The Commission shall only issue refunding bonds when other funds legally available to make such a termination payment are insufficient; the issuance of the refunding bonds does not negatively impact the debt service coverage or credit of the Financing Program; or such refunding is contemplated when the derivative product is executed and the derivative complies with the Commission's Derivative Management Policy.

d. Amend or close an existing Trust Indenture or Master Resolution.

Refundings undertaken to revise or remove covenants or to make pledged reserves available for other purposes by closing an existing Indenture or Resolution must analyze any economic impact as measured by present value savings or loss, inclusive of cash contributions and any debt service reserve fund earnings. Such economic effects include:

- i. Limitations imposed by the Internal Revenue Code;
- ii. Use of reserves;
- iii. Future financing capacity; and
- iv. Future marketability of related debt.

Other Refunding Considerations

Any debt service reserve funds which are released after a refunding shall be used to reduce the amount of Refunding Bonds to be issued or other authorized purposes and under no circumstances will be used for operating expenses.

## 8. Limitations on Level of Indebtedness

The Commission and the Department will comply with statutory limitations on the level of indebtedness for each Financing Program. For Financing Programs that are not statutorily limited, the maximum level of indebtedness will be governed by available pledged revenue streams and rate covenants or additional bonds tests contained in the legal documents for such Financing Program. In the case of new financing programs, consideration will be given to the desired credit rating for the program and purpose and use of the revenue stream or fund.

## 9. Credit Objectives

It is the goal of the Commission to provide sufficient flexibility to meet the objectives of each Financing Program while striving to secure and maintain the highest possible ratings for each Financing Program. It is the objective of the Commission to maintain its positive presence in the credit markets through the maintenance of and improvement of all relevant credit characteristics within its control.

## 10. Permissible Types of Debt for Financing Programs

### a. Variable Rate Debt

Factors to be considered in determining the use of variable rate debt shall include cash flow risk, liquidity risk, remarketing risk and tax risk.

The targeted maximum percentage of unhedged variable rate debt is 25% of outstanding debt for each Financing Program. For purposes of this limitation, variable rate debt is considered hedged if it is subject to an interest rate cap or if short-term investments offset variable rate debt exposure. Short-term investments for purposes of this limitation shall include money invested in money market funds, overnight funds, repurchase agreements, investment pools, and all other TxDOT investments with an average weighted maturity of one year or less. Variable rate debt that is hedged by an interest rate cap or short-term investments is not considered to be subject to tax risk.

The targeted maximum percentage of variable rate debt hedged by interest rate swap products is 25% of outstanding debt for each Financing Program. These targets may be exceeded if the CFO determines doing so to be prudent and consistent with the liquidity and capacity constraints of each Financing Program.

The targeted total percentage of debt for each Financing Program that may be subject to tax risk is 50%.

### b. Commercial paper

Commercial Paper may be issued for any Financing Program:

- i. To minimize the interest cost or the use of capitalized interest during the design phase or construction period of eligible projects;
- ii. For certain equipment purchases or capital improvements;
- iii. Cash management (to the extent permitted by federal tax law); or
- iv. To diversify the Commission's debt portfolio.

### c. Fixed rate debt

Current interest bonds may be used for both new money and refunding transactions and may be structured to meet investor demand at the time of pricing. Current interest bonds may be issued as tax-exempt bonds, taxable bonds or other forms of debt, when advisable. Capital appreciation and zero coupon bonds, which typically result in higher

interest costs, shall be used in limited circumstances after an analysis is undertaken that indicates the needs or objectives of a particular Financing Program are met through their use.

d. Derivative products

The Commission will consider the use of interest rate swaps and other interest rate risk management tools after carefully evaluating the risks and benefits of any proposed transaction in accordance with the Derivative Management Policy. By using swaps and other derivative products in a prudent manner, the Commission can take advantage of market opportunities to minimize expected costs and manage interest rate risk. The Commission will not enter into swap transactions for speculative purposes but will consider other swap or derivative products as allowed and recommended pursuant to the Derivative Management Policy.

e. Hedging products

Subject to State law, the Commission may utilize hedging products for the purpose of protecting future debt issuance from interest rate risk. Such products may include, but are not limited to forward delivery bonds or rate locks based on either a taxable or tax-exempt bond index.

## 11. Permissible Types of Debt for Short-Term Financing Programs

The following types of debt and other obligations are permitted for Section 3(d) Short-Term Obligations and Section 3(e) Highway Tax and Revenue Anticipation Notes:

- a. Fixed Rate Notes;
- b. Variable Rate Notes;
- c. Commercial Paper; and
- d. Bank or other Loans

## 12. Structural Objectives

- a. Maturity: Term of debt may not exceed expected useful life of the project(s) or equipment financed, or as statutorily prescribed.
- b. Variable rate debt instruments: As long as variable rate debt is outstanding, the CFO will actively monitor and evaluate market conditions and shall determine if it is appropriate and cost-efficient to convert the variable rate debt to fixed interest rates or fixed rate debt to variable rate debt either through the issuance of fixed rate bonds, variable rate bonds or synthetically upon entering into an interest rate swap transaction in compliance with the Derivative Management Policy.
- c. Structural elements: In a negotiated sale, use of specific structural elements such as capital appreciation bonds, variable rate bonds, call features, forward delivery bonds, or other debt or derivative products, will be based on information provided by the senior underwriter(s) and on the analysis and recommendation of staff, the financial advisor, and bond counsel, as applicable. For derivative structures, compliance with the Derivative Management Policy is required. In a competitive sale, structural elements will be based on the recommendation of staff, the financial advisor and bond counsel, as applicable.
- d. Lien levels: Multiple lien levels of debt may be utilized for any Financing Program if the resulting debt structure optimizes certain critical debt constraints, typically either cost or capacity, or is needed to maintain credit ratings on existing debt. The use of multiple lien levels is also permitted when derivative products are utilized if the



Commission will become liable for termination payments or other obligations under such agreements.

- e. Capitalized interest: When possible, the Commission will avoid using capitalized interest. The CFO shall determine when the use of capitalized interest is warranted and authorized in order to meet the objectives of any Financing Program.
- f. Debt Service Reserve Fund: Debt service reserve funds may be funded by the proceeds of bonds, available cash or cash equivalents, or the purchase of a surety bond to the extent authorized by law. The desirability of using a surety bond to fund a reserve will be evaluated on a case-by-case basis. Debt service reserve funds will be created only when required to market a specific type of debt, achieve a desired credit rating or provide a needed liquidity source for a bond issue.
- g. Call provisions: In general, a call provision at the Commission's option must be included for all bonds or obligations with maturities longer than 10 years. The optional redemption date will be a maximum of 10 years from the date of issuance or a date acceptable to the market as recommended by the financial advisor and based on information provided by the senior underwriter(s) on the transaction. Prior to issuing bonds without a call provision, the CFO will evaluate and document expected interest savings in relation to the expected savings from a refunding, as based on the theoretical value of the call option.
- h. Credit Enhancement:
  - i. Bond insurance: Bond insurance will be used when it provides an economic advantage to a particular bond maturity or entire issue or when a particular product requires the insurance. The decision to use bond insurance shall be based upon the value it adds to a specific transaction. The analysis of that value shall compare the present value of the prospective interest savings produced due to the insurance to the cost of the insurance premium. Insurance may be purchased when the premium cost is less than the projected interest savings. Bond insurance may be purchased for the entire par amount of an issue or for specific maturities thereof, based on a recommendation to TxDOT from the financial advisor regarding the most cost-effective approach or upon information provided by the senior underwriter(s) that insurance is desirable to attract investors who are willing to pay for such insurance. In no case will TxDOT purchase insurance if there is a cost to the Department. Bids from bond insurers will be solicited from qualified providers on a case-by-case basis given current market conditions and insurer ratings. The CFO will authorize the purchase of bond insurance if it is deemed prudent, reasonable and cost-effective.
  - ii. Liquidity/Credit facilities: The issuance of variable rate debt, including variable rate bonds and commercial paper, may require the use of a liquidity and/or credit facility. Letters of Credit, Revolving Credit Agreements and Standby Bond Purchase Agreements will be considered as credit enhancement based on the specific need of the short-term instrument and cost-effectiveness. The Department will solicit bids from qualified financial institutions established in this line of business and select the "best value" based on price, financial stability, terms and conditions and service. Qualified financial institutions must have short-term ratings from two rating agencies of at least "P-1", "A-1" or "F1" at the time the agreements are executed.

### **13. Method of Sale**

The Commission recognizes that each issuance of obligations has unique characteristics that will provide the basis for determining the appropriate method of sale. Such methods include competitive

sale, negotiated sale, or private placement. The conditions which indicate the appropriate method of sale are generally described below:

a. Competitive Sale:

- i. The bond market is stable and/or demand for bonds is strong;
- ii. Market conditions and interest rate sensitivity are not critical to the pricing;
- iii. Women, veterans with disabilities or minority owned firm participation is on a best efforts basis only and is not required for the winning bid;
- iv. There are no complex explanations required during marketing regarding the project, funding mechanism or credit quality;
- v. Credit is well known to investors;
- vi. Bond type and features are conventional; and/or
- vii. The transaction size is manageable.

b. Negotiated Sale:

- i. Market conditions are volatile and demand for bonds is weak;
- ii. Coordination of multiple components of the financing is required;
- iii. Participation by women, veterans with disabilities or minority owned firms is desired or enhanced;
- iv. For complex credit structures where substantial education of investors will be required as to the project, the credit or the structure of the transaction;
- v. Structural features are unconventional, such as forward delivery bonds or derivatives; or structure is not conducive to competitive sale;
- vi. Large transaction size; and/or
- vii. A financing structure where retail participation is targeted.

c. Private Placement:

A private placement with a sophisticated investor including a bank loan may be appropriate when:

- i. Credit is weak or credit ratings cannot be obtained;
- ii. A loan provides more advantageous terms than the capital markets;
- iii. A favorable, innovative or proprietary structure is proposed that is unavailable in the markets generally; and/or
- iv. Time is of the essence and a private placement can be consummated more quickly than a public offering.

## **14. Use and Investment of Bond Proceeds**

Any investment of bond proceeds shall be executed in accordance with the Commission's Investment Policy, Investment Strategies, legal covenants, and State and federal tax law limitations. The investment of debt proceeds of all of the Commission's Financing Programs are subject to the Public Funds Investment Act.

## **15. Escrow Structuring**

The preference of the Commission is to utilize State and Local Government Series Securities ("SLGS"), when available in structuring refunding escrows. In circumstances where open market securities provide material cost savings compared to SLGS (when SLGS are available for purchase), a certificate shall be delivered to the CFO from the financial advisor or qualified third party agent, who is not a broker-dealer, on each refunding issue. The certificate shall state that the securities were procured through an arms-length, competitive bid process, that such securities were more cost-effective than SLGS, and that the price paid for the securities was reasonable within federal

tax law guidelines.

## **16. Compliance with Arbitrage Rebate**

The use and investment of bond proceeds for all Financing Programs shall be monitored to ensure compliance with arbitrage restrictions. Existing regulations generally require that issuers calculate annual rebate requirements related to any bond issues and pay any required rebate every five years. Therefore, the CFO shall ensure that bond proceeds and investments are traced in a manner which facilitates the completion of accurate rebate calculations, and rebate payments, if any, are made in a timely manner. A nationally-recognized arbitrage rebate services firm may be used to consult, calculate and report the required arbitrage rebate payments as required by federal tax law.

## **17. Continuing Disclosure**

The Commission shall comply with U.S. Securities and Exchange Commission Rule 15c2-12 by filing with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board annual financial statements and other financial and operating data for the benefit of its bondholders no later than six months after the end of each fiscal year. The inability to make timely filings must be disclosed promptly.

## **18. Selection of Consultants**

Pursuant to applicable State law, the Department shall select its financial advisors, investment banking firms, bond counsel and disclosure counsel by a competitive process through the issuance of a Request for Proposals ("RFP") or a Request for Qualifications ("RFQ"). Unless applicable State law requires otherwise, selection may be based on a best value approach for professional services or the lowest responsive cost-effective bid based upon predetermined criteria.

- a. Financial Advisor: PFD will have the responsibility of selecting an advisor (or advisors) to assist with the issuance of all debt and debt administration processes relating to any or all of the Commission's Financing Programs.
- b. Investment Banking Firms: PFD will select an underwriting pool of investment banking firms to serve as senior manager, co-senior and/or co-manager as bond underwriters. The pool will include a broad representation of national, regional, women, veterans with disabilities and minority owned firms. Firms that are selected to be in the pool shall acknowledge and agree to comply with the Underwriting Procedures herein.
- c. Bond/Disclosure Counsel: Debt of the Commission shall be issued with a written opinion by qualified bond counsel affirming that the Commission is authorized to issue the proposed debt, that the Department has met all constitutional and statutory requirements necessary for issuance, and a determination regarding the debt's federal income tax status. Bond counsel must be engaged to provide an expert and objective legal opinion with respect to the validity of all Department debt obligations and the tax treatment of interest on the debt obligations. Disclosure Counsel will also be used to prepare offering documents and will be responsible for ensuring compliance with all applicable disclosure rules, regulations and guidelines. The General Counsel Division will have the responsibility of selecting such counsel and may appoint a pool of bond counsel firms and select qualified firms from the pool to act as either Bond or Disclosure Counsel for each transaction.

## 19. Underwriting Procedures

- a. Underwriting Syndicate: PFD is authorized to select the size and composition of each syndicate from the pool based generally on the following factors: 1) initiation and implementation of innovative financing ideas or structures; 2) the expertise of bankers required for the transaction; 3) the underwriting capabilities, as determined by excess net capital and distribution networks, relative to the size of the transaction; and 4) performance of each syndicate member in past transactions. Inclusion in the underwriting pool does not guarantee participation in any of the proposed financings nor is there a guarantee that any firm will participate in a minimum or maximum number of financings or financings of any minimum or maximum dollar amounts.
- b. Transaction Marketing Activities: The senior book-running manager must provide marketing plan to the CFO or PFD Director in advance of each transaction. The marketing plan should be developed in collaboration with the entire syndicate to ensure meaningful participation of the entire syndicate. The marketing plan should include potential target investors, pre-marketing activities, structural recommendations such as call features and use of term bonds, a recommendation as to the use of retention, designation rules and proposed liabilities. All decisions regarding retention, designation policies and liabilities will be made by the CFO or PFD Director.
- c. Post-Sale Evaluation: After the completion of each transaction, the senior manager will be required to present a post-sale analysis including but not limited to pricing, orders and allocations, comparable sales and indices, designations, market conditions at pricing and other information required to satisfy reporting required by the Texas Bond Review Board. In addition, the senior manager should provide a listing of all investors receiving allotments including the amount of such allotment and a contact email. The CFO or PFD Director and financial advisor will evaluate the success of the underwriting versus the market at the time of sale and analyze each syndicate member's contribution with regard to sales performance.
- d. Unsolicited Proposals: The Department encourages the submission of financing options and ideas from any firm and may accept proposals from firms that are not in the pool. All proposals should include a full analysis of risks and benefits associated with each transaction, and a description of previous experience with such financing technique, if any.

The Department reserves the right to issue RFPs for any product or transaction. If the firm submitting an innovative proposal that is implemented by the Department is not a member of the pool, the Department may consider a structuring fee and/or inclusion as a co-manager or co-senior manager as compensation.