

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c

Date of Meeting April 12, 2011

DATE: April 4, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Elizabeth Morrison, Sr. Manager, Corporate Finance

SUBJECT: Competitive Selection Process for a Finance Team to Provide Underwriting, Remarketing and Debt Services related to the Issuance of Port Debt.

ACTION REQUESTED:

Request Commission authorization for Chief Executive Officer to select an Underwriting, Remarketing and Debt Services Finance Team (Finance Team) through a competitive selection process and execution of contract(s) with the Finance Team following Commission authorization of the debt issuance. No underwriting contract(s) exist until the Commission approves the sale of bonds. The Finance Team is selected every three to five years.

SYNOPSIS:

The Port manages the issuance and remarketing of debt by utilizing a team of investment banking firms. The team is selected every three to five years through a competitive selection process. The last Finance Team selection was held in 2007. This year, consistent with CPO-5, Finance and Budget are working cooperatively with CPO staff to develop a Request for Qualifications (RFQ) to select a new Finance Team. This process establishes a team, but no underwriting contract exists until the Commission approves the sale of bonds.

ADDITIONAL BACKGROUND:

The Port currently has \$3.58 billion of outstanding debt which is actively managed to minimize cost of capital and risk. In addition, the Port engages in long-term capital planning that includes a funding forecast "The Draft Plan of Finance." The 2011-2015 Plan anticipated the use of approximately \$600 million of new debt to fund Airport and Seaport projects. The Port's Finance Team provides on-going assistance with the Port's debt management. The Finance Team participates in debt transactions providing underwriting, remarketing and related services. A contract with each participating member of this Finance Team will be issued for each debt transaction. We will seek Commission authorization for each debt issuance prior to execution of these contracts.

SOLICITATION DETAILS:

The RFQ will be publicized in both the Daily Journal of Commerce and in the Bond Buyer in order to solicit broad participation. Firms that qualify as small businesses per Port guidelines may apply for a

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Tay Yoshitani, Chief Executive Officer

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small business position on the team instead of or in addition to applying for a senior manager position. Firms will be evaluated based on both banking experience and on sales and distribution capability. The two-step process will include a written statement of qualifications and oral interviews. Selection will be made by a team comprised of staff from multiple finance groups and the Port's Financial Advisor based on both written responses and oral interviews. Staff expects to post the RFQ on or around April 13, 2011 and conclude the process around June 15.