



May 12, 2017

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Municipal Securities Disclosure Rule 15c2-12
Request to Withdraw Proposed Amendments
SEC Release No. 34-80130, File No. S7-01-17, Federal Register March 15, 2017

Dear Secretary Fields:

The Port of Portland (Port) is a governmental issuer that would be impacted by the proposed amendments to this rule. While the Port understands the benefits of increasing transparency in the municipal securities marketplace, we believe that the proposed amendments will not generate enough benefits to outweigh the burden these amendments would impose on issuers.

The Port recognizes that reporting information about bank loans and other non-publicly offered private placements may provide investors with more complete information concerning ongoing repayment obligations. As such, the Port voluntarily disclosed the June 1, 2016, renewal of its privately-placed Port of Portland, Portland International Airport Passenger Facility Charge Refunding Revenue Bonds, Series 2012A (Non-AMT) on EMMA on June 13, 2016.

But if the proposed amendments are finalized as drafted, considerable time and costs will be required for issuers to implement the changes. We believe the scope of the proposed amendments is overly broad, that the amendments contain ambiguous standards for compliance, and that they will impose substantial cost on issuers which may not be justified by the benefits. Our primary concerns are outlined below.

Definition of “Financial Obligation” is Too Broad

The proposed amendments define “financial obligation” very broadly, seemingly including financial transactions and obligations undertaken in the normal course of operations. This seems overreaching; notice of many transactions and obligations is already provided through the reporting of financial obligations and liabilities in an issuer’s annual financial statements.

The Port feels that event notification should be limited to material debt obligations held in parity to investor-held debt. However, the proposed amendments make clear that the term “financial obligation” is to be broadly interpreted, indicating that it is intended to require event notification for short-term and long-term debt obligations, as well as operating and capital leases.

Debt Obligations. The proposed amendments do not make clear whether short-term and long-term debt obligations must be disclosed for all of the issuer’s lines of business, or just for the line of business in which the issuer has continuing disclosure obligations that are governed by Rule 15c2-12. For example, the Port has continuing disclosure obligations governed by Rule 15c2-12 for its Portland International Airport (PDX) line of business. The Port also operates a separate line of business in its Navigation Division, the revenues from which are not pledged for investors of the PDX bonds. Under the proposed, broad definition of “financial obligation,” it is not clear whether a short-term loan the Port might take out to fund an equipment acquisition for its Navigation line of business would need to be disclosed on EMMA.

Leases. Similarly, it is unclear whether the obligation to disclose leasing transactions applies to all of the issuer’s lines of business, or just to the line of business in which the issuer has continuing disclosure obligations. The Port’s PDX line of business (which is subject to continuing disclosure obligations) conducts a significant amount of business through leases with parties such as airlines, rental car companies and concessionaires. As discussed below, it is likely that the most cost-effective way of complying with the proposed amendments would be to post a redacted version of each lease transaction on EMMA. Even if the proposed amendments only apply to leases within the Port’s PDX line of business, the sheer number of leases to which the Port is a party could create a volume of postings that would overwhelm participants in the municipal market. And if the proposed amendments would apply to lease transactions in all of the Port’s lines of business (including those which are not subject to continuing disclosure obligations), the volume of disclosure would grow considerably higher because the Port also maintains numerous leases in its Marine and Industrial Properties lines of business. The proposed amendments are also unclear about whether this disclosure obligation would only apply to leases in which the issuer is the lessee, or also to those leases in which the issuer is a lessor. If it is the latter, disclosure volume will be even higher.

To comply with the proposed amendments, issuers would have to create a centralized mechanism to monitor the creation and modification of a wide variety of financial instruments, including small debt obligations, routine leases and other kinds of contracts, and events of default for such. Doing so would be unnecessarily burdensome and expensive.

No “Materiality” Standard

Although the proposed amendments would only require notice filings for “material” events, the amendments do not define materiality. Absent any specific guidance from the SEC regarding what is “material,” issuers may conclude that the safest means to ensure compliance is to assume that

any “financial obligation” has to be reported, particularly in light of the MCDC program settlements. And since the proposed amendments will require a filing of the material terms of these obligations, rather than engaging bond counsel and financial advisors (at a significant cost) to determine what should be disclosed, issuers may conclude that the safest approach would be to file entire (redacted) documents. Again, this could result in such a high volume of documents being posted to EMMA that disclosure could actually become less transparent and less useful, rather than more so, as investors are left to evaluate and try to quantify the significance of every new “financial obligation” regardless of materiality.

Request to Withdraw Proposed Amendments

The Port thanks the SEC for the opportunity to comment and urges the SEC to withdraw the proposed amendments. Instead, the Port encourages the SEC, in coordination with the MSRB, to actively promote the use of the “Bank Loan/Alternative Financing Filing” tab on EMMA for voluntary filing by issuers of bank loans and other privately placed financial obligations.

Respectfully submitted,



Cynthia A. Nichol
Chief Financial Officer