I. EXECUTIVE SUMMARY

From its inception GCTD (and its predecessors GCT and SCAT) has been fiscally managed in a very conservative manner. As a result the agency has incurred no long-term debt and minimal short-term debt, including routine accounts payable and a bank line of credit on which the agency has never drawn. For this reason there has never been a reason for this agency to establish a debt management policy.

In September 2016 this Board authorized the District to finance up to $22,000,000 to complete the financing of GCTD’s new Administration and Operations Facility (the “Facility”) with a Certificates of Participation (“COPs”) issue from the California Transit Finance Corporation (“CTFC”). The current project schedule anticipates these bonds will be sold late in February of 2017.

Also in September 2016 Governor Brown signed legislation SB 1029, expanding the reporting requirements for state and local government debt issuers. SB 1029 requires that the issuer of debt adopt a debt management policy at least 30 days prior to the sale of any debt issue, and that the use of the issued debt is consistent with the adopted policy.

The adopted debt policy must address all of the following:

- Purpose for which debt proceeds may be used (e.g. design, construction of new money projects, refinancing)
- The types of debt that may be issued (e.g. tax-exempt, taxable, short-term, long-term, fixed-rate, variable rate)
- The relationship of the debt to, and integration with, the issuer’s capital improvement program or budget, if applicable (i.e. debt issuance is consistent with percentage of CIP that is projected to be debt financed)
• Policy objectives (e.g. promoting generational equity, matching useful life of projects financed, etc.)

• Internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use

GCTD staff worked with bond finance advisor PFM to submit for the Board’s approval a Debt Management Policy modeled after policies obtained by PFM from other transit agencies. GCTD reviewed and edited this policy with Best, Best and Krieger bond attorney John Rottschaefer. BB&K is the Board’s General Counsel. Mr. Rottschaefer has approved this policy as appropriate for GCTD and compliant with SB 1029.

By approving this Debt Management Policy at this time the Board will assure GCTD’s debt issue will be compliant with SB 1029.

II. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board consider adoption of Resolution 2017-01, approving a new GCTD Debt Management Policy dated January 4, 2017 (attached).

GENERAL MANAGER’S CONCURRENCE

Steven P. Brown
General Manager
RESOLUTION NO. 2017-01


WHEREAS, Gold Coast Transit District ("GCTD") is a public body duly organized and validly existing under the laws of the State of California; and

WHEREAS, on September 2, 2015, the Board of Directors of GCTD adopted Resolution No. 2015-11 approving various legal documents in connection with the sale and delivery of Certificates of Participation (Transit Facilities Project) (the "Certificates") in a principal amount sufficient to provide funds for the acquisition, construction and equipping of a transit facilities project, to fund a debt service reserve and to pay the costs of the sale and delivery of the Certificates; and

WHEREAS, on September 7, 2016, the Board of Directors of GCTD adopted Resolution No. 2016-07 ratifying and reaffirming its approval of the various legal documents in connection with the sale and delivery of Certificates of Participation (Transit Facilities Project) (the "Certificates") in a principal amount sufficient to provide funds for the acquisition, construction and equipping of a transit facilities project, to fund a debt service reserve and to pay the costs of the sale and delivery of the Certificates; and

WHEREAS, GCTD anticipates the sale of the debt issue approved and reaffirmed by the resolutions referenced above will take place in February or March of 2017; and

WHEREAS, on September 12, 2016 California Governor Jerry Brown signed Senate Bill 1029, expanding the reporting requirements for state and local government debt issuers and requiring such debt issuers adopt a debt management policy at least 30 days prior to the sale of any debt issue, and that the use of the issued debt is consistent with the adopted policy;

NOW, THEREFORE, BE IT RESOLVED, that the Board Of Directors of Gold Coast Transit District adopts the GCTD DEBT MANAGEMENT POLICY dated January 4, 2017, and

PASSED, APPROVED AND ADOPTED this 4th day of January, 2017.

______________________________
Bryan A. MacDonald
Board Chair
RESOLUTION NO. 2017-01

ATTEST:

I HEREBY CERTIFY that the above Resolution 2017-01 was duly introduced, read and adopted by the Board of Directors of Gold Coast Transit District at a regular meeting held on January 4, 2017.

________________________________
Steven P. Brown
Secretary of the Board
I. Introduction

The purpose of the Debt Management Policy (Policy) of the Gold Coast Transit District (District) is to establish guidelines for the issuance and management of the District’s debt. This Debt Management Policy confirms the commitment of the District Board of Directors (Board) to adhere to sound financial management practices, including prudent issuance of debt, full and timely repayment of all borrowings, and achieving the lowest possible cost of capital within prudent risk parameters. The debt policies and procedures of the District are subject to and limited by the applicable provisions of State and Federal law.

II. Debt Management Policy Objectives

The primary objectives of the District’s debt and financing related activities are to:

• Assure the timely delivery of and finance capital for projects in accordance with the priorities identified within the District Capital Improvement Plan (CIP) annually approved by the Board
• Achieve the lowest cost of borrowing while identifying mitigation factors for any additional risk to the District
• Preserve future financial flexibility
• Maintain strong credit ratings and good investor relations

III. Scope and Authority

This Policy governs the issuance and management of all debt financings including ancillary transactions and investment of bond proceeds.

While adherence to this Policy is required in applicable circumstances, the District recognizes that changes in the capital markets, revenue receipts, program changes, and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, management flexibility is appropriate provided specific authorization from the Board is obtained.

The Director of Finance and Administration (“DFA”) shall review the Policy periodically but at least once in any five-year period, and recommend amendments, if any, to the General Manager to be considered for Board approval. The GM and DFA shall administer the Policy. The DFA shall have the day-to-day responsibility and authority for recommending, structuring, implementing, and managing the District’s debt and financing programs. The Policy requires that the Board specifically authorize financial transactions, other than Line of Credit (LOC) transactions that may be authorized by the GM within the maximum LOC amount parameters authorized by the Board.

IV. General Financial Practices and Context for Debt Management Policy

This Policy must be viewed as an integral component of its overall financial practices and in the context of its capital-intensive expenditure plans. This Policy and its overall approach to the
District’s finances must recognize that the District is an organization dependent on federal, state, and local revenue. These revenues and any future revenues that flow to the District, must be available to repay the District’s debt and to fund its entire operations. This Policy also recognizes that the District does not have control over external subsidies or certain revenues, which are dependent to some degree on the overall economy locally, the State, and the Nation. The District’s financial practices, including the issuance of debt, must be designed to assure sufficient resources to fund all of its operating and capital requirements in all circumstances and be able to accommodate potential declines in external subsidies or other revenues.

V. Debt Issuance Principles and Policies

A. **Board Authorization.** The Board shall specifically authorize any debt issuance. The Board’s adoption of the Annual Budget or Capital Improvement Plan (CIP) does not constitute authorization for debt issuance.

B. **Appropriate Purposes for Debt Issuance.** Each debt issuance must accomplish a specific, appropriate purpose. Debt may be issued to accomplish the following objectives:

1. **Accelerate the delivery of projects.** Debt financing allows the delivery of projects on an accelerated basis. Accelerating projects may provide a programmatic or financial benefit to the District.

2. **Spread cost over the useful life of an asset.** Debt financing allows the District to spread the cost of a project over its useful life rather than paying for it at one time. In addition, financing effectively spreads the cost of a project among all users that benefit from it.

3. **Smooth out annual cash flow.** Debt financing spreads the cost of a project over a period of years, thereby smoothing out the District’s cash flow.

4. **Finance Unfunded Actuarial Liabilities.** Debt financing would allow the District to fund all or a portion of any unfunded actuarial liabilities relating to pension and other postemployment benefits.

5. **Refundings.** Debt financing allows the district to issue bonds or other securities to refinance outstanding obligations, if desirable. The reasons for refinancing include:
   a. **Debt Service Savings.** In general, the present value savings generated by the refunding bonds must be at least 3% of the outstanding refunded bond amount to justify refunding.
   b. **Programmatic Reasons.** Such as: restructuring outstanding debt, changing the type of debt instruments originally used, retiring a bond issue, removing covenants/pledges that have become restrictive, or retiring debt prior to maturity.

C. **Debt Affordability.** Debt affordability shall be determined by the requirements of the District’s bond indentures (e.g. additional bonds test/debt service coverage) and the District’s ability to meet all of its on-going operating, capital, and reserve requirements.
D. **Financing Goals.** The District shall issue debt so as to achieve the optimal balance of lowest borrowing cost, financing flexibility, and market acceptance.

VI. **Approach to Financing**

The District is able to issue debt either directly on its own or through a conduit agency where the debt would be issued on behalf of the District by another entity but the District remains the obligor.

A. **Types of Financing Transactions**

1. **Revenue Bonds.** Revenue bonds shall be the preferred method of debt financing. Such bonds may be issued as either a senior or junior lien and may be issued on a fixed or variable rate basis. There is no present intention to issue synthetic fixed-rate bonds.

2. **Debt Secured by Federal, State, or Local Grants.** The District may issue debt secured by federal formula assistance, full funding grant agreements, or comparable federal, state or local approved grants or funding assistance and may participate in loans, credit enhancement, or credit support provided under the Transportation Infrastructure Finance and Innovation Act (TIFIA).

3. **Other kinds of Debt and Financing Transactions.** The District may issue debt secured by other revenues (e.g., tax revenues) or by its general credit, or engage in financial lease transactions, if appropriate for the funding need being addressed.

B. **Use of Long-Term and Short-Term Debt**

1. **Long-Term Debt.** The District may issue long-term debt, on a fixed or variable rate basis to finance the construction, acquisition, installation, or rehabilitation of long-lived capital assets, and to finance actuarial unfunded liabilities with respect to pension and other post-employment benefits.

   a) **Fixed-Rate Debt.** Fixed rate debt is a form of long-term financing in which the interest rate is set at the time of bond issuance and does not change unless subsequently refinanced. It is expected that most of the District’s debt obligations will be fixed rate.

   b) **Variable Rate Debt.** Variable rate debt is a form of long-term financing in which the interest rates are reset periodically, typically on a weekly or daily basis. Forms of variable rate debt include variable rate demand bonds, index notes, and commercial paper. Typically, the interest rates for variable rate debt are lower than for fixed rate debt, although they will fluctuate throughout the term of a financing. Variable rate debt offers the benefits of diversifying the debt portfolio, reducing interest costs, providing interim funding for capital projects, and improving the match of assets to liabilities. The amount of unhedged variable rate debt will generally not exceed 30% of the principal amount of all outstanding debt. Prior to the issuance of variable rate debt, the District will evaluate through financial analysis that sufficient liquid funds exist to address any associated risks, such as rising interest rates, the non-renewal of credit facilities securing such variable obligations, and market
access risks. If variable rate debt is used, the DFA or other appropriate District staff shall periodically evaluate the appropriateness of converting the debt to fixed interest rates and at least annually report to the Board on the results of such evaluation.

c) **Lease or Installment Purchase Financing Structures.** Lease or installment purchase obligations are a routine and appropriate means of financing capital equipment. These types of obligations should be considered where such financing will be more beneficial, either economically or from a policy perspective. A tax-exempt lease or installment purchase may be used to finance any property that the District has the statutory authorization to lease or purchase. As a general matter, only land and depreciable property may be leased or purchased. Generally, the leased or purchased property is a capital asset to be used by the District in its own operations.

Payments made by the District pursuant to a long-term lease or installment purchase agreement may be made from any lawfully available funds of the District. The useful life of the capital equipment, the terms and conditions of the lease, the direct impact on debt capacity and budget flexibility will be evaluated prior to the implementation of a lease program.

This Policy covers the following Lease Financing structures commonly used by transit agencies:

- **Certificates of Participation (COPs):** If the District wishes to utilize a tax-exempt lease or installment purchase in connection with the sale of municipal securities, certificates of participation, representing undivided interests in the rental or installment payments, may be sold to the public.

- **Revenue Bonds:** Bonds issued by another public entity on behalf of the District to finance capital improvements to be leased or sold to the District. The bonds are payable solely from lease or installment payments paid by the District to the bond issuing entity.

- **Capital/Equipment Lease:** The District may also use long-term lease obligations to directly finance or refinance specific capital equipment.

2. **Short-Term Debt.** The District may finance operating and capital needs on an interim basis, with short-term debt, pending the receipt of expected funding sources using:

   a) **Tax and Revenue Anticipation Notes.** Tax and Revenue Anticipation Notes ("TRANs" or "RANs") are borrowings used to bridge temporary cash flow deficits within a fiscal year.

   b) **Grant Anticipation Notes.** Grant Anticipation Notes ("GANs") are issued to fund capital projects in advance of the receipt of grants, typically federal grants. Such notes may also include a back-up pledge of farebox, sales tax, or other revenues, as appropriate, to enhance the creditworthiness of the GANs and to provide a source of repayment if the timing of the grant receipts is delayed due to the appropriation process.
c) **Bond Anticipation Notes.** Bond anticipation notes ("BANs") are issued to fund projects in advance of a revenue stream that has not yet been received. At maturity, BANs are repaid from that revenue stream or by refunding bonds secured by that revenue stream.

d) **Direct Line of Credit.** A Line of Credit ("Line") may be used as an alternative to other short-term borrowing options. Lines are typically structured as short-term (up to five (5) year) agreements with a financial institution providing the Line.

C. **Structural Features of Financing.** The DFA, with the advice of the District’s financial advisor, shall determine the structural features to be included as part of each debt financing. The structural features shall be appropriate to the transaction and the markets at the time of the financing, and shall be consistent with this Policy.

1. **Coupon Payment Structure.** Coupon payment structures may consist of either current coupon bonds or capital appreciation bonds (or zero coupon bonds). Current coupon bonds pay interest periodically (generally, semi-annually), pay principal at maturity, and generally produce the lowest interest rate. Capital appreciation bonds pay interest and principal at maturity and generally will increase the borrowing cost. Current coupon payment structures shall be used whenever possible. Capital appreciation bonds may be used to accomplish a structuring or programmatic objective that cannot be achieved with a current coupon payment structure (e.g., creating an overall level debt service) or to produce an overall lower interest rate under certain market conditions.

2. **Maturity of Debt.** Generally, the final maturity of the debt shall not exceed the useful life of the assets being financed or the remaining term of the revenue stream pledged to repayment. The average life of the financing shall not exceed the average life of the assets being financed.

3. **Debt Service Structure.** The District’s debt service structure will be developed and maintained to achieve strong credit ratings while addressing its overall revenue constraints and financing capacity. The principal and interest on debt obligations shall be structured taking into account: a) the market conditions, b) indenture requirements, c) other outstanding debt, d) cash flow needs, and e) financing objectives. Absent unusual circumstances, debt service on the District’s obligations shall be structured to achieve approximately equal annual debt service payments over the life of the issue. The District shall maintain the flexibility to consider deferred repayment structures if appropriate.

4. **Lien Levels.** The District may create senior and junior lien pledges for each revenue source that secure bond repayment to optimize the District’s financing capacity and allow for the most beneficial use of the revenue source securing the bond.

5. **Discount and Premium Bonds.** Discount and Premium Bonds are those that are issued at a sale price below (Discount) or above (Premium) the principal amount or par value. The District shall evaluate the use of Discount and Premium bonds
in the context of general market conditions at the time of sale and the manner in which it offers its bonds for sale.

6. **Redemption Features.** The District’s securities shall contain appropriate redemption provisions relating to the ability to call or retire bonds prior to maturity. Redemption provisions shall reflect the kind of securities being issued, the market conditions at the time of issuance and the likelihood that it will receive future grants or revenues with which to retire debt early.

7. **Debt Service Reserve Funds.** The District may be required to issue bonds that are secured, in part, by amounts on deposit in or credited to a debt service reserve fund or account to maximize the bond rating, 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 series of bonds, and may be funded by proceeds of bonds, other available moneys of the District, and/or by suitable surety policies, letters or lines of credit or other similar instruments, if available at a cost effective price.

8. **Credit Enhancement**

   a) **Bond Insurance.** Bond insurance provides improved credit quality for the bonds as a result of the insurance provider’s guaranty of the payment of principal and interest on the bonds. Bond insurance may be used if, in the judgment of the DFA with the advice of the District’s financial advisor, it will clearly result in a lower borrowing cost to the District or improve the marketability of its bonds.

   b) **Letters of Credit.** A letter of credit (LOC) is an arrangement with a bank or other financial institution that provides additional security that moneys will be available to pay debt service on an issue. LOCs are typically issued by domestic and foreign banks or other financial institutions in connection with commercial paper and certain variable rate transactions. Such banks and financial institutions improve the credit quality of variable rate financings by guaranteeing the repayment of bond principal and interest, and/or providing needed liquidity to investors. LOCs may be used where they provide an economic advantage to the transaction over other variable rate structures.

9. **Financial Derivative Products.** The District will only consider the use of derivative products only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue or, alternatively, where it will reduce the total project cost. At this time the District does not anticipate using any derivative products in any future financing plans and therefore has not addressed them in this Policy. If at some point in the future the District wishes to reconsider the use of derivative products in connection with future debt issuances in order to create a qualified hedge it will first draft and submit a separate policy to address the use of derivative products to the Board. Derivative products will only be utilized with prior approval from the Board.

D. **Method of Bond Sale.** The District’s debt may be sold on either a competitive or negotiated basis or as a direct placement with a bank or other financial institution.
Attachment “A” to Item 6

1. **Competitive Sale.** In a competitive sale, the District’s debt will be offered for sale on a set date and time, and investment banks and other financial institutions (“Underwriters”) will have an equal opportunity to purchase the debt. The award of the debt will be made to the bidder that offers the lowest true interest cost. Conditions under which a competitive sale would be preferred are as follows:

   a) Bond prices are stable and/or demand is strong
   b) Market timing and interest rate sensitivity are not critical to the pricing
   c) The bond type and structure are conventional
   d) The transaction size is manageable
   e) Proposed security and repayment source have strong credit rating
   f) Proposed security and repayment source are well known to investors

2. **Negotiated Sale.** In a negotiated sale, the District’s debt will be offered to an Underwriter or syndicate of Underwriters that are pre-selected by the District to market its debt. Conditions under which a negotiated sale would be preferred are as follows:

   a) Bond prices are volatile or demand is weak or supply of competing bonds is high
   b) Market timing is important, such as for advance refundings
   c) The credit involves the need for greater pre-marketing by the Underwriter
   d) Coordination of multiple components of the financing is required
   e) Variable rate bonds or notes are issued
   f) Early structuring and market participation by Underwriters is desired
   g) The orderly placement of the District’s bonds will benefit future transactions under that program

3. **Direct Placement with Banks or Other Financial Institutions.** In this structure, the District would place its bonds directly with a bank or other financial institution at a private sale. The bank or other financial institution would be selected through a competitive process. Direct placements typically involve lower transaction costs than competitive or negotiated sales. Conditions under which a direct placement would be preferred are as follows:

   a) The financing is relatively small and the higher transaction costs associated with a competitive or negotiated sale would result in a higher all-in borrowing cost
   b) The bonds are issued as variable rate bonds with terms that involve lesser risk to the District

**VII. Documentation of Transactions**

The major aspects of each financing, including the decision processes, shall be fully documented.

**VIII. Investment of Bond Proceeds**

Proceeds raised in a debt financing shall be invested in a manner that is consistent with the District’s investment policy, the applicable financing documents, and Federal and State law.
IX. Refinancing Outstanding Debt

The District shall have the responsibility to analyze outstanding bond issues for refunding opportunities that may be presented by underwriting and/or financial advisory firms. The District will consider the following issues when analyzing possible refunding opportunities:

A. **Debt Service Savings.** The District has established a minimum net present value (NPV) debt service savings threshold goal of three percent (3%) of the refunded bond principal amount unless there are other compelling reasons for the refunding. The present value savings will be net of all costs related to the refunding.

B. **Restructuring.** The District may restructure outstanding debt to meet unanticipated revenue expectations, mitigate irregular debt service payments, release reserve funds or amend restrictive bond covenants.

C. **Term of Refunding Issues.** The District may refund bonds within the term of the originally issued debt. However, the District may consider maturity extension, when necessary to achieve a desired outcome, if such extension is legally permissible and potential credit impacts are adequately evaluated.

D. **Escrow Structuring.** The District may utilize State and Local Government Series Obligations (SLGS) and/or Open Market Securities as its escrow securities depending on which is most advantageous to the District at the time of sale.

E. **Arbitrage.** The District shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any resulting positive arbitrage will be rebated as necessary according to Federal guidelines.

F. **Cash Defeasance.** The District may utilize appropriate funds available to cash defease all or a portion of its outstanding bonds if it is advantageous to do so.

X. Market Relationships

A. **Rating Agencies and Investors.** Rating Agencies - Moody’s Investors Service, Standard & Poor’s, and Fitch - evaluate the credit of public and corporate transactions. The DFA or his/her appropriate designees, shall: 1) meet with the assigned Rating Agency analysts prior to each competitive or negotiated sale of the District’s bonds and 2) periodically update the Rating Agencies as to developments at the District.

B. **The District Board of Directors Communication.** The GM and DFA shall inform the Board of feedback from the Rating Agencies and investors regarding the District’s financial strengths and weaknesses.

C. **Continuing Disclosure.** The District shall remain in compliance with each continuing disclosure undertaking entered into by the District under Securities and Exchange Commission (S.E.C.) Rule 15c2-12 (the “Rule”) by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within the period required by each continuing disclosure Undertaking entered into by the District under the Rule.
Attachment “A” to Item 6

D. **Rebate Reporting.** The use of bond proceeds and their investments must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate annual rebates related to any bond issues, with rebate paid every five years. The DFA shall ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation, and timely rebates, if necessary.

XI. **Financing Team Members**

The implementation of the District’s debt financings shall involve the following financing team members where appropriate:

A. **Financial Advisor.** The District’s financial advisor shall work with the DFA in developing the most appropriate approach to a particular debt financing transaction, including the type of financing transaction, structural features, manner of sale, and other relevant matters. In a competitive sale, the financial advisor shall work with the District and the District’s bond counsel to develop an appropriate set of documents, coordinating rating District presentations, managing the sale process, and overseeing the closing.

B. **Bond Counsel.** Bond counsel provides the legal opinion delivered with the bonds confirming, among other things, that the bonds are valid and binding obligations of the issuer. The District’s bond counsel shall work with the DFA, District Chief Counsel, and the District’s financial advisor in providing legal advice on proposed financing structures, drafting the relevant legal documentation, providing the necessary legal opinions, and preparing the closing documentation.

C. **Disclosure Counsel.** If utilized, a separate disclosure counsel coordinates the preparation of the Official Statement. Disclosure counsel shall be a firm with extensive experience in public finance and may also serve as Bond counsel.

D. **Trustee.** A nationally recognized trust company, with assets of at least $100,000,000 shall serve as trustee on the District’s bond issues. If desired by the DFA, the trustee may also serve as the District’s dissemination agent for purposes of complying with applicable continuing disclosure requirements.

E. **Underwriters.** If the District sells its debt securities at competitive sale, the underwriter shall be that firm or syndicate of firms that provides the District with the lowest true interest cost in accordance with the terms and conditions in the notice of sale.

F. **Disclosure by Financing Team Members.** The District expects that all financing team members shall at all times provide the District with objective advice and analysis, maintain the confidentiality of the District financial plans, and be free from any conflicts of interest. All financing team members shall be required to provide full and complete disclosure, under penalty of perjury, relative to any agreements with other financing team members and outside parties that could compromise any firm’s ability to provide independent advice that is solely in the best interests of the District or that could be perceived as a conflict of interest. The extent of disclosure may vary depending on the nature of the transaction.

XII. **Post-Issuance Tax Compliance Procedures**
Attachment “A” to Item 6

The District will establish and document procedures to ensure that the District is in compliance with requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied with respect to tax-exempt bonds and other obligations after the bonds are issued so that interest on the bonds is, and will remain, tax-exempt. Additionally, as part of the post issuance compliance procedures the District will ensure that proceeds of the debt issuance are directed to the intended use. The Post-Issuance Compliance Procedures will be reviewed at least every three years.