



**PORT OF TACOMA**  
**Invitation To Bid (ITB)**  
**No. 069976**

**2014B DIRECT PURCHASE FIXED RATE**  
**SENIOR BANK LOAN**

Issued by  
Port of Tacoma  
One Sitcum Plaza  
P.O. Box 1837  
Tacoma, WA 98401-1837

ITB INFORMATION	
Contact:	Heather Shadko, Procurement
Email Addresses:	<a href="mailto:procurement@portoftacoma.com">procurement@portoftacoma.com</a>
Phone:	(253) 428-8697
Submittal Date	<b>SEPTEMBER 12, 2014 @ 2:00 PM (PST)</b>

**PLEASE SUBMIT ALL CORRESPONDENCE AND BIDS  
VIA E-MAIL DIRECTLY TO THE PROCUREMENT CONTACT LISTED ABOVE  
AND INCLUDE '2014B DIRECT PURCHASE FIXED RATE SENIOR BANK  
LOAN' IN THE SUBJECT LINE**

**PORT OF TACOMA**  
**Invitation To Bid (ITB) #069976**  
**2014B DIRECT PURCHASE FIXED RATE SENIOR BANK LOAN**

**Introduction**

The Port of Tacoma is soliciting bids to provide a Direct Purchase Bank Loan to refund the 2015-2029 portions of the Port's 2004B AMT Senior Revenue bonds which has current principal outstanding of \$34,345,000. The existing bonds are callable on December 1, 2014. (The 2014 maturity will be paid as scheduled by the Port on December 1, 2014.) The refunding bonds will be fixed rate senior refunding bonds, Series 2014B (Non-Taxable subject to AMT ) (the "2014B Senior Bonds") which will be issued around October 24, 2014. The 2014B Senior Bonds will be issued as one series as detailed below.

See Attachment A for submitting a bid and Attachment B for required terms and conditions.

**A. BACKGROUND**

The Port is a municipal corporation of the state of Washington (the "State"), created in 1918 under provisions of Title 53 RCW. The Port is governed by a five-member elected Commission. The Port is located in the western part of the State and is situated on Puget Sound's Commencement Bay, located along the southern portion of Puget Sound near the City of Tacoma. The Port owns approximately 3,500 acres of property, of which, about 2,500 are located in the Tideflats and are used for shipping terminal activity, warehouse distribution and manufacturing. The Port's boundaries are coterminous with the boundaries of Pierce County, which had an estimated population of approximately 814,500 in 2013 (source: <http://quickfacts.census.gov/qfd/states/53/53053.html> ).

The Port operates in business lines directly and indirectly associated with marine cargoes. The Port serves more than 10 of the industry's largest container shipping lines and provides marine and export/import-oriented services such as dockage, cargo handling and storage activities. The Port's audited 2013 financial results include operating revenue of \$125.3 million and operating income of \$26.3 million. The Port estimates that it will generate approximately \$129.2 million in gross operating revenue in 2014. For more complete information go to: <http://portoftacoma.com/about/financial-information> or see the 2014-2018 plan of finance in Attachment C, audited Statement of Revenues, Expenses and Changes in Net Position in Attachment D for 2013, and debt service coverage calculations for 2013 in Attachment E.

**B. SCOPE OF SERVICES**

**Fixed Rate 2014B Senior Refunding Bonds**

The 2014B Bonds will be senior lien revenue obligations of the Port payable solely from and secured by a pledge of Net Revenues. As defined in the Port's existing first lien revenue bond master resolution, "Net Revenues" mean Gross Revenue of the Port available after paying Operating Expenses not paid from other sources as defined in the first lien revenue bond Master Resolution, "Gross Revenue" means all income and

revenue derived by the Port from time to time from any source whatsoever except: (i) the proceeds of any borrowing by the Port and the earnings thereon (other than the earnings on proceeds deposited in the reserve funds), (ii) income and revenue which may not legally be pledged for revenue bond debt service (including the tax levy), (iii) federal grants or substitutions therefore allocated to capital projects, (iv) payments made under credit facilities issued to pay or secure the payment of a particular series of bonds, (v) insurance or condemnation proceeds other than business interruption insurance, (vi) income and revenue of the Port separately pledged and used by it to pay and secure the payment on any issue or series of Special Revenue Bonds of the Port, and (vii) income from investments irrevocable pledged to the payment of bonds issued or to be refunded by the Port.

### **First Lien Revenue Obligations**

The 2014B Bonds will have a lien on Net Revenue that is equivalent to the lien of first lien revenue bonds issued by the Port (the “First Lien Bonds”).

#### **Outstanding First Lien Bonds**

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding (Aug 22, 2014)</u>	<u>Final Maturity</u>
Series 2004B*	4/1/04	60,935,000	35,200,000	12/1/29
Series 2006	12/20/06	46,455,000	45,480,000	12/1/34
Series 2014	6/4/14	<u>8,525,276</u>	<u>8,525,276</u>	12/1/21
		\$ 195,915,276	\$ 89,205,276	

The December 1, 2014 maturity and associated interest for the 2004B bonds will be paid directly by the Port as scheduled (or defeased at closing of the 2014B bonds). The remaining \$34.345 million will be refunded with the 2014B bonds issue.

The Master Resolution provides that the Port may issue additional First Lien Bonds if (i) the Port has not been in default of its rate covenant of 135% debt service coverage for the immediately preceding fiscal year, and (ii) a certificate prepared by either a Consultant or the Port is filed demonstrating fulfillment of the Coverage Requirement in future years (having Net Revenues equal to or greater than 135% of the aggregate annual debt service of the First Lien Bonds). Exceptions may be made for refunding bonds and completion bonds. The Master Senior Resolution is included in Attachment F.

The Port’s existing revenue bond resolutions also permit the Port to issue revenue bonds at one or more intermediate lien levels between the First Lien Bond and subordinate bond lien levels. The Port has not issued any such intermediate lien bonds and has no current plans to do so.

**The 2014B Senior Bonds will not in any manner or to any extent constitute general obligations of the Port, the State, or any other political subdivision of the State. Neither the full faith and credit of the Port nor the taxing power of the Port, the State**

or any other political subdivision of the State is pledged to the payment of the 2014B Senior Bonds.

### **Subordinate Lien Revenue Obligations**

The Port currently has outstanding Subordinate Lien Revenue Bonds and Notes (Commercial Paper) as shown below. The Commercial Paper is authorized to be issued from time to time in an aggregate principal amount of not to exceed \$100 million (outstanding in the principal amount of \$82 million as of August 22, 2014). The Commercial Paper program is authorized through November 1, 2042 and is secured by an irrevocable direct pay letter of credit provided by Bank of America N.A. (with a stated termination date of April 15, 2016). The Commercial Paper is rated as follows:

<b>Bank of America, N.A.</b>			
	Fitch	Moody's	Standard & Poor's
Long-term senior unsecured	A	A2	A
Long-term deposit	A+	A2	A
Subordinated debt	BBB+	Baa1	A-
<b>Short-term</b>	<b>F1</b>	<b>P-1</b>	<b>A-1</b>

Source: <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=creditratings#BofANA>

Furthermore, the Port also has other variable rate bonds outstanding in the amount of \$93,580,000 (Series 2008 Bonds (AMT)), \$133,000,000 (Series 2008B Bonds (NAMT)), and \$92,660,000 (Series 2014A (Taxable)). The 2008 Bonds mature not later than December 1, 2036 and are currently held by Wells Fargo which has a mandatory tender date of April 29, 2017. The 2008B Bonds mature not later than December 1, 2043 and are currently held by Wells Fargo as a direct purchase of the bonds that has a mandatory tender date of May 25<sup>th</sup>, 2015. The 2014A bonds mature not later than December 1, 2035 and are currently held by Bank of America as a direct purchase of the bonds that has a mandatory tender date of December 1, 2015.

### **Outstanding Subordinate Lien Bonds**

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding (Aug 22, 2014)</u>	<u>Final Maturity</u>
Series 2008	3/7/08	\$117,210,000	\$93,580,000	12/1/36
Series 2008B	7/16/08	133,000,000	133,000,000	12/1/43
Series 2014A	6/11/14	92,660,000	92,635,000	12/1/35
Commercial Paper	Various	<u>100,000,000</u>	<u>82,000,000</u>	12/1/42
		\$ 444,870,000	\$ 401,215,000	

\*Amount of Commercial Paper Issued is shown at maximum amount and is subject to change at the Port's discretion under the program's specific governing Resolution (Resolution available upon request). The Port has could choose to pay down a significant amount of the outstanding Commercial Paper using available cash and investments.

The Port has five synthetic fixed interest rate swap agreements as shown below. The floating rate received by the Port on all swaps is 70% of one month LIBOR. The regularly scheduled payments are on the same lien level as the subordinate bonds and notes.

<b>Swap Summary</b>			
<b>Counter Party</b>	<b>Current Notional Amount</b>	<b>Fixed Rate</b>	<b>Maturity</b>
Goldman Sachs	\$ 26,749,500	3.32%	12/1/2036
Morgan Stanley	62,415,500	3.80%	12/1/2036
Dexia	80,000,000	4.15%	12/1/2040
Dexia	130,000,000	4.20%	12/1/2041
Bank of America	<u>20,000,000</u>	4.23%	12/1/2042
	\$ 319,165,000		

**Pursuant** to the Resolution, the Port may issue additional subordinate lien revenue bonds and notes if (i) the Port is not in default under the Resolution or any Credit Facility and Available Revenue for the most recent fiscal year was at least sufficient to pay 100% of debt service on all then outstanding subordinate lien parity bonds, and (ii) a certificate prepared by either a Consultant or the Port is filed demonstrating fulfillment of the coverage requirement in specified future years (having Available Revenue equal to or greater than 100% of the aggregate annual debt service of the subordinate lien revenue bonds, including all senior bonds). Exceptions may be made for refunding bonds and completion bonds. The Port may also enter Parity Derivative Products in addition to the swaps described above.

### **Miscellaneous Provisions**

The Port is not responsible for any expense incurred in preparing and submitting a response to this bid or taking any action in connection with the selection process, including the costs of any service performed by any firm prior to the engagement of the firm for this financing assignment.

The Port retains the discretion not to utilize the services of any selected firm or to terminate the selection process without cause and without penalty, and selection of a firm does not assure that any service will ultimately be requested.

The Port reserves the right to modify and/or suspend any and all aspects of this ITB, to obtain further information from any firm or person responding, and to waive any defect as to form or content of this ITB. Also, oral communications with the Port and its agents shall be non-binding and shall in no way operate to modify the provisions in this bid.

## **C. BID ELEMENTS & EVALUATION CRITERIA:**

### **Selection Criteria**

If any bank is selected, the Port will select the bank based on interest rate(s), fees, and expenses quoted in the response, terms and conditions, and the Loan structure that best meets the financing requirements of the Port. The Port will negotiate with the Bank, in its sole opinion, that offers the best value to the Port. The Port also reserves the right to waive any irregularity in any response.

### **Bid Requirements**

In replying to the ITB, bidders are to refer to the terms memorandum contained in Attachment B and the bid requirements contained herein. The Port anticipates that the facility will be closed on or prior to October 24, 2014. Responses should include fees that reflect this approximate date.

Firms interested in providing a credit facility for this program should submit written responses including the following information:

1. General information on the respondent, including the name, address, phone/fax numbers and e-mail address of the contact person who is authorized to answer questions and negotiate final terms and conditions on behalf of the respondent. Each response should also include a statement indicating that it is a firm offer through October 31, 2014 in case of unexpected delay. If a syndicate is being created, the Port will deal exclusively with the lead financial institution only, and only the names, participation levels, and rating information of the members shall be disclosed.
2. Please include a statement by an authorized representative of the respondent that the respondent agrees to the terms and conditions as currently set forth in the ITB, including the attachments. Please outline any covenants, representations, or other requirements known at this point that the respondent will need as a prerequisite to entering into this financial arrangement with the Port, including any events of default, termination events or downgrade related provisions that are not addressed in this ITB.
3. Please list the name, address, phone/fax numbers and e-mail addresses for two legal firms authorized to do business in the United States of America that the respondent would consider as its counsel. Submittals should include proposed cost for counsel as requested below.
4. Please include Transaction fees\*, if any, in your response. Any such fees must include caps for each fee.

\* Transaction fees include but are not limited to all bank administrative, bank legal, loan initiation, and any other fees paid to the bank or the bank's legal counsel. Please provide a detailed listing of all fees on a separate sheet attached to the Bid Sheet located at Attachment G.

5. **Please outline the respondent's procedure and timing for credit approval and provide a formal statement indicating that the respondent will be able to meet the Port's schedule of implementing/closing the Direct Purchase by October 24, 2014. If possible, please include in your response language to the effect that your response to this ITB indicates that your bank expects no difficulties or delays in receiving credit approval.**

Bids should present information in a straightforward and concise manner, while ensuring complete and detailed descriptions of the Firm's/Team's abilities to meet the requirement of this ITB.

Bids are limited to ten (10) numbered pages (8 ½ by 11 inch) **excluding** the cover letter and appendices. Bidders must complete Attachment G, Bid Sheet, in addition to the ten pages. Bids not containing the Bid Sheet will not be considered. All pages shall be in portrait orientation with 1 inch margins. Font size shall be 11 point or larger. Bids that do not follow this format will not be reviewed.

#### **ATTACHMENT A – INSTRUCTIONS FOR BIDS**

#### **ATTACHMENT B – TERMS MEMORANDUM**

#### **ATTACHMENT C – PROJECTED 2014-2018 CASH FLOW AND DEBT SERVICE COVERAGE**

#### **ATTACHMENT D – PORT'S STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENDING DECEMBER 31ST OF 2011, 2012 AND 2013.**

Note: The complete audited financial statements for 2013 are available at:  
<http://portoftacoma.com/sites/default/files/2013AnnualReport.pdf>

#### **ATTACHMENT E - DEBT SERVICE COVERAGE RATIO FOR 2013**

#### **ATTACHMENT F – RESOLUTION NO. 2004-03 PORT OF TACOMA SENIOR LIEN MASTER RESOLUTION**

#### **ATTACHMENT G – BID FORM, FILLABLE AND STANDARD ATTACHED**

## **PROCUREMENT PROCESS**

### **SOLICITATION TIMELINE:**

Issuance of ITB	<a href="#">AUGUST 22, 2014</a>
Last Day To Submit Questions	<a href="#">SEPTEMBER 5, 2014</a>
<b>Bid packets due</b>	<b><a href="#">SEPTEMBER 12, 2014 @ 2:00 PM (PST)</a></b>
Final Selection*	<a href="#">SEPTEMBER 23, 2014</a>
Bond Closing*	<a href="#">OCTOBER 24, 2014</a>

\*Dates are tentative.

After the bids due, Bidders may view the solicitation status by viewing the [Submittal List](#) on the Port's website.

### **VENDOR OBLIGATION**

Port of Tacoma Requests for Bids, Requests for Proposals and Requests for Qualifications can be accessed on the Port's website, [www.portoftacoma.com](http://www.portoftacoma.com) under 'Contracts'; 'Procurements'.

### **SUBSCRIBING TO THE HOLDER'S LIST**

When viewing the details page for this procurement on the Port's Website ([click here](#)) firms have the option of subscribing to the Holder's List. By subscribing to the Holder's List, firms will automatically be notified when new documents or changes relating to this procurement occur.

**\*Only those who have subscribed to the Holder's List will receive notifications throughout the procurement process, up until a firm is selected.**

### **COMMUNICATION / INQUIRES**

Bidders who, relative to this scope of services, contact any individuals or Commission members representing the Port, other than the Procurement Representative listed on the ITB may be disqualified from consideration.

Written questions about the meaning or intent of the Solicitation Documents shall only be submitted to Heather Shadko, Contracts & Procurement Specialist, [procurement@portoftacoma.com](mailto:procurement@portoftacoma.com) (Firm Name and Solicitation Name in the subject line).

Bidders who may have questions about provisions of these documents are to email their questions by the date listed above. The Port will respond to all written questions submitted by this deadline.

The Port will respond to questions which do not alter the solicitation documents by issuing a Question and Answer.



## **ADDENDA**

The Port may make changes to this Solicitation. Oral or other interpretations, clarifications or submittal instructions will be without legal effect. Any information modifying a solicitation will be furnished in a formal, written addendum. If at any time, the Port changes, revises, deletes, increases, or otherwise modifies the Solicitation, the Port will issue a written Addendum to the Solicitation. Addenda will be posted to the Port's web site and conveyed to those potential submitters who have requested to be placed on the Holder's List.

## **SUBMITTAL PROCESS**

Bids must be received via email on or before the date and time outlined on the front page of this RFP. Send your electronic submittal to:

[procurement@portoftacoma.com](mailto:procurement@portoftacoma.com).

Name of Firm, RFP Title (Subject Line)

Please submit one electronic copy in Adobe Acrobat PDF format, including all appendices. Submittals need to be limited to **9 MB in total email size**. It is the Consultant's responsibility to verify the receipt of the submittal. Electronic verification will be provided upon request.

**\*Late bids will not be accepted by the Port. Bids received after the stated date and time will not be reviewed and shall be deemed non-responsive.**

All bids submitted shall be valid and binding on the submitting firm for a period of ninety days following the Bid submittal deadline and for any extension of time granted by the submitting firm.

## **EVALUATION AND AWARD PROCESS**

An evaluation team will review each bid and evaluate all responses received based upon the criteria listed herein. The Port may request clarifications or additional information, if needed. After the evaluation team individually scores each bid, the scores are tallied and the firms are ranked based on the scores.

The Port intends to select the Bidder who represents the best value to the Port and begin the negotiation and award process.

The selected Consultant will be invited to enter into contract negotiations with the Port. Should the Port and the selected firm(s) not reach a mutual agreement, the Port will terminate negotiations and move to the firm that offers the best value to the Port and proceed with negotiations.

The Port reserves the right to accept or reject any or all information in its entirety or in part and to waive informalities and minor irregularities and to contract as the best interest of the Port may require. The Port reserves the right to reject any or all Bids submitted as non-responsive or non-responsible.

## **GENERAL INFORMATION**

News releases pertaining to this ITB, the services, or the project to which it relates, shall not be made without prior approval by, and then only in coordination with, the Port.

### **COSTS BORNE BY BIDDERS**

All costs incurred in the preparation of a Bid and participation in this ITB and negotiation process shall be borne by the proposing firms.

### **SMALL BUSINESS AND DISADVANTAGED BUSINESS OPPORTUNITIES**

The Port of Tacoma encourages participation in all of its contracts by MWBE firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation/invitation or as a subcontractor to a Bidder/Proposer. However, unless required by federal statutes, regulations, grants, or contract terms referenced in the contract documents, no preference will be included in the evaluation of bids/submittals, no minimum level of MWBE participation shall be required as a condition for receiving an award and bids/submittals will not be rejected or considered non-responsive on that basis. Any affirmative action requirements set forth in federal regulations or statutes included or referenced in the contract documents will apply. The selected firm will be required to show evidence of outreach.

### **PUBLIC DISCLOSURE**

Bids submitted under this Solicitation will be considered public documents and, with limited exceptions, will become public information and may be reviewed by appointment by anyone requesting to do so following the conclusion of the evaluation, negotiation, and award process. This process is concluded when a signed contract is completed between the Port and the selected Consultant.

If a firm considers any portion of its response to be protected under the law, the vendor shall clearly identify each such portion with words such as "CONFIDENTIAL," "PROPRIETARY" or "TRADE SECRET" on each page for which the protection is sought. If a request is made for disclosure of such portion, the Port will notify the vendor of the request and allow the vendor not less than ten (10) days to seek a protective order from the Courts or other appropriate remedy and/or waive the claimed confidentiality. Unless such protective order is obtained and provided to the Port by the stated deadline, the Port will release the requested portions of the Bids. By submitting a response the vendor assents to the procedure outlined in this paragraph and shall have no claim against the Port on account of actions taken under such procedure.

## **ATTACHMENT B**

### **TERMS MEMORANDUM**

Purpose	To select a respondent to provide a Direct Purchase Fixed Rate Bank Loan to refund the 2015-2029 maturities of the Port's 2004B Senior Bonds. [The December 1, 2014 maturity and associated interest will be paid directly by the Port as scheduled (or defeased at closing of the 2014B bonds).]
Program Size	Approximately \$34.345 million (subject to change based on closing date, final escrow interest rate and issuance costs)
Tax Exempt	The interest on the bond will be tax-exempt (AMT), not bank qualified.
Amortization	The bonds will be amortized approximately in accordance with the existing amortization schedule (subject to change based on final loan amount) which is:

<b>Pmt Date (12/1/2 0XX)</b>	<b>Refunded Par (\$000)</b>
2015	890
2016	930
2017	970
2018	2,060
2019	2,165
2020	2,270
2021	2,390
2022	2,510
2023	2,635
2024	2,770
2025	2,910
2026	3,060
2027	3,215
2028	3,375
2029	<u>2,195</u>
<b>Total</b>	<b>\$34,345</b>

Use of Proceeds	The proceeds will be used by the Port to refund the 2015-2029 portion of the outstanding 2004B Senior Revenue bonds. Closing costs will be paid directly by the Port's operating funds.
Security for the Loan	The bond will be issued pursuant to a series resolution to be approved by the Port Commission, and the terms will be consistent with the covenants and limitations of the Port's existing senior lien master resolution. The bond will be a parity obligation payable and secured as provided in the master resolution, on a parity of lien with the Port's outstanding and future Senior Lien Parity Bonds. An

approving legal opinion will be provided by K&L Gates LLP, Port bond counsel. A copy of the Port's current senior lien master resolution is attached to this ITB.

Payment Schedule	The loan will mature December 1, 2029. Interest will begin accruing as of the closing date. Interest will be paid semi-annually on June 1 and December 1, beginning June 1, 2015. Principal payments will be made on December 1, beginning December 1, 2015. If these days fall on non-banking days, payments will be made on the first business day following the payment dates.
Term:	Through December 1, 2029.
Interest Rate	The Port requests a fixed interest rate. Interest will be calculated on a 30 / 360 basis
Prepayment option	Please identify any limitations that would be imposed on prepayment.
Supplemental Condition	The Port anticipates amending the senior lien master resolution in connection with this refunding. The amendments include clarifying existing authority of the Port to issue variable rate debt at the senior lien and the ability to adjust Net Revenue to adapt for the noncash impacts of required changes in accounting methodology (e.g., pension reporting and recognition of unrealized gains/losses in investments.) The Port is requesting that the selected bank consent to the amendments to the senior lien bond resolution.
Award Date	It is expected that a bank will be selected on or about September 23, 2014. However, the Port reserves the right to modify this request at any time, to postpone its selection or to reject all responses.
Closing	Anticipated by October 24 <sup>th</sup> , 2014
Securities Offering	The Bank will confirm that the purchase is being recorded as a loan by the Bank, and the Bank shall agree that it will not certificate the loan in a securities offering.
Governing Law	State of Washington.
Cross Default	<b>No cross-default with other debt obligations will be permitted.</b>

Acceleration	<b>Senior Lien Parity Bonds may not be accelerated.</b>
Indemnification	Port will not indemnify the Bank
Paying Agent	Port will act as registrar and paying agent
Basis of Award	The Port will select the bidder which offers, in the opinion of the Port, the most favorable overall bid.

Please state if your bid is subject to credit approval

## ATTACHMENT C

### PORT OF TACOMA, WASHINGTON

#### PROJECTED CASH FLOW AND DEBT SERVICE COVERAGE

(Source: Port of Tacoma 2014 Mid-year update)

#### Port of Tacoma Midyear 2014 Plan Of Finance

##### Cashflow Forecast

(\$ Thousands)

	2014	2015	2016	2017	2018
<b>Beginning Cash &amp; Investments</b>	\$230,027	\$261,216	\$256,917	\$282,944	\$271,960
<b><u>Projected Sources of Funds</u></b>					
Revenues	\$131,293	\$132,402	\$138,826	\$135,788	\$136,146
Expenses	(78,132)	(71,720)	(77,677)	(75,146)	(75,471)
<b>Funds Provided by Operations</b>	53,161	60,682	61,149	60,642	60,675
Interest Income	2,520	4,402	8,018	8,781	8,459
Other, Net	5,708	3,190	338	2,858	(116)
Ad valorem tax revenue (net)	13,117	13,272	13,428	13,723	14,024
<b>Projected Sources of Funds</b>	\$74,506	\$81,546	\$82,933	\$86,004	\$83,042
<b><u>Projected Uses of Funds</u></b>					
Debt Payments - GO Bonds	\$13,645	\$13,669	\$13,666	\$13,666	\$11,551
Debt Payments - Revenue Bonds	29,558	26,537	26,524	24,625	24,768
Debt Payments - General Fund	0	0	0	0	0
Debt Payments - Commercial Paper	114	2,944	3,215	1,330	6,232
Retirement of G.O. Bonds	0	0	0	0	0
Retirement of Revenue Bonds	0	0	0	0	0
Capital Spending - Planned Projects	0	42,695	13,501	57,367	5,570
<b>Projected Uses of Funds</b>	\$43,317	\$85,845	\$56,906	\$96,988	\$48,121
<b><u>Projected Borrowing</u></b>					
Commercial Paper Borrowing	0	0	0	0	0
<b>Total Borrowing</b>	\$0	\$0	\$0	\$0	\$0
<b>Projected Ending Cash &amp; Investments</b>	\$261,216	\$256,917	\$282,944	\$271,960	\$306,881
 Sr. Lien Rev. Bond Debt Service Coverage	7.46	13.07	13.94	14.06	8.91
Fully Diluted Revenue Bond Debt Service	1.86	2.19	2.32	2.68	2.31

## ATTACHMENT D

### PORT OF TACOMA, WASHINGTON

#### FINANCIAL STATEMENTS FOR FISCAL YEARS 2011, 2012 and 2013

(Source: Port of Tacoma 2013 Financial Statements. [www.portoftacoma.com](http://www.portoftacoma.com))

PORT OF TACOMA  
Statements of Revenues, Expenses and Changes in Net Position  
(dollars in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Operating Income</b>			
Operating revenues	\$125,342	\$124,377	\$114,095
Operating expenses	99,015	96,146	89,827
<b>Total operating income</b>	<b>26,327</b>	<b>28,231</b>	<b>24,268</b>
<b>Non-Operating Revenues (Expenses)</b>			
Ad valorem tax revenues	12,600	13,672	14,592
Interest on general obligation bonds	(9,456)	(9,566)	(9,661)
<b>Net ad valorem tax revenues</b>	<b>3,144</b>	<b>4,106</b>	<b>4,931</b>
Interest income	2,421	3,153	2,733
Net increase in the fair value of investments	(5,135)	777	892
Interest expense	(23,048)	(20,117)	(15,810)
Other non-operating expense, net	(10,365)	(6,935)	(3,877)
<b>Total non-operating expenses, net</b>	<b>(32,983)</b>	<b>(19,016)</b>	<b>(11,131)</b>
<b>Increase in net position before capital contributions</b>	<b>(6,656)</b>	<b>9,215</b>	<b>13,137</b>
Capital contributions	6,735	13,565	8,173
<b>Increase in net position</b>	<b>79</b>	<b>22,780</b>	<b>21,310</b>
Net position, beginning of year	499,758	476,978	455,668
<b>Net position, end of year</b>	<b>\$499,837</b>	<b>\$499,758</b>	<b>\$476,978</b>
<b>Container Volume (TEUs in thousands)</b>	<b>1,892</b>	<b>1,711</b>	<b>1,489</b>

NOTE: 2013 financial results include \$5.135 million non-cash mark to market expense on the Port's investments and \$7.07 million non-cash write down of Port assets

# ATTACHMENT E

## PORT OF TACOMA, WASHINGTON

### DEBT SERVICE COVERAGE RATIO FOR 2013

#### Information for Bondholders

*This information is provided as a convenience to bondholders and other institutions to assist them in reviewing historical financial information*

COMPARATIVE SCHEDULE OF NET REVENUES AVAILABLE FOR DEBT SERVICE (dollars in thousands)

	2013	2012	2011	2010	2009
<b>REVENUES</b>					
<b>Total Operating Revenues</b>	<b>\$ 125,342</b>	<b>\$ 124,377</b>	<b>\$ 114,095</b>	<b>\$ 103,350</b>	<b>90,140</b>
Non-operating Revenues (1), (2), (3), (4)	2,508	3,256	2,830	2,653	2,952
<b>Total Revenues Available for Senior Debt Service</b>	<b>127,850</b>	<b>127,633</b>	<b>116,926</b>	<b>106,003</b>	<b>93,092</b>
<b>EXPENSES</b>					
<b>Total Operating Expenses, excluding depreciation</b>	<b>68,212</b>	<b>65,863</b>	<b>59,598</b>	<b>56,062</b>	<b>48,375</b>
Non-operating Expenses (5), (6), (7), (8)	121	34	31	17	16
<b>Total Expenses, excluding depreciation</b>	<b>68,333</b>	<b>65,897</b>	<b>59,629</b>	<b>56,079</b>	<b>48,391</b>
Less Levy Available for Capital Improvement (9)	1,497	2,500	3,721	5,097	5,903
<b>Net Expenses</b>	<b>66,836</b>	<b>63,396</b>	<b>55,907</b>	<b>50,982</b>	<b>42,488</b>
 <b>Net Revenues Available for Senior Debt Service</b>	 <b>61,013</b>	 <b>64,237</b>	 <b>61,018</b>	 <b>55,021</b>	 <b>50,604</b>
Debt Service Senior Lien debt	11,770	11,774	11,791	11,798	11,819
<b>DEBT SERVICE COVERAGE (Senior Lien Debt) (10)</b>	<b>5.18</b>	<b>5.46</b>	<b>5.17</b>	<b>4.66</b>	<b>4.28</b>
 <b>Net Revenues Available for Senior Debt Service</b>	 <b>61,013</b>	 <b>64,237</b>	 <b>61,018</b>	 <b>55,021</b>	 <b>50,604</b>
Less Subordinate Lien Rate Stabilization (11)	-	(4,500)	(5,250)	(5,512)	(5,000)
Less Senior Lien Debt Service	(11,770)	(11,774)	(11,791)	(11,798)	(11,819)
<b>Net Revenues Available for Subordinate Debt Service</b>	<b>49,243</b>	<b>47,963</b>	<b>43,977</b>	<b>37,711</b>	<b>33,785</b>
Debt Service Subordinate Debt (12) (13)	19,219	15,556	11,699	8,490	8,464
<b>DEBT SERVICE COVERAGE (Subordinate Lien Debt) (10), (12)</b>	<b>2.56</b>	<b>3.08</b>	<b>3.76</b>	<b>4.44</b>	<b>3.99</b>
 <b>Net Revenues Available for Senior Debt Service</b>	 <b>61,013</b>	 <b>64,237</b>	 <b>61,018</b>	 <b>55,021</b>	 <b>50,604</b>
Less Subordinate Lien Rate Stabilization	-	(4,500)	(5,250)	(5,512)	(5,000)
<b>Net Revenues Available for fully Diluted Debt Service</b>	<b>61,013</b>	<b>59,737</b>	<b>55,768</b>	<b>49,509</b>	<b>45,604</b>
Debt Service; Senior, Subordinate and lowest lien debt (14)	30,989	27,330	23,490	20,289	20,574
<b>DEBT SERVICE COVERAGE - Fully Diluted (10), (12), (14)</b>	<b>1.97</b>	<b>2.19</b>	<b>2.37</b>	<b>2.44</b>	<b>2.22</b>

NOTE: Above schedule does not include levies for general obligation bond issues outstanding.

#### FOOTNOTES:

(1) Excluded from non-operating revenues is interest earned on investment of:

General Obligation Bonds	\$ 2	\$ 7	\$ 3	\$ 6	\$ 1
Construction funds	9	-	9	99	276

(2) Excluded from non-operating revenues is capital contribution and other miscellaneous non-operating income

6,815      14,257      16,838      17,399      11,940

(3) Excluded from non-operating revenues is gain (loss) on sale or write down of property

1,786      (850)      (8,538)      (1,527)      (7,896)

(4) Excluded from non-operating revenues is gain (loss) on market value of investments

(5,135)      777      892      534      220

(5) Excluded from non-operating expenses is cost of bond issue, net of discounts, premiums and other debt costs and election expense

627      (261)      212      (25)      855

(6) Excluded from non-operating expense is interest expense and interest funded from bond proceeds

23,549      20,544      17,150      16,278      16,129

(7) Excluded from interest expense is Capitalized Interest

285      165      1,078      373      942

(8) Excluded from non-operating expense are contributions to other agencies and other expenses not attributable to operations

7,804      4,822      3,843      5,076      10,334

(9) Washington Port Districts are authorized by statute to levy \$0.45 per \$1,000 of actual value of taxable property ad valorem tax upon all taxable property within their jurisdiction for operations, maintenance, capital improvements and general Port purposes

(10) Excluded Special Item in 2009 of \$22.3 million for suspension of terminal project

(11) Amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period during which they are deposited

(12) The Port is authorized to issue from time to time an aggregate principal amount not to exceed \$100,000,000, under the Port's Subordinate Lien Commercial Paper Program. Debt service shown in this table for the commercial paper program is based on the actual interest payments only on the amount outstanding under this program during the period on calculation

(13) Included payment made to credit and liquidity providers

(14) Included the debt service of lowest lien



PORT OF TACOMA

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MASTER RESOLUTION

RESOLUTION NO. 2004-03

- A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF TACOMA, AMENDING AND RESTATING RESOLUTION NO. 97-42, WHICH AMENDED AND RESTATED RESOLUTION NO. 91-38 OF THE PORT COMMISSION WHICH PROVIDES FOR REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHES A LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

ADOPTED: APRIL 1, 2004

Prepared by:

PRESTON GATES & ELLIS LLP  
Seattle, Washington

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**ATTACHMENT F**

**MASTER RESOLUTION 2004-03**

## MASTER RESOLUTION

## RESOLUTION NO. 2004-03

- A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF TACOMA, AMENDING AND RESTATING RESOLUTION NO. 97-42, WHICH AMENDED AND RESTATED RESOLUTION NO. 91-38 OF THE PORT COMMISSION WHICH PROVIDES FOR REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHES A LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

WHEREAS, the Port of Tacoma (the "Port"), a municipal corporation of the State of Washington, owns and operates a system of marine terminals and other properties; and

WHEREAS, the Commission of the Port adopted Resolution No. 91-38 on September 19, 1991 closing the lien on revenues of the Port's then outstanding bonds, authorizing the issuance of revenue bonds in the future and establishing a new lien on the revenues of the Port to secure such bonds; and

WHEREAS, the Port has issued and there presently are outstanding parity lien revenue bonds of the Port issued under the following date and in the following principal amount (as of April 1, 2004):

Bond Issue	Date of Issue	Original Principal Amt.	Currently Outstanding (12/31/03)	Final Maturity Dates
Series 1997	10/01/97	\$34,600,000	\$29,315,000	12/01/17
Series 2001	11/08/01	20,210,000	19,160,000	12/01/08

("Outstanding Parity Bonds"); and

WHEREAS, Resolution No. 97-42 is authorized to be amended from time to time to cure ambiguities and to make changes that are not materially adverse to the interests of owners of the Port's Outstanding Parity Bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF TACOMA, as follows:

Section 1. Format and Definitions.

[In this resolution, additions and deletions from Resolution No. 97-42, as originally adopted, are shown in brackets.]

As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

"Accreted Value" means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the Series Resolution as the amount representing the initial principal amount of such Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Bonds.

"Aggregate Annual Debt Service" means Annual Debt Service for all Outstanding Bonds.

"Annual Debt Service" means the total amount of Debt Service for any series of Bonds in any fiscal year or Base Period.

"Balloon Maturity Bonds" means any Bonds which are so designated in the Series Resolution pursuant to which such Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

"Base Period" means any consecutive 12-month period selected by the Port out of the 30-month period next preceding the date of issuance of an additional series of Bonds.

"Betterment Reserve Fund" means[ until the earlier of (i) the date on which the issuer of each Credit Facility in effect with respect to each series of Bonds Outstanding as of date of adoption of this Resolution No. 2004-03 delivers written consent to the amendments made in this resolution, or (ii) the date on which each series of Bonds Outstanding as of the date of adoption of this Resolution No. 2004-03 ceases to be Outstanding] the Repair, Renewal and Betterment Reserve Fund created by Section 6 of Resolution 3539 of the Port. [Thereafter, the definition of "Betterment Reserve Fund" shall be of no further force and effect.]

"Bonds" means the bonds, notes or other evidences of indebtedness issued from time to time pursuant to and under authority of Section 4 hereof. The term "Bonds" may include reimbursement obligations of the Port to the issuer of a Credit Facility.

"Capital Appreciation Bonds" means Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Bonds. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Bonds

no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

"Commission" means the Commission of the Port, or any successor thereto as provided by law.

"Commissioners" means the commissioners of the Port or any successors thereto as provided by law.

"Consultant" means at any time an independent consultant nationally recognized in marine matters or an engineer or engineering firm or other expert appointed by the Port to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by Section 5 hereof, the term Consultant shall also include any independent national public accounting firm appointed by the Port to make such calculation or to provide such certificate or nationally recognized financial advisor appointed by the Port for purposes of making such calculation.

"Costs of Construction" means all costs paid or incurred by the Port in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

"Coverage Requirement" means Net Revenues equal to or greater than 135% of Aggregate Annual Debt Service.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument issued by a third party whose debt obligations are rated by Standard & Poor's and Moody's Investors

Service, their successors or assigns, at a rating not less than the rating on the Bonds which obligates a third party to make payment or provide funds for the payment of financial obligations of the Port, including but not limited to payment of the principal of, interest on or purchase price of Bonds or meeting reserve requirements therefor.

~~["Date of Commercial Operation" means the date upon which any Facilities are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port or, if used with reference to Facilities to be acquired, shall mean the date on which such acquisition is final.]~~

"Debt Service" means, for any period of time,

(1) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(2) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Bonds, plus (C) all interest payable during such period on any such Bonds Outstanding and with respect to Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Bonds on the date specified in the Series Resolution authorizing such Bonds;

(3) with respect to Balloon Maturity Bonds an amount for any period equal to the amount which would have been payable during such period calculated on the assumption that the amount of Balloon Maturity Bonds Outstanding as of the date of such calculation would be amortized on an essentially level debt service basis during the period such Balloon Maturity bonds are outstanding;

(4) with respect to Bonds bearing a variable rate of interest debt service shall be calculated using the maximum rate of interest permitted under the terms of the Series Resolution;

(5) with respect to all other series of Bonds Outstanding, (other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds), an amount for any period equal to the amount which would have been payable for principal and interest on such Bonds during such period computed on the assumption that the amount of Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of The Bond Buyer (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 5 hereof, then within ten days of such certificate, (iii) to provide for essentially level annual debt service of principal and interest over such period.

With respect to any Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Bonds. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations (calculated in accordance with the terms of the Reimbursement Agreement) to providers of Credit Facilities which are issued on a parity of lien with Parity Bonds.

"Designated Port Representative" means the Executive Director or such other person as may be appointed from time to time by resolution of the Port Commission.

"Facilities" means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Bonds of the Port shall be Outstanding) owned, operated, used, leased or managed by the Port and which contribute in some measure to its Gross Revenue.

"Fixed Rate Bonds" means those Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.



"Gross Revenue" means all income and revenue derived by the Port from time to time from any source whatsoever including interest earnings thereon except:

- (1) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds),
- (2) income and revenue which may not legally be pledged for revenue bond debt service,
- (3) federal grants or substitutes therefor allocated to capital projects;
- (4) payments made under Credit Facilities issued to pay or secure the payment of a particular series of Bonds;
- (5) proceeds of insurance or condemnation proceeds other than business interruption insurance;
- (6) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that nothing in this subparagraph (6) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility which shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and
- (7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

In addition, the Port may, at its option designate any additional source of money as Gross Revenue for any one or more series of Bonds issued under a Series Resolution.

"Maximum Annual Debt Service" means, with respect to any [one or more]~~[Outstanding]~~ series of [Outstanding] Bonds, the highest remaining Annual Debt Service for such [one or more] series of Bonds.

"Net Revenues" means Gross Revenue less any part thereof that must be used to pay Operating Expenses.

"Operating Expenses" means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles, in effect from time to time, excluding any allowances for depreciation or amortization

or interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

"Original Issue Discount Bonds" means Bonds which are sold at an initial public offering price of less than 90% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

"Outstanding" means, as of any date, any Bonds theretofore issued except such Bonds deemed to be no longer Outstanding as provided in the Series Resolution authorizing the issuance thereof.

"Parity Bonds" means any Bonds issued in the future under a Series Resolution which provides that such Bonds shall be on a parity of lien with other series of Bonds, as provided in Section 5 hereof.

"Paying Agent" shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution to act as paying agent for one or more series of Bonds.

"Port" means the Port of Tacoma, a municipal corporation of the State of Washington, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

"Port Fund" means the Port of Tacoma General Fund, and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenue.

"Rate Covenant" means until the earlier of (i) the date on which the issuer of each Credit Facility in effect with respect to each series of Bonds Outstanding as of date of adoption of this Resolution No. 2004-03 delivers written consent to the amendments made in this resolution, or (ii) the date on which each series of Bonds Outstanding as of the date of adoption of this Resolution No. 2004-03 ceases to be Outstanding], Net Revenues in each fiscal year at least equal to the greater of (i) 135% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on Outstanding Bonds, or (ii) amounts required to be deposited during such fiscal year from Net Revenues into bond funds and reserve funds established for Outstanding Bonds (including amounts necessary to repay any obligations to the issuer of a Credit Facility) and into the Betterment Reserve Fund, but excluding from each of the

foregoing, payments made from refunding debt and capitalized debt service. [Thereafter, the reference to "Betterment Reserve Fund" shall be disregarded and of no further force and effect.]

"Rating Agencies" means Moody's Investors Service or its successors and assigns and Standard & Poor's Ratings Service or its successors and assigns, and/or such other securities rating agency selected by the Port to provide a rating with respect to a series of Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any series of Bonds or any portion thereof.

"Registrar" means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution, to act as registrar for one or more series of Bonds.

"Series Resolution" means a resolution authorizing the issuance of a series of Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

"Special Facilities" means particular facilities financed with the proceeds of Special Revenue Bonds.

"Special Revenue Bonds" means any issue of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such facilities.

"Treasurer of the Port" means the Treasurer of the Port as designated pursuant to law and resolution of the Port Commission.

Section 2. Priority of Use of Gross Revenue/Betterment Fund. [The amendment shown in this section shall be effective from and after the earlier of (i) the date on which the issuer of each Credit Facility in effect with respect to each series of Bonds Outstanding as of date of adoption of this Resolution No. 2004-03 delivers written consent to the amendments made in this resolution, or (ii) the date on which each series of Bonds Outstanding as of the date of adoption of this Resolution No. 2004-03.]

~~[(a)]~~ The Port's Gross Revenue shall be deposited in the Port Fund as collected. The Port Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

Second, to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any Bond redemption fund to pay the principal of and interest and premium, if any, on any Bonds;

Third, to make all payments required to be made into any reserve account(s) to secure the payment of any Bonds including amounts required to reinstate any surety bond and to pay amounts owing to the issuer of a surety bond, if any;

Fourth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the Port having a lien upon the Net Revenues and the money in the Port Fund junior and inferior to the lien thereon for the payment of the principal of and interest on any Bonds; and

Fifth, ~~to make all payments required to be made into the Betterment Reserve Fund; and~~

~~—Sixth, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.~~

~~[(b) The Port hereby covenants and agrees that it will make deposits into the Betterment Reserve Fund from the Gross Revenue, after making provision for the payments provided in paragraphs First through Fourth of subsection (a) of this Section 2 sufficient to maintain a balance therein at least equal to \$3,000,000. Money in the Betterment Reserve Fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, expansions, additions, repairs and renewals of the Facilities of the Port. If withdrawals are made from the Betterment Reserve Fund such that the remaining balance therein is less than \$3,000,000, the Port will restore said balance within the next 36 month period and shall, in addition, comply with the provisions of Section 6 of Resolution No. 3539.]~~

Section 3. Authorization of Bonds. Revenue bonds of the Port, unlimited in amount, to be known as the "Port of Tacoma, Washington, Revenue Bonds," are hereby authorized to be issued in series, and each such series may be issued from time to time pursuant to this resolution in such amounts and upon such terms and conditions as the Commission may from time to time

deem to be necessary or advisable, for any purposes of the Port now or hereafter permitted by law.

The Bonds and the lien thereof created and established hereunder shall be obligations only of the special fund(s) established in the Series Resolution authorizing their issuance. The Bonds shall be payable solely from and secured solely by Net Revenues available after providing for the payments specified in paragraphs First of Section 2[(a)] of this resolution; provided, however, that any series of Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Bonds.

From and after the time of issuance and delivery of the Bonds of each series and so long thereafter as any of the same remain Outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of Bonds out of Net Revenues, on or prior to the date on which the interest on or principal of and interest on the Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Bonds of such series.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Bonds issued under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of this Master Resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the Port or of the State of Washington, or of any political subdivision of the State of Washington.

Section 4. Authorization of Series of Bonds. The Port may issue hereunder from time to time one or more series of Bonds by means of a Series Resolution for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

- (a) the authorized principal amount, designation and series of such Bonds;

(b) the general purpose or purposes for which such series of Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Bonds of such series;

(c) the date or dates, and the maturity date or dates, of the Bonds of such series, and the principal amount maturing on each maturity date; [ provided, that the Series Resolution may authorize the Executive Director of the Port to fix the maturity date or dates of the Bonds of such series, and the principal amount maturing on each maturity date under such terms and conditions approved by the Series Resolution;]

(d) the interest rate or rates on the Bonds of such series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates; [provided that the Series Resolution may authorize the Executive Director of the Port to fix the interest rate or rates on the Bonds of such series (which may be a rate of zero) and the interest payment date or dates therefore under such terms and conditions approved by the Series Resolution;]

(e) the circumstances, if any, under which the Bonds of such series will be deemed to be no longer Outstanding;

(f) the currency or currencies in which the Bonds of such series are payable;

(g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such series;

(h) the Paying Agent or Paying Agents, if any, for the Bonds of such series and the duties and obligations thereof;

(i) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Bonds of such series;

(j) the tender agent or tender agents, if any, for the Bonds of such series and the duties and obligations thereof;

(k) the remarketing agent or remarketing agents, if any, for the Bonds of such series and the duties and obligations thereof;

(l) the Registrar or Registrars, if any, for the Bonds of such series and the duties and obligations thereof;

(m) the Trustee or Trustees, if any, for the Bonds of such series and the duties and obligations thereof;

(n) the form or forms of the Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Bonds of such series;

(o) the terms and conditions, if any, for the redemption of the Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; [provided that the Series Resolution may authorize the Executive Director of the Port to fix the terms and conditions for the redemption of the Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms under such terms and conditions approved by the Series Resolution;]

(p) the terms and conditions, if any, for the purchase of the Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; [provided that the Series Resolution may authorize the Executive Director of the Port to fix the terms and conditions for the tender of the Bonds of such series prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms under such terms and conditions approved by the Series Resolution;]

(q) the manner of sale of the Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount Bonds; [provided that the Series Resolution may authorize the Executive Director of the Port to establish the issue price of the Bonds, including a premium or a discount, under such terms and conditions approved by the Series Resolution;]

(r) if so determined by the Port, the authorization of and any terms and conditions with respect to credit or liquidity support for the Bonds of such series and the pledge or provision of moneys, assets or security other than Net Revenues to or for the payment of the Bonds of such series or any portion thereof;

(s) a special fund or account to provide for the payment of the Bonds of such series and, if so determined by the Port, any other special funds or accounts, including, without

limitation, reserve funds or accounts, for the Bonds of such series and the application of money or security therein provided: that if additional bonds are issued as Parity Bonds but do not share a common reserve fund the authorizing resolution shall provide that any revenues available to pay debt service must be distributed between the prior and subsequent issues on a pro-rata basis without regard to the existence of a funded debt service reserve or a surety bond; and

(t) any other provisions which the Port deems necessary or desirable in connection with the Bonds of such series.

Section 5. Parity Bonds. All Bonds authorized to be issued under Series Resolutions shall be Parity Bonds, having an equal lien and charge upon the Net Revenues of the Port upon fulfillment of the conditions of this resolution, whether at the time of authorization or issuance of such Bonds. Except as provided in subsection (a) below, the Port shall not issue any series of Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (on a parity of lien with Bonds at the time Outstanding) unless (i) the Port shall not have been in default of its covenant under Section 7(a) of this resolution for the immediately preceding fiscal year, and (ii) there shall have been filed a certificate (prepared as described in subsection (b) or (c) below) demonstrating fulfillment of the Coverage Requirement [in each year in which Bonds will be Outstanding] ~~commencing with the first full fiscal year following the earlier of (1) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Bonds or (2) the date on which any portion of interest on the series of Bonds then being issued no longer will be paid from the proceeds of such series of Bonds and for the following two fiscal years]~~, (iii) if the issuance of the Parity Bonds will cause an increase in the Reserve Fund Requirement for the Reserve Fund applicable to the issuance of such Parity Bonds then the Port will provide in the resolution authorizing the Parity Bonds that it will fund the Reserve Fund Requirement not later than the date of issuance of the Parity Bonds.

(a) No Certificate Required. A certificate shall not be required as a condition to the issuance of Bonds:

(i) if the Bonds being issued are for the purpose of refunding Outstanding Bonds upon compliance with the provisions of Section 6 of this resolution; or

(ii) if the Bonds are being issued to pay Costs of Construction of Facilities for which Bonds have been issued previously and the principal amount of such



Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Bonds theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such Facilities has not materially changed.

(b) Certificate of the Port Without A Consultant. A certificate may be delivered by the Port without a Consultant if the Net Revenues, based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, demonstrate that the Coverage Requirement will be fulfilled [in each year in which Bonds will be Outstanding] ~~[-commencing with the first full fiscal year following the later of (i) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Bonds as reasonably estimated by the Port, or (ii) the date on which any portion of interest on the series of Bonds then being issued will not be paid from the proceeds of such series of Bonds, and for the following two fiscal years].~~

(c) Certificate of a Consultant. Except as provided in subsections (a) and (b), compliance with the coverage requirements of this Section 5 shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement of this Section 5, the Consultant shall use as a basis the Net Revenues for the Base Period. In making such computations the Consultant shall make such adjustments as deemed reasonable by the Consultant.

Section 6. Refunding Bonds. The Port, by means of a Series Resolution adopted in compliance with the provisions of Section 4 hereof, may issue refunding Bonds hereunder as follows:

(a) Bonds may be issued at any time for the purpose of refunding (including by purchase) Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in Section 5 hereof. Such refunding Bonds also may be issued without a

certificate if the Maximum Annual Debt Service on all Bonds to be Outstanding after the issuance of the refunding Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(b) Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Bonds the Port must provide a certificate if required by Section 5 hereof.

(c) Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Bonds for the payment of which sufficient Net Revenues or other money are not available, without the requirement of a certificate pursuant to Section 5 hereof.

Section 7. Specific Covenants. The Port hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain Outstanding as follows:

(a) That it will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business for as long as any Bonds are Outstanding that will produce Net Revenues in each fiscal year sufficient to meet the Rate Covenant.

The Port hereby covenants that it will not construct, operate or enter into any agreement permitting or facilitating the construction or operation of any facilities which will compete with the operations of the Port in a manner which will materially and adversely affect its ability to comply with the covenant set forth in this subsection (a). Compliance with the covenant set forth in the preceding sentence may be demonstrated by a certificate based upon reasonable belief of the Designated Port Representative.

If the Net Revenues in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has

taken the steps set forth in this paragraph and the Net Revenues in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default under this Section 7(a) or Default under the provisions of Section 20(c) of this resolution during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) That it will duly and punctually pay or cause to be paid out of the bond fund for each series of Bonds the principal of and interest on the Bonds at the times and places as provided in each Series Resolution and in said Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Bonds.

(c) That it will at all times keep and maintain all of the Facilities in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) That in the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

(e) That it will keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Commission or the Designated Port Representative shall deem necessary for the protection of the Port and of the owners of Bonds then Outstanding.

(f) That it will at all times keep or arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Commission shall deem necessary for the protection of the Port and of the owners of the Bonds then Outstanding.

(g) That it will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in

accordance with generally accepted accounting principles as in effect from time to time. That on or before 120 days after each fiscal year it will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port, and shall be open to inspection at any reasonable time by the owners of Bonds.

Section 8. Adoption of Supplemental Resolutions and Purposes Thereof. The Port may adopt at any time and from time to time and without the consent or concurrence of the owner of any Bond, a resolution or resolutions amendatory or supplemental to this resolution for any one or more of the following purposes:

(a) To provide for the issuance of a series of Bonds pursuant to Section 4 hereof, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add covenants and agreements of the Port for the purpose of further securing the payment of the Bonds; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Port contained in this resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Port payable from the Net Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of this resolution;

(e) To confirm as further assurance any pledge or provision for payment of the Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Net Revenues or of any other moneys, securities or funds;

(f) To cure any ambiguity or defect or inconsistent provision in this resolution or to insert such provisions clarifying matters or questions arising under this resolution as are necessary or desirable; provided that such modifications shall not materially and adversely affect the rights of any owners;

(g) To qualify this resolution under the Trust Indenture Act of 1939, as amended;

(h) To modify the provisions of this resolution to obtain from any Rating Agency a rating on any series of Bonds or any portion thereof which is higher than the rating which would be assigned without such modification so long as the rating on any other series of Bonds or portion thereof is not adversely affected; or

(i) To modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Bondowners. Notwithstanding anything in this Section 8 to the contrary, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Bonds; (2) reduce the percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount or Accreted Value of any Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto.

The provisions of this resolution also may be modified at any time or from time to time by a resolution supplemental hereto, subject to the consent of Bondowners in accordance with and subject to the provisions of Sections 9 through 17 hereof. For purposes of providing any

consent required of Bondowners under Sections 9 through 17, the issuer of a Credit Facility shall be deemed to be the Bondowner.

Section 9. Call of Bondowners' Meetings. The Port or the owners of not less than 25% in principal amount or Accreted Value of the Bonds of any series then Outstanding or the owners of not less than 25% in principal amount or Accreted Value of all Bonds then Outstanding may at any time call a meeting of the owners of the Bonds of such series or of all Bonds, as the case may be. Every such meeting shall be held at such place as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and the time of the meeting and in general terms the business to be submitted, shall be mailed to the owners of each series of Bonds for which the meeting is to be held by the Port or the Bondowners calling such meeting not less than 30 nor more than 60 days before such meeting, and shall be published at least once on any day of the week, the date of first publication to be not less than 30 days nor more than 60 days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. Any meeting of Bondowners shall, however, be valid without notice if the owners of all Bonds of the affected series then Outstanding are present in person or by proxy or if notice is waived before or within 30 days after the meeting by those not so present.

Section 10. Notice to Bondowners. Except as otherwise specifically provided in this resolution, any provision in this resolution for the mailing of a notice or other paper to owners of Bonds of any series shall be fully complied with if it is mailed by first class mail, postage prepaid, to each registered owner of any of the Bonds of that series then Outstanding at his address, if any, appearing upon the registration books maintained by or on behalf of the Port, and to each owner of any of the Bonds of that series payable to bearer who shall have filed with the Port an address for notices. Any provision in this resolution contained for publication of a notice or other matter shall require the publication thereof in a financial journal or daily newspaper printed in the English language and customarily published on each business day and of general circulation in each of the cities of Tacoma, Washington and New York, New York. If, because of the temporary or permanent suspension of the publication or general circulation of any financial paper or newspaper in any particular city, the Port deems it impossible to publish any such notice in such city in the manner herein provided, then there shall be made in lieu thereof

such publication as shall be decided upon by the Port, and the same shall constitute a sufficient publication of such notice.

Section 11. Proxies; Proof of Ownership of Bonds; Execution of Instruments by Bondowners. Attendance and voting by Bondowners at such meetings may be in person or by proxy. Owners of registered Bonds or coupon Bonds registered as to principal, may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to vote at any meeting for them.

In order that owners of Bonds payable to bearer and their proxies may attend and vote without producing their Bonds, the Port may make and from time to time vary such regulations as it shall think proper for the deposit of Bonds with or exhibit of Bonds to any bank, bankers or trust companies, or other depositaries, including firms and corporations which are members of The National Association of Securities Dealers, wherever situated, and for the issuance by them to the persons depositing or exhibiting such Bonds, of certificates in form approved by the Port, which shall constitute proof of ownership entitling the owners thereof to be present and vote at any such meeting in the same way and if the persons so present and voting, either personally or by proxy, were the actual bearers of the Bonds in respect of which such certificates shall have been issued, and any regulations so made shall be binding and effective. Copies of such regulations shall be kept on file by any Paying Agents, officers or nominees of the Port may be present or represented at such meeting and take part therein, but shall not be entitled to vote, except as such officers or nominees are Bondowners or proxies for Bondowners.

Any registered owner of Bonds and any owners of a certificate provided for in this Section 11 shall be entitled in person or by proxy to attend and vote at bondowners meetings as holder of the Bonds registered or certified in his name without producing such Bonds (unless the Bonds described in such certificate shall be registered in the name of, or be produced by, some other person at such meeting), and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting (appointed as hereinafter provided). All other persons seeking to attend or vote in such meeting must produce the Bonds claimed to be owned or represented at such meeting.

The vote at any such meeting of the owner of any Bond entitled to vote shall be binding upon such owner and upon every subsequent owner of such Bond (whether or not such subsequent owner has notice thereof).

Any request, direction, consent, revocation of consent, approval, objection or other instrument in writing required or permitted by this resolution to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by an agent duly appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this resolution, if made in the following manner: the fact and date of the examination by any person of any such instrument may be proved by either (A) an acknowledgement executed by a notary public or other officer empowered to take acknowledgements of deeds to be recorded in the particular jurisdiction, (B) an affidavit of a witness to such execution sworn to before such a notary public or other officer, or (C) a signature guarantee. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such acknowledgement or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the Port to such proof, it being intended that the Port may accept any other evidence of the matters herein stated which to it may seem sufficient.

The right of a proxy for a Bondowner to act may be proved (subject to the Port's right to require additional proof) by a written proxy executed by such Bondowner as aforesaid.

Section 12. Quorum at Bondowners Meetings. The owners of not less than a majority in principal amount or Accreted Value of the Bonds of a series at a meeting of the owners of the Bonds of that series or the owners of not less than a majority in principal amount or Accreted Value of the Bonds of all series at a meeting of all Bondowners must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that if such meeting is adjourned by less than a quorum for more than ten days, notice thereof shall be published by the Port at least five days prior to the adjourned date of the meeting.

Section 13. Vote Required to Amend Resolution. Any amendment of the provisions of this resolution or any Series Resolution in any particular, except the percentage of Bondowners whose approval is required to approve such amendment, may be made by a supplemental resolution of the Port and a resolution duly adopted either:



(a) at a duly convened and held meeting of the owners of Bonds whose contract with the Port will be altered by such amendment by an affirmative vote of the owners of not less than a majority in principal amount or Accreted Value of such Bonds whose owners are present at such meeting; or

(b) with written consent as hereinafter provided in Section 15 hereof, of the owners of not less than a majority in principal amount or Accreted Value of the Outstanding Bonds whose contract with the Port will be altered by such amendment; provided, however, that, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Bonds; (2) reduce the aforesaid percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby and no such resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount of any Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; provided further, however, that no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto. Nothing herein contained shall be construed as making necessary the approval by the owners of the Bonds of any series of the adoption of any supplemental resolution authorized by Section 8 of this resolution or authorized by any Series Resolution.

Section 14. Obtaining Approval of Amendments at Bondowners Meetings. The Port may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. Upon the adoption of such resolution, a copy thereof, certified by the Secretary of the Commission, shall be filed with the Trustee for the affected series of Bonds, if theretofore appointed. At any time thereafter such resolution may be submitted by the Port for approval to a meeting of the owners of each series of Bonds whose contract with the Port

will be altered by such resolution, duly convened and held in accordance with the provisions of this resolution. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the Port making such amendment shall be approved by a resolution duly adopted at such meeting of Bondowners pursuant to the provisions of Section 13 hereof, a notice stating that a resolution approving such amendment has been so adopted and briefly summarizing such amendment shall be mailed by the Port to the owners of Bonds affected thereby (but failure so to mail copies of such resolution shall not affect the validity of such resolution), and shall be published twice in the manner provided in Section 10 hereof, with an interval of not less than seven days between such publications, the first publication to be made not more than 15 days after the date of the adoption of such resolution. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the Bondowners' Trustee, if theretofore appointed for that series, and with the Port. Such amendatory resolution shall be deemed conclusively to be binding upon the Port, the Paying Agents and other agents, if any, for that series, and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice provided for in this Section.

Section 15. Alternate Method of Obtaining Approval of Amendments. The Port may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. A copy of such resolution (or summary thereof) together with a request to owners of all Bonds whose contract with the Port will be altered by such resolution for their consent thereto shall be mailed by the Port to the owners of such series of Bonds, and notice thereof shall be published once on any day of the week in the manner provided in Section 10 hereof (but failure to mail copies of such resolution and request shall not affect the validity of the resolution when consented to as in this Section provided). Such resolution shall not be effective unless and until there shall have been filed with the Port the written consents of the owners of a majority in aggregate principal amount or Accreted Value of the Outstanding Bonds of the Series whose contract with the Port will be altered by such resolution and notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds of the series for which such consent is given, which proof shall be such as is permitted by Section 11 hereof. Any such consent shall be

binding upon the owner of the Bonds of the series giving such consent and on every subsequent owner of such Bonds (whether or not such subsequent owner has notice thereof). A notice, stating the substance of the resolution and stating that the resolution has been consented to by the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the series whose contract with the Port will be altered thereby and will be effective as provided in this Section, may be given to the owners of the Bonds of the affected series by mailing such notice to such Bondowners, and shall be given by publishing the same twice in the manner provided in Section 10 hereof, with an interval of not less than seven days between such publications, the first publication to be made not more than 15 days after the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the affected series shall have filed their consent to the resolution. A record, consisting of the papers required by this Section to be filed with the Port, shall be proof of the matters therein stated, and the resolution shall be deemed conclusively to be binding upon the Port the Paying Agents and other agents, if any, for that series and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice last provided for in this Section.

Section 16. Amendment of Resolution in any Respect by Approval of All Bondowners of a Series. Notwithstanding anything contained in the foregoing provisions of this Resolution, the rights and obligations of the Port and of the owners of the Bonds of any series and coupons, if any, appurtenant thereto, and the terms and provisions of the Bonds of any series and of this resolution and of any Series Resolution, may be amended in any respect with the consent of the Port by the affirmative vote of the owners of all of the Outstanding Bonds of the series whose contract with the Port will be altered by such amendment, at a meeting of Bondowners of that series called and held as hereinabove provided, or upon the adoption of a resolution by the Port and the consent of the owners of all of the Outstanding Bonds of the series whose contract with the Port will be altered by such amendment, such consent to be given as provided in Section 15, except that no notice to Bondowners either by mailing or publication shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all such owners of Bonds.

Section 17. Endorsement of Amendment on Bonds. Bonds of any series delivered after the effective date of any action amending this resolution or the Series Resolution with respect to that series taken as hereinabove provided may bear a notation by endorsement or otherwise in

form approved by the Port as to such action, and in that case, upon demand of the owner of any Outstanding Bond of that series at such effective date and presentation of his Bond for such purpose at the principal office of the Registrar therefor, suitable notation shall be made on such Bond by the Registrar as to any such action. If the Port shall so determine, new Bonds of such series, so modified as in the opinion of the Port and its counsel to conform to such Bondowners' action, shall be prepared, delivered and upon demand of the owner of any Bond of that series then Outstanding shall be exchanged without cost to such Bondowner for Bonds of that series then Outstanding hereunder, upon surrender of such Bonds with all unmatured coupons, if any, appurtenant thereto.

Section 18. Resolution and Laws a Contract with Bondowners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 53 of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Bond and the coupons, if any, appurtenant thereto, and the obligations of the Port and its Commission under said laws and under this resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Port shall be for the equal benefit, protection and security of the owners of any and all of the Bonds and the coupons, if any, appurtenant thereto.

Section 19. Money Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Bonds, money or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Bonds or coupons of a series which remain unclaimed for one year after the date when such Bonds or coupons are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by such Paying Agents at such date, or for one year after the date of deposit of such money if deposited with the Paying Agents after the date when such Bonds become due and payable, shall be repaid by the Paying Agents to the Port free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Bonds of the series payable from such

money shall look only to the Port for the payment of such Bonds and coupons or the purchase price thereof.

Section 20. Defaults and Remedies. The Port hereby finds and determines that the continuous operation of the Facilities and the collection, deposit and disbursement of Gross Revenue are essential to the payment and security of the Bonds and the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this section are specified and adopted for the additional protection of the owners from time to time of the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution:

- (a) The Port shall fail to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;
- (b) The Port shall fail to make payments of any installment of interest on any Bonds when the same shall become due and payable;
- (c) The Port shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the Port contained in this resolution, and such default shall have continued for a period of 90 days.

In such case, so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Bonds of any series by the owners of 51% in principal amount or Accreted Value of the Bonds of such series by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointment under the provisions of this Section shall be a bank or trust company organized under the laws of any state or the State of New York or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount or Accreted Value of the Bonds Outstanding of the applicable series, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Bonds of the series for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the Port, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Bonds or the provisions of this resolution or applicable Series Resolution may be enforced by a Bondowners' Trustee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Bonds; to execute any paper or documents for the receipt of such money, and to do all acts with respect thereto that the Bondowner might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of said Bonds or appurtenant coupons, any plan of reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the Port shall be a party.

No owner of any one or more of the Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same or coupons appertaining thereto, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed for such series as herein provided, but any remedy herein authorized

to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution, any Series Resolution or in the Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Net Revenues the principal of and interest on said Bonds to the respective owners thereof and the coupons appertaining thereto at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder or under any Series Resolution, whether by a Bondowners' Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Notwithstanding the foregoing, no default may be waived with respect to any series of Bonds or portion thereof secured or supported by a Credit Facility unless the Bondowners' Trustee with respect thereto has received written confirmation from the issuer thereof that such Credit Facility has been fully reinstated.

Upon any such waiver, such default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 21. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Bonds issued pursuant to the terms hereof.

Section 22. Master Resolution. Resolution No. 97-42 is hereby repealed and superseded in its entirety by this Resolution No. 2004-03, which Resolution No. 2004-03 (as the same may hereafter be amended and supplemented in accordance with its terms, shall constitute the "Master Resolution."

ADOPTED by the Port Commission of the Port of Tacoma at a regular meeting thereof, held this 1st day of April, 2004, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PORT OF TACOMA, WASHINGTON

Claire Petrich

[Signature]

Jack Finkbeiner

Richard P. Mangano  
Commissioners



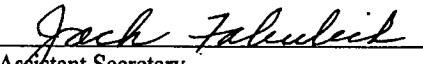
CERTIFICATE

I, the undersigned, Assistant Secretary of the Port Commission ("Commission") of the Port of Tacoma (herein called the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 2004-03, as amended, (herein called the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 1st day of April, 2004, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of April, 2004.

  
Assistant Secretary



## ATTACHMENT G DIRECT PURCHASE FIXED RATE SENIOR BANK LOAN BID SHEET

Name of Provider \_\_\_\_\_

Transaction Fees\*: Estimated \$ \_\_\_\_\_ Capped at \$ \_\_\_\_\_

Timeframe for Approval: \_\_\_\_\_

Pmt Date	Refunded Par (\$000)	Proposed Rate (X.XXX%)
2015	890	
2016	930	
2017	970	
2018	2,060	
2019	2,165	
2020	2,270	
2021	2,390	
2022	2,510	
2023	2,635	
2024	2,770	
2025	2,910	
2026	3,060	
2027	3,215	
2028	3,375	
2029	2,195	
<b>Grand Total</b>	<b>\$ 34,345</b>	

Signature \_\_\_\_\_

Name \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

\*Transaction fees include but are not limited to all bank administrative, bank legal, loan initiation, and any other fees paid to the bank or the bank's legal counsel. Please provide a detailed listing of all fees on a separate sheet **attached to the Bid Sheet.**

### **Selection Criteria as specified in the ITB**

If any bank is selected, the Port will select the bank based on interest rate(s), fees, and expenses quoted in the response, terms and conditions, and the Loan structure that best meets the financing requirements of the Port. The Port will negotiate with the Bank, in its sole opinion, that offers the best value to the Port. The Port also reserves the right to waive any irregularity in any response.