



PORT OF TACOMA
Invitation To Bid (ITB)
No. 070143

DIRECT PURCHASE of 2015 LTGO BONDS

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

ITB INFORMATION	
Contact:	Heather Shadko, Procurement
Email Addresses:	procurement@portoftacoma.com
Phone:	(253) 428-8697
Submittal Date	AUGUST 28, 2015 @ 2:00 PM (PST)

**PLEASE SUBMIT ALL CORRESPONDENCE AND BIDS
VIA E-MAIL DIRECTLY TO THE PROCUREMENT CONTACT LISTED ABOVE
AND INCLUDE 'DIRECT PURCHASE OF 2015 LTGO BONDS' IN THE
SUBJECT LINE**

PORT OF TACOMA
Invitation To Bid (ITB) #070143
DIRECT PURCHASE of 2015 LTGO BONDS

Introduction

The Port of Tacoma (the “Port”), is requesting bids for a direct purchase of fixed-rate Limited Tax General Obligation (“LTGO”) Refunding Bonds, Series 2015 (the “Bonds”) in accordance with the proposed financing terms set forth below. The Bonds are being issued to refund the 2019-2027 maturities of the Port’s LTGO Bonds, Series 2008A (Non-AMT) (the “2008 LTGO Bonds”). Issuance of the Bonds is conditioned upon passage of a Bond Resolution by the Port Commission, expected to occur at a scheduled meeting on Tuesday, October 6, 2015.

The lender will be provided with an opinion from the Port’s bond counsel, K&L Gates LLP, relating to the Port’s authority to issue the Bonds, enforceability of the Bonds, and tax-exempt status of the Bonds. The Bonds will not be rated; however, the Port’s outstanding limited tax general obligation bonds carry an underlying rating of “Aa3” from Moody’s Investor Service and a “AA” from Standard & Poor’s Rating Services.

By providing a rate proposal, each lender is agreeing to the proposed financing terms herein, and is acknowledging the Schedule of Events set forth below. Each bid must state an interest rate to be offered, which will not be subject to adjustment by the lender. The Bonds will mature December 1, 2027.

Schedule of Events

8/12	■ Invitation to bid distributed
8/28	■ Bids due electronically – 2:00 PM Pacific Standard Time
By 9/1	■ Review of and acceptance of winning bid by the District
9/3	■ Kick-off meeting to discuss plan of finance, schedule, etc.
10/6	■ Board Meeting – Adoption of Bond Resolution
10/8*	■ Closing Date – funding
	<i>*or such other date requested in the winning bank proposal</i>

The Port reserves the right to reject all bids and is not obligated to accept any bids.

See Attachment A for submitting a bid, Attachment B for required terms and conditions, and Attachment C for the bid sheet.

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 2,500 acres of property located in the Tideflats that 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 831,928 in 2014 (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 2014 financial results include operating revenue of \$134.3 million and operating income of \$20.8 million. For 2015 the Port budgeted approximately \$135.4 million in gross operating revenue. The Port's 2015 assessed valuation was approximately \$77.35 billion. For more complete information go to: <http://portoftacoma.com/about/financial-information>.

On August 4th, 2015, the Northwest Seaport Alliance (NWSA) was formed. The NWSA is a marine cargo operating partnership between the ports of Tacoma and Seattle. Combined, the ports of Seattle and Tacoma are the third-largest container gateway in North America. Regional marine cargo facilities are also a major center for bulk, breakbulk, project/heavy-lift cargoes, automobiles and trucks. Please see Appendix D for additional information on the NWSA.

Additional information can also be found at: <https://www.nwseaportalliance.com/#/maps/overview>.

B. SCOPE OF SERVICES

Fixed Rate 2015 LTGO Refunding Bonds

The Bonds will be issued to refund the 2019-2027 maturities of the Port's Limited Tax General Obligation Bonds, Series 2008A (Non-AMT). The Bonds will constitute a general obligation of the Port and are payable from tax revenues of the Port and such other money as is lawfully available and pledged by the Port for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the Port irrevocably will pledge to, in the manner provided by law, within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. Any such tax levy is subject to certain limitations. The full faith, credit, and resources of the Port will be pledged irrevocably for the prompt payment of the principal of and interest on the Bonds.

The Port may levy up to 45 cents per thousand dollars of assessed value for general port purposes, including the establishment of a capital improvement fund for future capital improvements. A levy for the payment of the principal and interest on general obligation bonded indebtedness of a port district can be in excess of any levy made by a port district under the 45 cents per thousand dollars of assessed value limitation. Since 2009, the Port's targeted levy rate is \$0.18365 per \$1,000 assessed value. Based on

the 2015 assessed valuation of approx. \$77.35 billion, the Port budgeted levy revenue of \$14.2 million, compared to debt service on its general obligation debt of \$13.7 million. Please refer to the Port's 2015 Budget Document Section VI for more information about the Port's tax levy. The Port's assessed valuation for the years 2010 to 2015 are summarized in the table below:

Assessed Valuation 2010-2015

Tax Year	Assessed Valuation
2010	\$88,620,295,184
2011	\$80,212,403,519
2012	\$74,702,110,479
2013	\$68,966,999,872
2014	\$71,417,153,388
2015	\$77,353,617,531

Source: Pierce County Assessor's Office

The following table lists the largest property tax payers in the Port district.

Top Ten Taxpayers 2015

Taxpayers	Taxable Value	Percentage of Top Ten	Percentage of Total
The Boeing Company	\$581,744,650	26.09%	0.75%
Puget Sound Energy (Gas)	328,829,770	14.75%	0.43%
Puget Sound Energy (Electric)	277,196,459	12.43%	0.36%
Rocktenn CP LLC	216,394,621	9.71%	0.28%
Tacoma Mall Partnership	200,016,113	8.97%	0.26%
QWEST Corporation	147,088,375	6.60%	0.19%
U.S. Oil & Refining Co.	124,408,100	5.58%	0.16%
Fred Meyer Stores	122,212,997	5.48%	0.16%
Toray Composites America	115,944,607	5.20%	0.15%
Costco Wholesale Corp	115,630,531	5.19%	0.15%
TOTAL		100.00%	2.88%

Total Taxable Value \$77,353,617,531

Source: Pierce County Treasurer's Office

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. 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 that, in its sole opinion, 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 8, 2015. Responses should include fees that reflect this approximate date.

Firms interested in providing a bid for the Bonds 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 8, 2015. 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 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 the following information in your response:
 - Up-front fees, if any.
 - Legal fees, if any, **including a cap** on any legal fees and expenses payable to Provider Counsel by the Port. Identify proposed Provider Counsel and any separate fees that would be necessary for foreign Respondent Counsel, if any.
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 Bonds** by October 8, 2015. 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 C-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– BID FORM, FILLABLE AND STANDARD ATTACHED

ATTACHMENT D – INFORMATION ON NORTHWEST SEAPORT ALLIANCE

ATTACHMENT A

PROCUREMENT PROCESS

SOLICITATION TIMELINE:

Issuance of ITB	AUGUST 13 2015
Last Day To Submit Questions	AUGUST 24, 2015
Bid packets due	AUGUST 28, 2015
Final Selection*	SEPTEMBER 1, 2015
Bond Closing*	OCTOBER 8, 2015

*Dates are tentative

After Bids are 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 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.

***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 (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 Holders List.

SUBMITTAL PROCESS

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

procurement@portoftacoma.com.

Name of Firm, ITB 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.**

EVALUATION AND AWARD PROCESS

An evaluation team will review the bids and evaluate all responses received based upon the criteria listed herein. The Port may request clarifications or additional information, if needed. A selection may be made based on the bid's and initial evaluation criteria alone or the firms determined to be most qualified through the initial evaluation phase will be invited in for interviews and the final determination for short listed firms will be based on reference checks and interviews.

The Port intends to select the Proposer who represents the most qualified team to the Port and begin the negotiation and award process based on the evaluated scores.

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 next highest ranked firm 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 vendor 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 "BUSINESS SECRET". If a request is made for disclosure of such portion, the Port will determine whether the material should be made available under the law. If the material is not exempt from public disclosure law, the Port will notify the vendor of the request and allow the vendor five (5) days to take whatever action it deems necessary to protect its interests. If the vendor fails or neglects to take such action within said period, the Port will release the portions of the response deemed subject to disclosure. 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 2019-2027 maturities of the Port's Limited Tax General Obligation Bonds, Series 2008A (Non-AMT).
Program Size	Approximately \$35.92 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 (Non-AMT), not bank qualified.
Amortization	The bonds will be amortized approximately in accordance with the schedule (subject to change based on final loan amount) shown below:

<i>Payment Date</i>	<i>Principal</i>
12/1/2016	\$485,000
12/1/2017	500,000
12/1/2018	510,000
12/1/2019	3,455,000
12/1/2020	3,540,000
12/1/2021	3,630,000
12/1/2022	3,720,000
12/1/2023	3,815,000
12/1/2024	3,915,000
12/1/2025	4,015,000
12/1/2026	4,115,000
12/1/2027	4,220,000
Total	\$35,920,000

Use of Proceeds	The proceeds will be used by the Port to refund the 2019-2027 maturities of the Port's Limited Tax General Obligation Bonds, Series 2008A (Non-AMT). Closing costs will be paid directly by the Port's operating funds.
Security for the Loan	The Bonds will constitute a general obligation of the Port and is payable from tax revenues of the Port and such other money as is lawfully available and pledged by the Port for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the Port will irrevocably pledge to, in the manner provided by law, within the constitutional and statutory

limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. Any such tax levy is subject to certain constitutional and statutory limitations. The full faith, credit, and resources of the Port will be pledged irrevocably for the prompt payment of the principal of and interest on the Bonds. The Bonds 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 limited tax general obligation bonds. An approving legal opinion will be provided by K&L Gates LLP, Port bond counsel.

The Bonds do not constitute a debt or an indebtedness of the City of Tacoma, Pierce County, the State of Washington or any political subdivision thereof other than the Port.

Payment Schedule	The Bonds will mature December 1, 2027. Interest will begin accruing as of the closing date. Interest will be paid semi-annually on June 1 and December 1, beginning December 1, 2015. Principal payments will be made on December 1. 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, 2027.
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.
Award Date	It is expected that a bank will be selected on or about September 1, 2015. 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 8, 2015
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	No cross-default with other debt obligations will be permitted.
Acceleration	The Bonds may not be accelerated.
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, in terms of: interest rate(s), fees, and expenses quoted in the response, terms and conditions, and the loan structure.
Other	Any additional requirements to be included in closing documents must be stated in writing as part of your response to the RFP.

Please state if your bid is subject to credit approval



ATTACHMENT C
DIRECT PURCHASE FIXED RATE SENIOR BANK LOAN
BID SHEET

Name of Provider _____

Bank Legal Fees & Expenses: Estimated _____ Capped at _____

Timeframe for Approval: _____

<i>Payment Date</i>	<i>Principal</i>	<i>Proposed Rate (x.xxx %)</i>
12/1/2016	\$485,000	
12/1/2017	500,000	
12/1/2018	510,000	
12/1/2019	3,455,000	
12/1/2020	3,540,000	
12/1/2021	3,630,000	
12/1/2022	3,720,000	
12/1/2023	3,815,000	
12/1/2024	3,915,000	
12/1/2025	4,015,000	
12/1/2026	4,115,000	
12/1/2027	4,220,000	
Total	\$35,920,000	

Signature _____

Name _____

Phone _____ Email _____

ATTACHMENT D

The Seaport Alliance

Introduction. The Port faces significant competition for container shipping business. In an effort to improve its competitive position the Port formed an alliance with the Port of Seattle under the formal name “The Northwest Seaport Alliance” (“Seaport Alliance”). The purpose of the Seaport Alliance is to unify management and operation of both ports’ “Marine Cargo” (defined to mean waterborne goods other than grain, liquefied natural gas or methanol) businesses. Specifically, the Seaport Alliance was formed to improve the competitive position of the facilities that will be operated and managed by the Seaport Alliance through unified customer relations, to create a unified approach to managing those facilities for operational and other efficiencies, and to optimize capital investments in Marine Cargo facilities at both ports based on opportunity and strategic use of assets of each port. The Alliance was approved by the Federal Maritime Commission and was created on August 4th, 2015 by votes of both the Port of Seattle and the Port of Tacoma commissions.

Port Development Authority. The Seaport Alliance was formed as a port development authority pursuant to a recently added provision in Title 53 RCW that grants ports the authority to create separate port development authorities, similar to public development authorities created by cities and counties.

The State Legislature granted ports the authority to create a port development authority for the management of maritime activities and to allow ports to act cooperatively and use financial resources strategically, while remaining separate entities and complying with federal regulations. Pursuant to the port development authority statute, if a port development authority is created jointly by more than one port district, then the port development authority must be managed by each port district as a member, in accordance with the terms of the statute and the charter for the port development authority. Any port district that creates a port development authority must oversee the affairs, operations, and funds of the port development authority in order to correct any deficiency, and ensure that the purposes of each program undertaken are reasonably accomplished. The statute permits a port development authority, in managing maritime activities of a port district or districts, to own and sell real and personal property; to enter into contracts, sue and be sued; to loan and borrow funds; to issue bonds, notes, and other evidences of indebtedness; to transfer funds, real or personal property, property interests, or services; and to perform community services related to maritime activities managed by the port development authority. As discussed below, the statute allows a port development authority to issue bonds, borrowing funds, or entering into other debt instruments, but the charter for the Seaport Alliance will prohibit the Seaport Alliance from engaging in such activity. By statute, port development authorities do not have the power of eminent domain or the power to levy taxes or special assessments. In transferring real property to a port development authority, the port district or districts creating the port development authority must impose appropriate deed restrictions necessary to ensure the continued use of the property for the public purpose for which the property is transferred.

Governance. The Seaport Alliance will be governed by the two ports as equal “Managing Members,” with each port acting pursuant to the charter through its elected commissioners. The Managing Members have appointed John Wolfe, who currently serves as the Port of Tacoma Chief Executive Officer, as the Seaport Alliance Chief Executive Officer. He may hold those two positions for up to five years. Other Port staff will be hired by the Seaport Alliance or will serve in dual roles either directly or through service agreements. The Seaport Alliance will continue for an indefinite term until dissolution. The charter may be amended only by mutual agreement of both Managing Members.

Licensed Facilities and Membership Interests. Beginning August 2015, the ports licensed certain properties to the Seaport Alliance for operation and management, including capital improvements; ownership of the licensed properties remains with the ports. The Port licensed its container terminals and some industrial properties to the Seaport Alliance. Initially each Managing Member has a 50 percent interest in the Seaport Alliance with a revaluation scheduled to occur at the end of 2017 (to address material changes in licensed properties where Marine Cargo terminal revenues were not secured by

contractual agreements throughout the time period covered by the initial valuation) and from time to time upon the removal or addition of licensed property. Managing Members will provide initial contributions for working capital and capital construction; future needs will be evaluated during the annual budget process or if the working capital reserve declines below its target minimum established by the Managing Members; Managing Members must each vote affirmatively to approve additional contributions. There will be a transition period from August 2015, through December 2015, and the ports will continue to receive all revenues and pay all expenses related to the operation and management of the properties licensed to the Seaport Alliance.

Post-Formation Improvements; Capital Investments. The Managing Members may by vote authorize and instruct the Seaport Alliance to acquire or construct improvements to terminals, other improvements and infrastructure such as cranes and other fixtures on licensed property as necessary to support Seaport Alliance operations ("Post-Formation Improvements"). Post-Formation Improvements will be recorded as Seaport Alliance assets. The Managing Members may consider requests for future capital contributions to the Seaport Alliance, the approval of which requires an affirmative vote by each Managing Member.

Marine Cargo Activities. The charter memorializes the ports' commitment to a unified approach to Marine Cargo activities. Marine Cargo activities for the licensed properties are to be exclusively handled by the Seaport Alliance. The ports may continue Marine Cargo activities for other existing port businesses; however, for new Marine Cargo opportunities, the Seaport Alliance would have first right of refusal.

Revenue and Cash Distribution. The Seaport Alliance will distribute cash to each Managing Member based on cash flow from operations, calculated pursuant to GAAP. Cash distributions will be made no less than quarterly based on each Managing Member's percentage of total shares. The Seaport Alliance will be treated as a joint venture for accounting purposes and the Port expects to recognize as Gross Revenue its (initially 50 percent) share of the Seaport Alliance's Net Income or Losses (defined in the charter to mean, for each fiscal year or other period, an amount equal to the Seaport Alliance's net operating income or losses less depreciation plus non-operating income or losses, including extraordinary and special items for such fiscal year or other period, determined in accordance with GAAP).

The charter recognizes that each Managing Member's respective share of revenues received by the Seaport Alliance with respect to the licensed property may be pledged in connection with the Managing Member's bond obligations. Under the charter the Seaport Alliance Chief Executive Officer is directed to manage the Seaport Alliance in a prudent and reasonable manner in support of the Managing Member's respective bond covenants. The charter requires the Seaport Alliance to calculate and maintain a minimum level of net income equal to the amount currently required for the ports to meet their current bond rate covenants (the "Bond Income Calculation"). The Seaport Alliance may not take any action that would reasonably reduce its income below the minimum level established by the Bond Income Calculation unless each port votes separately to approve that action. If the Seaport Alliance's net income before depreciation on Post-Formation improvements is not sufficient for either port to be in compliance with a bond rate covenant in effect as of the effective date of the charter, then upon the port's request, the Seaport Alliance shall hire an independent third-party consultant to recommend actions needed to achieve bond covenant compliance. If the consultant recommends action that the Seaport Alliance is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the Seaport Alliance following a dispute resolution procedure. The Seaport Alliance will have at least four months to respond, act or dissolve following receipt of consultant recommendations, unless a shorter time is required by applicable bond covenants.

Dissolution. By statute, if a port development authority is insolvent or dissolved, the superior court of a county in which the port development authority operates has jurisdiction and authority to appoint trustees or receivers of the assets and property of the port development authority and to supervise the trusteeship or receivership. All liabilities incurred by a port development authority are to be satisfied exclusively from the assets and properties of the port development authority. No creditor or other person has any right of action against the port district or districts creating the port development authority on account of any debts, obligations, or liabilities of the port development authority. The charter provides that should the Seaport

Alliance be dissolved, management and all post dissolution revenues of properties owned by the Port will revert to the Port as will any improvements on those properties; the charter provides for calculation of payments between the ports which may result in a net payment to one of the two ports.

For more complete information go to: <https://www.nwseaportalliance.com>.