



PORT OF TACOMA
Invitation To Bid (ITB)
No. 069918

DIRECT PURCHASE VARIABLE RATE
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:	procurement@portoftacoma.com
Phone:	(253) 428-8697
Submittal Date	APRIL 18, 2014 @ 2:00 PM (PST)

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

PORT OF TACOMA
Invitation To Bid (ITB) #069918
DIRECT PURCHASE VARIABLE RATE BANK LOAN

Introduction

The Port of Tacoma is soliciting bids to provide a Direct Purchase to support its proposed \$95,000,000 variable rate refunding bonds, Series 2014 (Taxable) (the “2014 Bonds”) which will be issued around June 18, 2014. The 2014 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 unaudited 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 2012, unaudited Statement of Revenues, Expenses and Changes in Net Position for 2013 in Attachment E, and preliminary debt service coverage calculations for 2013 in Attachment F.

B. SCOPE OF SERVICES

Variable Rate 2014 Bonds and Interest Rate Swaps

The 2014 Bonds will be subordinate lien variable rate obligations that will be used to refund the 2005 Senior Revenue Bonds and a portion of the 2004 Senior Revenue Bonds, both of which are fixed rate tax exempt (subject to the alternative minimum tax (AMT)) obligations. Since both series are tax exempt (subject to AMT) and their refunding at this time would constitute an advance refunding, the Port intends to issue these refunding obligations as taxable obligations until December 1, 2015 (the call date

on the 2005 Senior Revenue Bonds). After December 1, 2015, the Port intends to refund these obligations on a tax-exempt (AMT) basis. These new 2014 bonds, along with the Port's outstanding 2008 Subordinate Lien Refunding Bonds, 2008B Subordinate Lien Bonds, and the Port's outstanding Commercial Paper will be used to match five outstanding floating to fixed interest rate swaps. A summary of the swaps is shown below. The floating rate on all swaps is 70% of one month LIBOR.

Swap Summary			
Counter Party	Current Notional Amount	Fixed Rate	Maturity
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>	4.30%	12/1/2042
	\$ 319,165,000		

Pledged Security

The 2014 Bonds will be subordinate lien revenue obligations of the Port payable solely from and secured by a pledge of Available Revenues. As defined in the Port's existing subordinate lien revenue bond resolution, "Available Revenue" means Gross Revenue of the Port available after paying Operating Expenses not paid from other sources and after paying debt service and reserve requirements in connection with the Port's first lien bonds (and any intermediate lien bonds, if issued). As defined in the first lien 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.

For 2013, based on unaudited financial results, Gross revenue was \$127.8 million and available revenue for subordinate lien bonds was \$49.24 million as shown in Attachment E.

First Lien Revenue Obligations

The 2014 Bonds will have a lien on Available Revenue that is subordinate to the lien of first lien revenue bonds issued by the Port (the "First Lien Bonds"). The 2014 variable rate bonds will be used to refund the 2030 through 2034 maturities of the 2004B bonds and all of the 2005 First Lien bonds listed below.

Outstanding First Lien Bonds

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding (January 31, 2014)</u>	<u>Final Maturity</u>
Series 2004A*	4/1/04	51,905,000	8,505,000	12/1/21
Series 2004B	4/1/04	60,935,000	57,125,000	12/1/34
Series 2005	8/30/05	80,000,000	71,605,000	12/1/35
Series 2006	12/20/06	<u>46,455,000</u>	<u>45,480,000</u>	12/1/34
		\$ 239,295,000	\$ 182,715,000	

Estimated amount outstanding after this refunding \$90,535,000

* The port issued an RFP on March 14th requesting bank loans to refund all of the Series 2004A bonds. RFP responses are due March 28th. The bank loan, if executed, will be at the senior lien level.

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 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.

Subordinate Lien Revenue Obligations

The Port currently has outstanding Subordinate Lien Revenue Notes (Commercial Paper) 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 \$92.585 million as of January 1, 2014). The Commercial Paper matures not later than 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, 2014. The Port has negotiated a two year extension of this LOC which will be effective March 27, 2014.), and is rated as follows:

Bank of America, N.A.

	Fitch	Moody's	Standard & Poor's
Long-term senior unsecured	A	A2	A
Long-term deposit	A+	A2	A
Subordinated debt	BBB+	Baa1	A-
Short-term	F1	P-1	A-1

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)) and \$133,000,000 (Series 2008B Bonds (NAMT)). The 2008 Bonds mature not later than December 1, 2036 and are currently held by Wells Fargo as a direct purchase of the bonds which has a mandatory tender date of April 29, 2014. The Port has accepted a proposal from Wells to extend the direct purchase of the 2008 bonds for three more years. 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 25th, 2015. The 2014 Bonds will be on parity with the Commercial Paper, 2008B, and 2008 Bonds.

Outstanding Subordinate Lien Bonds

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding (January 1, 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
Commercial Paper*	Various	<u>100,000,000</u>	<u>92,585,000</u>	12/1/42
		\$ 350,210,000	\$ 319,165,000	

*Amount of Commercial Paper outstanding 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 plans to pay down a significant amount of the outstanding Commercial Paper using available cash and investments when the 2014 bonds are issued.

The 2014 Bonds will be subordinate lien revenue obligations of the Port payable solely from and secured by a pledge of Available Revenue of the Port. The 2014 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 2014 Bonds.

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 RFP, to obtain further information from any firm or person responding, and to waive any defect as to form or content of this RFP. 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, spread, 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, proposers 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 June 18, 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 June 18, 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 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 Direct Purchase** by June 18, 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 CASH FLOW AND DEBT SERVICE COVERAGE

**ATTACHMENT D – PORT’S STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION ENDING DECEMBER 31ST OF
2010, 2011 AND 2012**

**ATTACHMENT E – PORT’S UNAUDITED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION ENDING
DECEMBER 31, 2013**

ATTACHMENT F - PRELIMINARY DEBT SERVICE COVERAGE RATIO FOR 2013

ATTACHMENT G – RESOLUTION NO. 2012-05

ATTACHMENT H – BID FORM, FILLABLE AND STANDARD ATTACHED

PROCUREMENT PROCESS

SOLICITATION TIMELINE:

Issuance of ITB	MARCH 24, 2014
Last Day To Submit Questions	APRIL 10, 2014
Bid packets due	APRIL 18, 2014 @ 2:00 PM (PST)
Short List Consultants*	WEEK OF APRIL 14, 2014
Final Selection*	APRIL 28, 2014
Execute Contract*	MAY 2014

*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 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 (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.

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 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 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 of the Port's variable rate 2014 Bonds which will be issued concurrently with the execution of the Direct Purchase.

Program Size: Scheduled to be approximately \$95,000,000 on June 18, 2014

Taxable: The bonds will be taxable.

Amortization: To be finalized, but the preliminary amortization schedule is shown below

Principal Due December 1		Principal
2014	\$	1,900,000
2015		1,985,000
2016		2,075,000
2017		2,170,000
2018		2,265,000
2019		2,370,000
2020		2,485,000
2021		2,610,000
2022		2,740,000
2023		2,880,000
2024		3,025,000
2025		3,175,000
2026		3,335,000
2027		3,500,000
2028		3,675,000
2029		3,860,000
2030		7,775,000
2031		8,165,000
2032		8,570,000
2033		9,000,000
2034		9,450,000
2035		5,170,000
Total	\$	92,180,000

Use of Proceeds: The proceeds will be used by the Port to refund all of the outstanding Senior Revenue Bonds, Series 2005 and the 2030-2034 maturities of the 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 subordinate 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 Subordinate Lien Parity Bonds. An approving legal opinion will be provided by K&L Gates LLP, Port bond counsel.

Payment Schedule:	The bonds will mature December 1, 2035. Interest will begin accruing as of the closing date. Interest will be paid monthly. 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.
Interest Rate:	The proposal should include the direct purchase spread for the period of time that the bonds are taxable. The Port interest rates must be calculated based on 70% of 1-month LIBOR (required index) to match the associated swaps to eliminate basis risk on the swaps. Total compensation will be the direct purchase spread plus 70% of 1-month LIBOR calculated on a monthly basis
Series:	The 2014 bonds will be issued in a single series. The bonds will be issued as taxable bonds through December 1, 2015. The Port would like a call feature effective September 1, 2015 to allow the Port to re-issue the debt as tax exempt effective September 1, 2015.
Term:	Fee quotes are requested for a direct purchase of the bonds that contemplates a mandatory tender on December 1, 2015, with the Port's ability to call the bonds on September 1, 2015, with provisions for renewal. The proposal will permit the Port to retire or refund a portion of the 2014 bonds without any penalty.
Term Out:	The Port requests a minimum term out of 5 years.
Downgrade Pricing:	Clearly identify changes in the spread based on changes to the Port's ratings;

Credit Rating (S&P/Moody's)	Applicable Spread
A+/A1 to A/A2	+ _ bps
A/A2 to A-/A3	+ _ bps
A-/A3 to BBB+/Baa1	+ _ bps
BBB+/Baa1 to BBB/Baa2	+ _ bps
BBB/Baa2 to BBB-/Baa3	+ _ bps

Base Rate: Please identify the calculation methodology for the base rate

Default Rate: Please identify the calculation methodology of a default rate

Bank Counsel Fee: Please identify the maximum bank counsel fee, including expenses

Award Date: It is expected that a bank will be selected on or about April 25, 2014. However, the Port reserves the right to modify this request at any time, to postpone its selection or to reject all responses.

Outstanding Bonds: The tax-exempt variable rate 2008, 2008B Bonds and Commercial Paper are subject to optional redemption on any interest payment date.

Extensions: The bank will provide the Port an extension of the maturity/commitment to hold annually or notify the Port that the bonds will be tendered at least 90 days in advance beginning one year prior to the mandatory tender or maturity date of the agreement. Any such extensions or increases will be at the mutual consent of the provider and the Port.

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 re-sell or certificate the 2014 in a securities offering.

Governing Law: State of Washington.

Cross Default: **No cross-default with other debt obligations will be permitted.**

Acceleration: **The 2014 Bonds and other debt obligations may not be accelerated under any condition (default or term out).**

Indemnification: Port will not indemnify the Bank.

Paying Agent: Bank of New York will act as registrar and paying agent

Legal Opinions: Port will provide the customary legal opinions as to validity and tax-exempt status (as applicable). Port's bond counsel is K&L Gates LLP.

Basis of Award: The Port will select the bidder which offers, in the opinion of the Port, the most favorable overall proposal

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 Budget Document. www.portoftacoma.com)

Port of Tacoma 2014 Plan Of Finance

Cashflow Forecast

(\$ Thousands)

Beginning Cash & Investments

2014	2015	2016	2017	2018
\$206,392	\$157,547	\$147,492	\$166,387	\$148,145

Projected Sources of Funds

Revenues

\$129,196	\$132,402	\$138,826	\$135,788	\$136,146
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Expenses

(70,658)	(71,720)	(77,677)	(75,146)	(75,471)
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Funds Provided by Operations

58,538	60,682	61,149	60,642	60,675
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Interest Income

2,469	2,878	4,812	5,366	4,832
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Other, Net

7,430	3,190	338	2,858	(116)
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Ad valorem tax revenue (net)

13,016	13,171	13,328	13,623	13,925
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Projected Sources of Funds

\$81,453	\$79,921	\$79,627	\$82,489	\$79,316
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Projected Uses of Funds

Debt Payments - GO Bonds

\$13,645	\$13,669	\$13,666	\$13,666	\$11,551
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Debt Payments - Revenue Bonds

30,992	30,668	30,350	28,368	28,338
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Debt Payments - General Fund

0	0	0	0	0
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Debt Payments - Commercial Paper

2,672	2,944	3,215	1,330	6,232
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Retirement of G.O. Bonds

0	0	0	0	0
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Retirement of Revenue Bonds

0	0	0	0	0
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Capital Spending - Planned Projects

82,989	42,695	13,501	57,367	5,570
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Projected Uses of Funds

\$130,298	\$89,976	\$60,732	\$100,731	\$51,691
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Projected Borrowing

Commercial Paper Borrowing

0	0	0	0	0
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Total Borrowing

\$0	\$0	\$0	\$0	\$0
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Projected Ending Cash & Investments

\$157,547	\$147,492	\$166,387	\$148,145	\$175,770
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Sr. Lien Rev. Bond Debt Service Coverage

5.14	5.37	5.59	5.63	4.61
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Fully Diluted Revenue Bond Debt Service

1.92	1.88	1.96	2.22	1.96
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ATTACHMENT D

PORT OF TACOMA, WASHINGTON

FINANCIAL STATEMENTS FOR FISCAL YEARS 2010, 2011 and 2012

(Source: Port of Tacoma 2012 Financial Statements. www.portoftacoma.com)

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

	<u>2012</u>	<u>2011*</u> (Restated)	<u>2010*</u> (Restated)
Operating Income			
Operating revenues	\$124,377	\$114,095	\$103,350
Operating expenses	96,146	89,827	86,365
Total operating income	28,231	24,268	16,985
Non-Operating Revenues (Expenses)			
Ad valorem tax revenues	13,672	14,592	16,196
Interest on general obligation bonds	(9,566)	(9,661)	(9,718)
Net ad valorem tax revenues	4,106	4,931	6,478
Interest income	3,153	2,733	2,632
Net increase in the fair value of investments	777	892	534
Interest expense	(20,117)	(15,810)	(15,643)
Other non-operating expense, net	(6,935)	(3,877)	(5,393)
Total non-operating expenses, net	(19,016)	(11,131)	(11,392)
Increase in net position before capital contribution	9,215	13,137	5,593
Capital contributions	13,565	8,173	16,295
Increase in net position	22,780	21,310	21,888
Net position, beginning of year, as previously reported	476,978	455,668	439,438
Adjustment related to adoption of GASB 65 (see Note 1)	- -	- -	(5,658)
Net position at end of year	\$499,758	\$476,978	\$455,668
Container Volume (TEUs in thousands)	1,711	1,489	1,455

**Net Position for 2010 and 2011 has been adjusted to reflect the adoption of GASB 65 (See the Port's 2012 financial statements at www.portoftacoma.com).*

ATTACHMENT E

PORT OF TACOMA, WASHINGTON

UNAUDITED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR FISCAL 2011, 2012, and 2013 as of January 31, 2014

	<u>2013</u>	<u>2012</u>	<u>2011*</u> (Restated)
Operating Income			
Operating revenues	\$125,342	\$124,377	\$114,095
Operating expenses	99,015	96,146	89,827
Total operating income	26,327	28,231	24,268
Non-Operating Revenues (Expenses)			
Ad valorem tax revenues	12,600	13,672	14,592
Interest on general obligation bonds	(9,456)	(9,566)	(9,661)
Net ad valorem tax revenues	3,144	4,106	4,931
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)
Total non-operating expenses, net	(32,983)	(19,016)	(11,131)
Increase in net position before capital contributions	(6,656)	9,215	13,137
Capital contributions	6,735	13,565	8,173
Increase in net position	79	22,780	21,310
Net position, beginning of year, as previously reported	499,758	476,978	455,668
Net position at end of year	\$499,837	\$499,758	\$476,978
Container Volume (TEUs in thousands)	1,892	1,711	1,489

**Net Position 2011 was adjusted to reflect the adoption of GASB 65 (See Note 1).*

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 F

PORT OF TACOMA, WASHINGTON

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

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

AMENDED AND RESTATED RESOLUTION NO. 2012-05

A RESOLUTION of the Port Commission of the Port of Tacoma, amending and restating Resolution No. 2008-09, originally approved on July 2, 2008, as amended by Resolution No. 2009-09, approved on July 2, 2009; which resolution authorized the issuance and sale of subordinate lien revenue bonds in an aggregate principal amount not to exceed \$133,000,000, for the purpose of financing or refinancing the cost of acquiring, improving and equipping Port capital facilities; and adding certain provisions relating to a new mode for said bonds.

Prepared by:

K&L GATES LLP
Seattle, Washington

Adopted: May 10, 2012

PORT OF TACOMA
RESOLUTION NO. 2012-05
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RESOLUTION NO. 2012-05

A RESOLUTION of the Port Commission of the Port of Tacoma, amending and restating Resolution No. 2008-09, originally approved on July 2, 2008, as amended by Resolution No. 2009-09, approved on July 2, 2009; which resolution authorized the issuance and sale of subordinate lien revenue bonds in an aggregate principal amount not to exceed \$133,000,000, for the purpose of financing or refinancing the cost of acquiring, improving and equipping Port capital facilities; and adding certain provisions relating to a new mode for said bonds.

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

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 91-38, adopted September 19, 1991, as amended and restated by Resolution No. 97-42, adopted on October 2, 1997, and as further amended and restated by Resolution No. 2004-03, adopted on April 1, 2004 (collectively the "First Lien Master Resolution"); and

WHEREAS, the Port has issued and currently has outstanding five series of revenue bonds pursuant to the First Lien Master Resolution, as follows:

<u>Resolution Number</u>	<u>Date of Issue</u>	<u>Original Principal Amt.</u>	<u>Currently Outstanding (12/31/2011)</u>	<u>Final Maturity Date</u>
04-04	04/21/2004	\$ 51,905,000 (A)	\$ 8,505,000	12/1/2021
04-04	04/21/2004	60,935,000 (B)	58,735,000	12/1/2034
05-04	08/30/2005	80,000,000	75,165,000	12/1/2035
06-16	12/20/2006	46,455,000	45,750,000	12/1/2034

(the "Outstanding First Lien Bonds"); and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding First Lien Bonds permits the Port to issue its revenue obligations having a lien on Net Revenues (as such term is defined in the First Lien Master Resolution) subordinate to the lien thereon of the Outstanding First Lien Bonds; and

WHEREAS, pursuant to Resolution No. 2002-07, the Port established a commercial paper program through the issuance of Subordinate Lien Revenue Notes in an aggregate principal amount not to exceed \$100,000,000 (the "Outstanding Subordinate Lien Notes") payable from Net Revenues with a lien thereon subordinate to the lien of the Outstanding First Lien Bonds; and

WHEREAS, pursuant to Resolution No. 2008-04, as amended and restated by Resolution No. 2011-01 (the "2008 Subordinate Lien Refunding Resolution" and, together with Resolution No. 2002-07, the "Subordinate Lien Resolutions"), the Port authorized the issuance of Subordinate Lien Revenue Refunding Bonds, Series 2008 (the "Series 2008 Refunding Bonds") in an aggregate principal amount of \$117,200,000; and

WHEREAS, the Port has issued and currently has outstanding two series of subordinate lien revenue bonds issued pursuant to the subordinate lien resolutions, as follows:

Resolution Number	Date of Issue	Original Principal Amt.	Currently Outstanding (12/31/2011)	Final Maturity Date
2011-01	03/17/2008	\$ 117,210,000	\$ 108,865,000	12/01/36
2008-09*	07/16/2008	133,000,000	133,000,000	12/01/44
* as amended				

(together with the "Outstanding Subordinate Lien Notes, the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, Resolution No. 2008-09 on July 2, 2008 as amended by Resolution No. 2009-09, approved on July 2, 2009 (the "Original Bond Resolution"), provided for the issuance of the Port's Subordinate Lien Revenue Bonds, Series 2008B (the "Bonds") for the purpose of financing or refinancing the cost of acquiring, improving and equipping Port capital facilities; and

WHEREAS, pursuant to Section 7.07 of the Original Bond Resolution, the Original Bond Resolution may be amended for any purpose if the amendment becomes effective only following a mandatory tender of all Bonds for purchase; and

WHEREAS, the Bonds initially were secured by an irrevocable letter of credit ("Initial Letter of Credit") issued by Bank of America, N.A. (the "Initial Bank"), which has been extended and now expires on July 16 2014; and

WHEREAS, the Port has received an offer from Wells Fargo Bank, National Association (the "Initial Purchasing Bank") to acquire the Bonds for a term described with more particularity herein; and

WHEREAS, this resolution shall amend and restate the Original Bond Resolution in order to provide for the additional mode authorized herein and certain additional matters;

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

**ARTICLE I.
DEFINITIONS; INTERPRETATION**

Section 1.01. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings, and the additions and deletions from the Original Bond Resolution are shown as marked text (double underlines for additions and text stricken through for deletions):

Accreted Value means (a) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such Subordinate Lien Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Subordinate Lien Parity 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 Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds.

Aggregate Annual Debt Service means the sum of Annual Debt Service for all Subordinate Lien Parity Bonds ~~o~~Outstanding.

Aggregate Interest Coverage means, as of any date, the aggregate amount of Interest Coverage determined with respect to all Bonds in the Commercial Paper Mode, including all Interest Periods then in effect on such date.

Annual Debt Service means the total amount of Debt Service for any series of Subordinate Lien Parity Bonds ~~o~~Outstanding in any fiscal year or Base Period.

Applicable Factor means (a) during the Initial Index Interest Rate Period, 70% and (b) during any other Index Interest Rate Period, 70%, or, with a Favorable Opinion of Bond Counsel, such other percentage as may be designated in writing by the Purchasing Bank as the Applicable Factor for such Index Interest Rate Period pursuant to Section 2.09(h).

Applicable Spread means, with respect to each Index Interest Rate Period, the following:

(a) During the Initial Index Interest Rate Period, 63 basis points (0.63%), which Applicable Spread is subject to the maintenance of the current ratings assigned by Moody's and S&P to the long-term, unenhanced Subordinate Lien Parity Bonds of the Port. In the event of a change in the credit rating assigned by Moody's or S&P to the long-term, unenhanced Subordinate Lien Parity Bonds of the Port, the Applicable Spread will be increased upon each

downgrade of any Subordinate Lien Parity Bonds below its current ratings of A+/A1 by the additional basis points reflected below:

Credit Rating (S&P/Moody's)	Applicable Spread
A+/A1 to A/A2	+5 bps
A/A2 to A-/A3	+10 bps
A-/A3 to BBB+/Baa1	+15 bps
BBB+/Baa1 to BBB/Baa2	+25 bps
BBB/Baa2 to BBB-/Baa3	+50 bps

(b) During any Index Interest Rate Period other than the Initial Index Interest Rate Period, the number of basis points determined by the Remarketing Agent on or before the first day of such Index Interest Rate Period that, when added to the product of the LIBOR Index and the Applicable Factor, would equal the minimum interest rate per annum that would enable the Remarketing Agent to sell the Bonds on such date at a price equal to the principal amount thereof (which may include a schedule for the Applicable Spread based upon the credit rating or ratings assigned to the long-term, unenhanced Subordinate Lien Parity Bonds of the Port as described in subparagraph (a) immediately above).

In the event of a split between the ratings as reflected in the schedule applicable to the Initial Index Interest Rate Period or any other Index Interest Rate Period, the lower rating will apply for purposes of determining the Applicable Spread. Any change in the Applicable Spread shall apply upon the Index Interest Rate Computation Date next succeeding the occurrence of such the change in rating. All of the foregoing pricing increases shall be cumulative. References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating system or a "global" rating scale by any such rating agency, the ratings categories shall be adjusted accordingly to a new rating which most closely approximates the ratings currently in effect.

Authorized Denominations means, with respect to the Bonds:

- (a) with respect to Bonds in a Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof within a maturity;
- (b) with respect to Bonds in the Initial Mode, a Daily Mode or the Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof within a maturity;

(c) with respect to Bonds in an Index Rate Mode, \$250,000 and any integral multiple of \$5,000 in excess thereof within a maturity;

(d) with respect to Bonds in a Long Term Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof within a maturity; and

(de) with respect to Bank Bonds, any amount (but only during the period that such Bonds are Bank Bonds).

Available Revenue means the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 5.01(b) of this resolution. Notwithstanding the foregoing, the Port may adopt a resolution obligating and binding the Port to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of other receipts (not previously included in Gross Revenue) at any time as additional security for any one or more series of Subordinate Lien Parity Bonds. It is the intent of the Port that regularly scheduled net payments under derivative products (interest rate hedges) with respect to Port revenue obligations (regardless of lien position) be reflected in the calculation of debt service obligations with respect to those revenue obligations and not as adjustments to Gross Revenue or Operating Expenses.

Balloon Maturity Bonds means the Outstanding Subordinate Lien Notes (and the reimbursement obligations related thereto), the Bonds and any series of Future Subordinate Lien Parity Bonds (including commercial paper notes and bond anticipation notes), 25% or more of the principal of which (as of the date of original issuance thereof) matures or is payable on the same date and which are not required by the instrument pursuant to which such series of Subordinate Lien Parity Bonds was incurred, to be amortized by payment of or redemption prior to such date. 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. Balloon Maturity Bonds may include indebtedness bearing fixed or variable rates of interest during their term.

Bank means Bank of America, N.A. and any other the financial institution designated by the Designated Port Representative pursuant to Section 6.08 of this resolution.

Bank Bonds shall have the meaning assigned to Bank Bonds, if any, in the third paragraph of Section 4.04 of this resolution.

Bank Interest Rate means the rate of interest payable with respect to Bank Bonds, if any, which rate of interest shall be determined in accordance with the provisions of the Reimbursement Agreement.

Bank Purchase Subaccount means the subaccount by that name created within the Purchase Account in accordance with Section 4.04 of this resolution.

Base Period means any consecutive 12-month period selected by the Designated Port Representative out of the 30-month period next preceding the date of issuance of an additional series of Future Subordinate Lien Parity Bonds.

Base Rate means, during the Initial Index Interest Rate Period, the Base Rate as defined in the Continuing Covenant Agreement and at all other times, except as otherwise provided in the applicable Continuing Covenant Agreement, for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus two percent (2.00%) per annum, (b) the rate of interest in effect for such day as publicly announced from time to time by the Purchasing Bank as its generally applicable "prime rate" plus one percent (1.0%) and (c) seven percent (7.0%) per annum. Any change in such rate announced by the Purchasing Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediary).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this resolution applicable to the use of that term.

Bond Purchase Contract means the agreement(s) between the Port and the Underwriter with respect to the purchase of the Bonds, as approved by the Designated Port Representative pursuant to Section 6.04 of this resolution.

Bond Register means the registration records for the Bonds maintained by the Registrar.

Bonds mean the Port of Tacoma Subordinate Lien Revenue Bonds, 2008B authorized to be issued by this resolution.

Bondowners' Trustee means the bank or financial institution selected by the owners of the Bonds pursuant to Section 5.10 of this resolution.

Business Day means a day (a) other than a day on which banks in Seattle, Washington, or New York, New York, the Securities Depository or the Remarketing Agent or the office of the Credit Facility Issuer or the Liquidity Facility Issuer where draws with respect to the Bonds are to be presented are closed and (b) on which the New York Stock Exchange is not closed.

Calculation Agent means, during the Initial Index Interest Rate Period, the Initial Purchasing Bank, or any successors thereto, and thereafter any entity appointed by the Port, with the consent of the Purchasing Bank, to serve as calculation agent for the Bonds.

Capital Appreciation Bonds means Subordinate Lien Parity 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 Subordinate Lien Parity Bonds. If so provided in the Subordinate Lien Resolution authorizing their issuance, Subordinate Lien Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Subordinate Lien Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Capital Fund means the Port of Tacoma Capital Fund, 2008 authorized to be established in Section 5.05 of this resolution.

Closing Date means the date of initial issuance and delivery of the Bonds.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations or revenue rulings issued or amended with respect thereto by the U.S. Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

Commercial Paper Bond means a Bond while in a Commercial Paper Mode.

Commercial Paper Mode means the Mode in which the Bonds bear interest at Commercial Paper Rates for Interest Periods established pursuant to Section 2.09(a)(1) of this resolution.

Commercial Paper Rate means the per annum interest rate for a Bond in the Commercial Paper Mode determined pursuant to Section 2.09(a)(1) of this resolution.

Commission means the elected commission, in accordance with RCW ch. 53.12, which is the general governing authority of the Port, or any successor thereto as provided by law.

Consultant means at any time an independent consultant nationally recognized in marine matters or an independent 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 5.04 of this resolution and making the calculation required by Section 5.04 of this resolution or for the calculation of Debt Service, 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.

Continuing Covenant Agreement means, during the Initial Index Interest Rate Period, the Continuing Covenant Agreement dated as of May 1, 2012, by and between the Port and the Initial Purchasing Bank, as the same may be amended from time to time, and during any Index Interest Rate Period other than the Initial Index Interest Rate Period, means any agreement between the Port and the Purchasing Bank which may be designated as the Continuing Covenant Agreement.

Continuing Disclosure Certificate means the certificate of the Port, if any, undertaking to provide ongoing disclosure to assist the Underwriter in complying with Rule 15c-2-12 under the Securities Exchange Act of 1934 and shall include all amendments thereto in accordance with its terms.

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 Subordinate Lien Parity Bonds or any portion thereof issued to finance or refinance the costs of such improvements or to pay maturing Subordinate Lien Parity Bonds of such series 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 Subordinate Lien Parity 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.

Credit Facility means, initially, the Initial Letter of Credit, and, thereafter, a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee or other financial instrument or any combination of the foregoing, 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 scheduled principal of and interest on Bonds. There may also be one or more Liquidity Facilities outstanding at any time.

Credit Facility Issuer means the Bank initially and shall include the issuer of any other Credit Facility approved by the Designated Port Representative.

Current Mode means, on any date, the Mode in effect on that date for the Bonds.

Daily Mode means the Mode in which the interest rate on the Bonds is determined on each Business Day.

Daily Rate means the per annum interest rate on Bonds in the Daily Mode determined pursuant to Section 2.09(a)(1) of this resolution.

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,

(a) with respect to any outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not Balloon Maturity Bonds and which have not been associated with a Parity Derivative Product, the principal amount thereof equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any outstanding Fixed Rate Bonds that have not been associated with a Parity Derivative Product, an amount equal to (1) the principal amount of such outstanding Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installment deposit requirements have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such outstanding Fixed Rate Bonds, plus (3) all interest payable during such period on any such Fixed Rate Bonds outstanding and with

respect to outstanding Fixed Rate 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 outstanding Fixed Rate Bonds on the date specified in the Subordinate Lien Resolution authorizing such Fixed Rate Bonds;

(c) with respect to Balloon Maturity Bonds that have not been associated with a Parity Derivative Product, an amount equal to (1) the principal amount equal to the amount that would be paid if the Balloon Maturity Bonds were amortized as of the date originally issued in substantially equal installments of principal and interest over a term of 25 years (or the actual number of years to maturity if originally issued with a maturity less than 25 years); provided, however, that the full principal amount of such Balloon Maturity Bonds shall be included in making such calculation if such principal amount is due within one year of the date such calculation is being made; plus (2) all interest payable during such period on any such Balloon Maturity Bonds outstanding and with respect to outstanding Balloon Maturity Bonds at a rate equal to the current average annual fixed rate of interest on securities of similar quality, subject to similar federal and state income tax treatment and having a similar maturity date, all as certified by a Consultant, plus 25 basis points (0.25%). Notwithstanding the foregoing, Balloon Maturity Bonds in the Commercial Paper Mode shall be deemed to have a term of 25 years or a term ending on the final maturity date of the commercial paper program, if earlier;

(d) with respect to Subordinate Lien Parity Bonds that bear variable rates of interest and that have been associated with a Parity Derivative Product with fixed Port Parity Payments, an amount equal to:

(1) principal to be paid on such Subordinate Lien Parity Bonds calculated as set forth in (d)(1) above, plus

(2) assumed interest equal to

(A) the fixed Port Parity Payments to be paid to a Reciprocal Payor, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Subordinate Lien Parity Bonds bear interest that is exempt from general federal income taxation interest on the associated Subordinate Lien Parity Bonds

calculated at the average SIFMA Municipal Swap Index during the previous 12 months, or (ii) if the Subordinate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Subordinate Lien Parity Bonds calculated at the average One-Month LIBOR Rate during the 12-month period immediately preceding the date of calculation; and

(e) with respect to Subordinate Lien Parity Bonds that bear interest at variable interest rates and that have been associated with a Parity Derivative Product with variable Port Parity Payments, an amount equal to:

(1) principal to be paid on such Subordinate Lien Parity Bonds calculated as set forth in (d)(1) above, plus

(2) assumed interest equal to

(A) the variable Port Parity Payments calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Subordinate Lien Parity Bonds bear interest that is exempt from general federal income taxation, interest on the associated Subordinate Lien Parity Bonds calculated at the average SIFMA Municipal Swap Index during the previous 12 months, or (ii) if the Subordinate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Subordinate Lien Parity Bonds calculated at the average one-month LIBOR during the 12-month period immediately preceding the date of calculation; and

(f) with respect to any Fixed Rate Bonds that have been associated with a Parity Derivative Product, an amount equal to:

(1) the principal to be paid on such Fixed Rate Bonds calculated as set forth in (b)(1) and (b)(2) above, plus

(2) assumed interest equal to:

(A) the Port Parity Payment, calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that

would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment to be paid to the Port; provided that if the Reciprocal Parity Payment is based on a variable rate, then the Reciprocal Parity Payment shall be calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) the interest on the associated Fixed Rate Bonds calculated as set forth in (b)(3) above.

With respect to any series of Subordinate Lien Parity Bonds that is associated with a Parity Derivative Product with a notional amount that is less than the then ~~o~~Outstanding principal amount of such series of Subordinate Lien Parity Bonds, Debt Service shall be calculated separately for the portion of such Subordinate Lien Parity Bonds associated with the Parity Derivative Product and, without duplication, the portion not so associated. With respect to any Subordinate Lien Parity Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds. Debt Service shall be net of any interest funded out of Subordinate Lien Parity Bond proceeds. Debt Service also shall be net of any principal funded out of Subordinate Lien Parity Bond proceeds and shall be net of any principal and/or interest (not including any amounts deposited to any reserve account for payment of principal and/or interest) funded from proceeds of any Permitted Prior Lien Bonds or any other obligations thereafter issued for such purposes. Debt Service shall include reimbursement obligations (and interest accruing thereon) to providers of Credit Facilities for amounts advanced by the providers to pay Debt Service to the extent authorized and approved in a Subordinate Lien Resolution.

Default has the meaning given such term in Section 5.10 of this resolution.

Default Date means the date of occurrence of an event of default under the Continuing Covenant Agreement.

Default Rate means a fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%).

Default Tender Date means the Business Day that is five Business Days after receipt by the Registrar of notice from a Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, that an event of default under the applicable Reimbursement Agreement has occurred and requesting a mandatory tender of the Bonds or stating that the Credit Facility or Liquidity Facility securing the Bonds will not be reinstated. A Substitution Tender Date and/or Expiration Tender Date are not Default Tender Dates.

Designated Port Representative means either or both of the Executive Director of the Port or the ~~Senior Director of Finance and Administration~~ Chief Financial and Administrative Officer (or the successor in function to such person(s)) or such other persons as may be appointed by such persons in writing delivered to the Credit Facility Issuer, the Liquidity Facility Issuer and the Registrar.

DTC means The Depository Trust Company, New York, New York as depository for the Bonds, or any successor or substitute depository for the Bonds.

Electronic Means mean telecopy, telegraph, telex, facsimile transmission, time-sharing terminal or any electronic means of communication that produces a written record.

Eligible Account means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a S&P short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

Expiration Date means the stated expiration date of the Credit Facility or Liquidity Facility securing the Bonds, as such stated expiration date may be extended in accordance with the terms of the Credit Facility or Liquidity Facility, and any date on which the Credit Facility or Liquidity Facility will terminate upon exercise of the Port's option to terminate the Credit Facility or Liquidity Facility prior to its stated expiration date pursuant to the terms thereof.

Expiration Tender Date means one Business Day prior to the Expiration Date.

Facilities mean all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Subordinate Lien Parity 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.

Favorable Opinion of Bond Counsel means, with respect to any action, a written legal opinion of Bond Counsel, to the effect that such action is permitted under the laws of the State and this resolution and will not impair the exclusion of interest on a Bond from gross income for federal income tax purposes (subject to any exceptions contained in the opinion delivered upon original issuance of such Bond). The Favorable Opinion of Bond Counsel shall be addressed, or a reliance letter provided, to any Remarketing Agent, Credit Facility Issuer and any Liquidity Facility Issuer.

Federal Funds Rate means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one one-hundredth of 1.00%) charged to the Purchasing Bank on such day on such transactions as determined by the Purchasing Bank. Each determination of the Federal Funds Rate by the Purchasing Bank shall be deemed conclusive and binding on the Port absent manifest error.

Federal Tax Certificate means the tax certification executed by the Port on the date of issuance of the Bonds pertaining to certain federal tax matters with respect to the Bonds.

First Lien Bonds means the Outstanding First Lien Bonds identified in the recitals to this resolution and any bonds issued by the Port in the future under a "Series Resolution" (as defined in the First Lien Master Resolution) and pursuant to Section 5 of the First Lien Master Resolution, which provides that such bonds shall be on a parity of lien with other series of First Lien Bonds.

First Lien Master Resolution means Resolution No. 91-38, adopted September 19, 1991, as amended and restated by Resolution No. 97-42, adopted on October 2, 1997, and as further amended and restated by Resolution No. 2004-03, adopted on April 1, 2004, and as the same may be amended in the future in accordance with its terms.

Fiscal Agency Agreement means the Agreement for Fiscal Agency Services between the State of Washington and The Bank of New York dated ~~January~~February 1, 2008~~2011~~, and any amendments and supplements thereto and replacements thereof.

Fitch means Fitch, Inc., doing business as Fitch Ratings, organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, ***Fitch*** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Port Representative.

Fixed Mode means the Mode in which the Bonds bear interest at a Fixed Rate or Fixed Rates to the Maturity Date or Maturity Dates.

Fixed Rate means a per annum interest rate or rates borne by Bonds to the maturity thereof determined pursuant to Section 2.09(f) of this resolution.

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

Future Subordinate Lien Parity Bonds mean those revenue bonds or other revenue obligations issued by the Port in the future with a lien on Net Revenues equal to the lien thereon of the Bonds and the Outstanding Subordinate Lien Bonds.

Government Obligations has the meaning given to such term in RCW Chapter 39.53, as amended; provided that such obligations must be noncallable obligations issued or unconditionally guaranteed by the United States of America.

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

- (a) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds);
- (b) income and revenue which may not legally be pledged for revenue bond debt service;
- (c) federal grants or substitutes therefor allocated to capital projects;

(d) payments made under credit facilities issued to pay or secure the payment of a particular series of debt obligations;

(e) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(f) 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 (f) 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

(g) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

Notwithstanding the foregoing, the Port may at its option designate any additional source of money as Gross Revenue for any one or more series of obligations.

Gross Revenue shall include any withdrawal from the Rate Stabilization Account and shall exclude transfers to the Rate Stabilization Account, as described in Section 5.01(c) of this resolution.

Index Interest Rate means a per annum rate of interest equal to the sum of (a) the Applicable Spread and (b) the product of the Applicable Factor times the LIBOR Index.

Index Interest Rate Computation Date means, with respect to each Index Rate Reset Date during an Index Interest Rate Period, two London Business Days prior to the first Business Day of each month; except that the initial Index Interest Rate shall be determined two London Business Days prior to the Index Rate Conversion Date.

Index Interest Rate Period means the Initial Index Interest Rate Period, and thereafter each period during which an Index Interest Rate is in effect for the Bonds.

Index Rate Conversion Date means the date determined by the Designated Port Representative, pursuant to Section 6.07 of this resolution, on which the conversion of the interest rate on the Bonds to the Index Interest Rate shall occur.

Index Rate Mode means the Mode in which the Bonds bear interest at an Index Interest Rate.

Index Rate Reset Date means, during an Index Interest Rate Period, the first calendar day of each month.

Initial Conversion Date means three years after the Index Rate Conversion Date.

Initial Index Interest Rate Period means the Index Interest Rate Period commencing on the Index Rate Conversion Date and ending on the first to occur of (a) the Initial Conversion Date, (b) a Mode Change Date occurring after the Index Rate Conversion Date, or (c) the Maturity Date.

Initial Letter of Credit means the letter of credit delivered by the Bank on the Closing Date.

Initial Mode means the Mode in which the Bonds bear interest at the Initial Rate. The Initial Mode, if so designated in the Bond Purchase Contract, shall be a period commencing on the Closing Date and ending not more than 270 days from the issuance and delivery of the Bonds.

Initial Purchasing Bank shall have the meaning given such term in the recitals of this resolution.

Initial Rate means the interest rate on the Bonds specified as such in the Bond Purchase Contract.

Interest Accrual Period means the period during which a Bond accrues interest payable on any Interest Payment Date, commencing on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, commencing on the date of original authentication and delivery of such Bond, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. Notwithstanding anything to the contrary in the foregoing, the Interest Accrual Period for any Bank Bond shall begin on the date that Bond becomes a Bank Bond and shall end on the day immediately preceding the day that Bond ceases to be a Bank Bond.

Interest Coverage means with respect to each Subordinate Lien Parity Bond in the Commercial Paper Mode, a dollar amount determined in accordance with the following formula:

$$((R \times P) \div 365) \times (D + 15)$$

Where:

R = Commercial Paper Rate, applicable to such Subordinate Lien Parity Bond

P = Principal amount of Subordinate Lien Parity Bonds bearing interest at such Commercial Paper Rate

D = Duration (in days) of the Interest Period applicable to such Subordinate Lien Parity Bond

Interest Payment Date means, with respect to Bonds:

- (a) with respect to Bonds in the Initial Mode, the Purchase Date;
- (b) with respect to Bonds in the Commercial Paper Mode, the Purchase Date;
- (c) with respect to Bonds in the Daily Mode, Index Rate Mode or Weekly Mode, the first Business Day of each month;
- (d) with respect to Bonds in the Long Term Mode (1) each June 1 and December 1 prior to the Purchase Date and (2) the Purchase Date;
- (e) with respect to Bonds in the Fixed Mode, each June 1 and December 1;
- (f) with respect to Bank Bonds, as to that portion of the Purchase Price of the Bond paid by the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, and constituting accrued interest, the date of purchase and thereafter, the dates specified in the applicable Reimbursement Agreement, the applicable Maturity Date, the date of any optional redemption of a Bank Bond and the date of any remarketing of that Bank Bond;
- (g) any Mode Change Date;
- (h) any Mandatory Purchase Date; and
- (i) the Maturity Date.

Interest Period means the period of time that any interest rate remains in effect for the Bonds, which period:

- (a) with respect to Bonds in the Initial Mode, shall be the period from and including the Closing Date to but excluding the Purchase Date specified in the Bond Purchase Contract;
- (b) with respect to Bonds in the Commercial Paper Mode, shall be a period of at least one day, but not more than 270 days, established pursuant to Section 2.09(a) of this resolution;
- (c) with respect to Bonds in the Weekly Mode, shall be from and including the first day that the Bonds become subject to the Weekly Mode to and including the following Tuesday and thereafter commencing on each Wednesday to and including Tuesday of the following week; *provided that* in the case of a conversion from a Weekly Mode to a different Mode, the last Interest Period prior to conversion shall end on the last day immediately preceding the Mode Change Date;

(d) with respect to the Long Term Mode, initially, shall be a period of one year or more from and including the Mode Change Date to, but not including, the Purchase Date established pursuant to Section 2.09(a) of this resolution, and thereafter shall be the period of one year or more from and including such Purchase Date to but not including the next Purchase Date or Maturity Date established by the Remarketing Agent pursuant to Section 2.09(a) of this resolution;

(e) with respect to Bonds in the Fixed Mode, shall be from and including the Mode Change Date for those Bonds to but not including the Maturity Date for those Bonds;

(f) with respect to the Daily Mode, shall be the period from and including each Business Day during which the Bonds are in the Daily Mode to but excluding the next Business Day;

(g) with respect to the Index Rate Mode, the period from and including each Index Rate Reset Date to but not including the next succeeding Index Rate Reset Date; and

~~(gh)~~ with respect to any Bank Bond, shall be the interest period agreed upon in the Reimbursement Agreement.

In no event shall an Interest Period for any Bond extend beyond the Maturity Date for that Bond or, except in the case of Bank Bonds, the day preceding any Mandatory Purchase Date for that Bond.

Interest Portion means the dollar amount available to be drawn under the Credit Facility or Liquidity Facility then in effect to pay interest, and/or the portion of the Purchase Price constituting interest, on Bonds.

Interest Rate means the Initial Rate, a Daily Rate, a Weekly Rate, an Index Interest Rate, a Long Term Rate, a Fixed Rate, or a Commercial Paper Rate, as the context requires.

~~**Letter of Credit** means the letter of credit to be delivered by the Bank on the Closing Date.~~

Letter of Representations means the Blanket Issuer Letter of Representations from the Port to DTC.

LIBOR Index means, for any Index Rate Reset Date, the rate per annum equal to the rate for deposits in U.S. Dollars for a period of one month commencing on that Index Rate Reset Date that appears on the Reuters Screen LIBOR01 (or such other page as may replace LIBOR01 on that service or such other service as may be nominated by the British Bankers' Association as

an information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for U.S. Dollar deposits) as of 11:00 a.m., London time, two London Business Days prior to such Index Rate Reset Date; provided that if such rate is not reported on a London Business Day, LIBOR Index shall mean the rate as determined by the Calculation Agent from another recognized source or interbank quotation.

Liquidity Facility means, initially, the Initial Letter of Credit, and thereafter any line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the Purchase Price of Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility. So long as any Bonds remain Outstanding, any successor Liquidity Facility Issuer shall, at the time of issuance of its Liquidity Facility, be rated in the highest short-term Rating Category by Moody's and S&P.

London Business Day means any Business Day on which commercial banks are open for business in London, England.

Long Term Bond means any Bonds while in the Long Term Mode.

Long Term Mode means the Mode (other than the Fixed Mode) in which the interest rate on the Bonds is determined for a period of one year or longer.

Long Term Rate means the per annum interest rate for a term of one year or more to be borne by Bonds on and after a Mode Change Date for such Bonds to a Long Term Mode, which rates shall be determined in accordance with Section 2.09(a).

Mandatory Purchase Date, with respect to the Bonds, means:

- (a) any Purchase Date for a Bond in the Initial Mode, the Commercial Paper Mode or the Long Term Mode,
- (b) any Mode Change Date for the Bonds changing Modes,
- (c) any Substitution Tender Date or Expiration Tender Date (other than for Bonds in the Fixed Mode),
- (d) any Default Tender Date,
- (e) a Mandatory Tender Date, and
- (ef) any Resolution Tender Date.

Mandatory Tender Date means the earliest to occur of (a) the Initial Conversion Date, (b) the first Mode Change Date to occur from and after the Index Rate Conversion Date, and (c) the fourth Business Day after receipt by the Registrar of a written notice from the Purchasing Bank that an event of default under the Continuing Covenant Agreement has occurred and a written request from the Purchasing Bank that all of the Bonds be required to be tendered for purchase.

Maturity Date means the date designated as such in the Bond Purchase Contract, which date shall be no later than December 1, 2044, and upon a change of Bonds to the Long Term Mode or Fixed Mode, any Serial Maturity Date or Term Maturity Date for such Bonds established pursuant to Section 2.09(e) or (f).

Maximum Annual Debt Service means, with respect to any series of Subordinate Lien Parity Bonds then outstanding, the highest remaining Annual Debt Service for such series of Subordinate Lien Parity Bonds and with respect to all outstanding Subordinate Lien Parity Bonds, highest remaining Annual Debt Service for all outstanding Subordinate Lien Parity Bonds.

Maximum Rate means ~~(for Bonds other than Bank Bonds)~~, on any day, with respect to Bonds in the least Index Rate Mode or bearing interest at the Purchasing Bank Rate, the maximum interest rate permitted by applicable law, and with respect to any other Bonds, the lesser of (a) 15%, (b) the maximum interest rate permitted by applicable law, and (c) the per annum interest rate used under any Credit Facility or any Liquidity Facility then in effect for the Bonds.

Mode means the Initial Mode, the Commercial Paper Mode, the Daily Mode, the Index Rate Mode, the Weekly Mode, the Long Term Mode or the Fixed Mode, as the context may require.

Mode Change Date means the Purchase Date for Bonds in the Initial Mode and, thereafter, the date one Mode terminates for the Bonds and another Mode for such Bonds begins.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term **Moody's** shall be deemed to refer to any

other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Port Representative.

Net Payments mean, for a period of time and with respect to a Parity Derivative Product, the difference between Reciprocal Parity Payments and Port Parity Payments which may be reflected as a positive or negative number on the financial statements of the Port (i.e., the net amount to be received by or paid by the Port for a period of time as a result of netting Reciprocal Parity Payments and Port Parity Payments).

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

New Mode means the Mode to which the Bonds are to be changed in accordance with Section 2.10.

Notice Parties mean the Port, the Remarketing Agent (if any), the Registrar, the Purchasing Bank, the Bank, any other Liquidity Facility Issuer (if any), and any Credit Facility Issuer (if any).

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operating Expenses mean 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, including all facility fees and other administrative expenses, 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 mean Subordinate Lien Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Subordinate Lien Resolution authorizing their issuance.

Other Derivative Product means a payment agreement entered into in connection with one or more series of Subordinate Lien Parity Bonds between the Port and a counterparty

permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, which is not a Parity Derivative Product.

Outstanding, when used as of a particular time with reference to Bonds, means all Bonds delivered hereunder except:

- (a) Bonds cancelled by the Registrar or surrendered to the Registrar for cancellation;
 - (b) Bonds paid or deemed to have been paid within the meaning of this resolution;
- and
- (c) Bonds in lieu of or in substitution for which replacement Bonds have been executed by the Port and delivered by the Registrar hereunder.

Notwithstanding the foregoing, Bank Bonds shall remain outstanding until the applicable Credit Facility Issuer or Liquidity Facility Issuer is paid all amounts due on such Bank Bonds.

Outstanding Subordinate Lien Bonds mean the Port's Subordinate Lien Revenue Notes (Commercial Paper), issued pursuant to Resolution No. 2002-07, as amended by Resolution No. 2005-05, and the Port's Subordinate Lien Revenue Refunding Bonds, Series 2008, issued pursuant to Resolution No. 2008-04, as amended and restated by Resolution No. 2011-01.

Parity Derivative Product means a written contract or agreement between the Port and a Reciprocal Payor permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, obligating the Port to make Net Payments on a parity of lien with Subordinate Lien Parity Bonds.

Participant means (a) any person for which, from time to time, DTC effects book-entry transfers and pledges of securities pursuant to the book-entry system referred to in Section 2.05 of this resolution or (b) any securities broker or dealer, bank, trust company or other person that clears through or maintains a custodial relationship with a person referred to in (a).

Permitted Prior Lien Bonds means and includes the First Lien Bonds and any other revenue bonds that may be issued in the future at the discretion of the Port payable from Net Revenues available after the payment of the amounts described in paragraphs First, Second, and Third of Section 5.01(b) of this resolution, all as permitted in Section 5.04(a) of this resolution. All Permitted Prior Lien Bonds shall have liens on Net Revenues superior to the lien thereon of the Subordinate Lien Parity Bonds.

Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization, a governmental body

or a political subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

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.

Port Other Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under an Other Derivative Product and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

Port Parity Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under a Parity Derivative Product and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Principal Payment Date means the Maturity Date or Dates and any Redemption Date for the Bonds.

Projects mean the capital projects described in Exhibit A.

Purchase Account means the account by that name maintained by the Registrar in accordance with Section 4.04 of this resolution.

Purchase Date means (a) during the Initial Mode, the date specified as such in the Bond Purchase Contract, which date shall be not more than 270 days after the Closing Date, (b) during the Commercial Paper Mode or the Long Term Mode, the date determined by the Remarketing Agent on the most recent Rate Determination Date as the next date on which a Bond shall be subject to purchase, and (c) during the Daily Mode or the Weekly Mode, any Business Day.

Purchase Price means (a) an amount equal to 100% of the principal amount of any Bond purchased on any Purchase Date, plus, in the case (i) of any purchase of a Bond in the Daily Mode or the Weekly Mode on a day that is not an Interest Payment Date, or (ii) any purchase of a Bond in the Initial Mode, accrued interest, to the Purchase Date, or (b) an amount equal to

100% of the principal amount of any Bond purchased on a Mandatory Purchase Date (other than a Mandatory Purchase Date that is also a Purchase Date).

Purchasing Bank means the Initial Purchasing Bank and its successors, or any other Purchasing Bank under a Continuing Covenant Agreement.

Purchasing Bank Rate means a fluctuating per annum rate of interest with respect to any Bonds held by the Purchasing Bank after the Mandatory Tender Date, equal to (a) for any day commencing on such Mandatory Tender Date up to and including the one hundred eightieth (180th) day next succeeding such Mandatory Tender Date, the Base Rate from time to time in effect, and (b) commencing on the one-hundred eighty-first (181st) day next succeeding such Mandatory Tender Date, the sum of the Base Rate from time to time in effect plus one percent (1.0%); provided, however, that immediately and automatically upon the Default Date, Purchasing Bank Rate shall mean the Default Rate.

Rate Determination Date means the date on which the interest rate(s) on the Bonds (other than a Bank Bond) shall be determined, which,

- (a) in the case of the Initial Mode, shall be the day prior to the Closing Date;
- (b) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period;
- (c) in the case of the Daily Mode, shall be the Closing Date and each Business Day thereafter;
- (d) in the case of the Weekly Mode, shall be the Business Day prior to the Mode Change Date, and thereafter, shall be each Wednesday or, if Wednesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Wednesday;
- (e) in the case of the Long Term Mode, shall be a Business Day determined by the Remarketing Agent which shall be at least one Business Day prior to the first day of an Interest Period;
- (f) in the case of the Index Rate Mode, shall be each Index Interest Rate Computation Date; and
- (fg) in the case of the Fixed Mode, shall be a Business Day determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

Rate Stabilization Account means the special fund described in Section 5.01(c) of this resolution.

Rating Agency means Moody's or S&P and may also include Fitch in the future in the event that the Designated Port Representative determines to obtain and/or maintain a rating on the Bonds from Fitch.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Rating Confirmation Notice means a written notice from any Rating Agency then maintaining a rating with respect to the Bonds confirming that the rating on the Bonds will not be lowered, withdrawn or suspended (other than a withdrawal of a short-term rating upon a change to a Long Term Mode or Fixed Mode) as a result of the action proposed to be taken.

Reciprocal Parity Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under a Parity Derivative Product by the Reciprocal Payor and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Reciprocal Other Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under an Other Derivative Product by the Port's counterparty and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

Reciprocal Payor means any counterparty to a Parity Derivative Product that is obligated to make one or more Reciprocal Parity Payments thereunder and that satisfies State law requirements for such counterparties existing at the time the Parity Derivative Product is executed.

Record Date means:

- (a) with respect to Bank Bonds and Bonds in the Initial Mode, a Commercial Paper Mode, a Daily Mode or a Weekly Mode, the close of business as of the day (whether or not a Business Day) next preceding each Interest Payment Date; and
- (b) with respect to the Bonds in a Long Term Mode or a Fixed Mode, the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

Registered Owner means the person named as the registered owner of a Bond on the Bond Register. For so long as the Bonds are held by a Securities Depository or its nominee, such Securities Depository or its nominee shall be deemed to be the Registered Owner.

Registrar means the fiscal agency of the State of Washington named in the Fiscal Agency Agreement and each successor thereto or any other financial institution hereafter designated by the Treasurer of the Port for the purposes of (a) registering and authenticating the Bonds, (b) maintaining the Bond Register, (c) paying interest on and principal of the Bonds, and (d) drawing any amounts under any Liquidity Facility for the purpose of paying the Purchase Price of Bonds and under the Credit Facility for the purpose of paying the interest on and principal of, Purchase Price or Redemption Price of any Bonds. Any financial institution hereafter designated by the Treasurer of the Port for the purposes of the Registrar shall be a commercial bank with trust powers.

Reimbursement Agreement means the Reimbursement Agreement between the Bank and the Port with respect to the Bonds, and any standby bond purchase agreement or reimbursement agreement between the Port and a Credit Facility Issuer or Liquidity Facility Issuer, if any, and any modifications, alterations, and amendments and supplements thereto.

Reimbursement Bond means the reimbursement bond, if any, delivered to a direct pay Credit Facility Issuer pursuant to Section 2.02(b) of this resolution and the applicable Reimbursement Agreement.

Remarketing Agent means Merrill Lynch, Pierce, Fenner & Smith Incorporated and any successor or substitute remarketing agent, if any, appointed by the Port pursuant to a Remarketing Agreement.

Remarketing Agreement means the agreement of that name between the Port and the Remarketing Agent.

Resolution Tender Date means the date on which the Bonds are subject to mandatory purchase to effect amendments to this resolution, pursuant to Section 4.02(e), which date must be a Business Day on which the Port otherwise could have redeemed the Bonds at a price of par.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Port Representative.

SEC means the United States Securities and Exchange Commission.

Securities Depository means any "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Serial Bonds mean the Bonds maturing on the Serial Maturity Dates after conversion of the Bonds to a Long Term Mode or Fixed Mode, as determined pursuant to Section 2.09(e).

Serial Maturity Dates means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.09(e).

SIFMA Municipal Swap Index means the Securities Industry and Financial Markets Association Municipal Swap Index (formerly known as the BMA Municipal Swap Index) as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Bond Market Association; *provided*, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then SIFMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated Port Representative.

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

Special Record Date means a special date fixed to determine the names and addresses of Registered Owners of the Bonds for purposes of paying interest on a special interest payment date for the payment of overdue interest on Bonds.

Special Revenue Bonds means any issue or series 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.

Subordinate Lien Parity Bonds means the Outstanding Subordinate Lien Bonds, the Bonds, any Future Subordinate Lien Parity Bonds and each reimbursement obligation related thereto.

Subordinate Lien Parity Test means Available Revenue equal to or greater than 1.00 times Aggregate Annual Debt Service. Gross Revenue shall not take into account any money in the Rate Stabilization Account.

Subordinate Lien Rate Covenant means the covenant of the Port to establish, maintain and collect rentals, tariffs, rates, fees and charges in the operation of all of its business for as long as any Subordinate Lien Parity Bonds are Outstanding that will produce Available Revenue in each fiscal year at least equal to (a) the amounts required to be deposited during such fiscal year from Net Revenues (adjusted by Net Payments with respect to Parity Derivative Products during such fiscal year) into each bond fund established or maintained for the benefit of Subordinate Lien Parity Bonds plus (b) any other amounts owed to the Credit Facility Issuer or Liquidity Facility Issuer for the Subordinate Lien Parity Bonds then Outstanding, and, to the extent not otherwise provided for in this definition, any Reciprocal Payor, but excluding from each of the foregoing, payments made or to be made from refunding debt and payments to be made from proceeds of indebtedness or other money irrevocably set aside for such payment.

Subordinate Lien Resolutions shall include Resolution No. 2002-07, as amended, Resolution No. 2008-04, as amended and restated by Resolution No. 2011-01, this resolution, together with any supplement thereto, and any resolution of the Commission approved in the future authorizing the issuance of a series of Future Subordinate Lien Parity Bonds, as such resolution(s) may thereafter be amended or supplemented in accordance with their terms.

Subseries means any subseries of Bonds designated by the Designated Port Representative pursuant to Section 2.02(b) of this resolution.

Substitution Date means the date on which an alternate Credit Facility or Liquidity Facility becomes effective.

Substitution Tender Date means the Substitution Date.

Taxable Date has the meaning given such term in the Continuing Covenant Agreement.

Taxable Rate has the meaning given such term in the Continuing Covenant Agreement.

2008B Subordinate Lien Bond Fund means the Port of Tacoma Subordinate Lien Bond Fund, 2008B, created in the office of the Treasurer of the Port by authority granted in Section 5.01 of this resolution.

Term Bonds means any Bonds designated as Term Bonds in the Bond Purchase Contract.

Term Maturity Dates means the dates on which Term Bonds become subject to mandatory sinking fund redemption, as determined pursuant to Section 2.09(e) of this resolution.

Treasurer of the Port means the office/officer of the Port designated to perform the functions identified in RCW 53.36.010 or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

Underwriter means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Weekly Mode means the Mode in which the Interest Rate on the Bonds is determined on a weekly basis.

Weekly Rate means the per annum interest rate on Bonds while in the Weekly Mode determined pursuant to Section 2.09(a).

Section 1.02. Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause of this resolution, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative or his or her designee, and all references herein to the Designated Port Representative shall be deemed to include references to his or her designee, as the case may be.

ARTICLE II.

ISSUANCE, CONDITIONS AND TERMS OF BONDS

Section 2.01. Parity Determination. At the time of the issuance of the Bonds, the Port will confirm (a) that: it is not in default under the Subordinate Lien Resolutions or any Credit Facility or Liquidity Facility, (b) that Available Revenue of the Port for the most recent fiscal year, as certified by the Designated Port Representative, was at least sufficient to pay all debt service due and owing in that year on all Outstanding Subordinate Lien Parity Bonds, and; that a certificate will be delivered by the Designated Port Representative, without a Consultant, demonstrating that the Gross Revenue, based upon the audited financial statements of the Port for the most recently completed fiscal year, is sufficient such that the Subordinate Lien Parity Test will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the Bonds will not be paid from the proceeds of the Bonds and for each year thereafter.

The limitations contained in the Subordinate Lien Resolutions having been complied with, the payments required herein to be made out of the Available Revenue to pay and secure the payment of the principal of, premium, if any, and interest on the Bonds shall constitute a lien and charge upon such Available Revenue equal in rank to the lien and charge thereon of the Outstanding Subordinate Lien Bonds.

Section 2.02. Authorization of Bonds

(a) *Authorization.* The Port shall issue the Bonds for the purpose of financing or refinancing costs of the Projects. The proceeds of the Bonds shall be used for the purpose of providing part of the funds necessary to (i) finance or refinance costs of the Projects, and (2) pay all costs incidental to the foregoing and to the issuance of the Bonds.

(b) *Maximum Principal Amount.* The aggregate principal amount of the Bonds to be issued under this resolution shall not exceed \$133,000,000. The aggregate principal amount of Bonds shall be approved by the Executive Director pursuant to authority granted in Section 6.04 of this resolution.

(c) *Subseries Designation; Principal Amounts; Date.* The Bonds shall be designated "Port of Tacoma Subordinate Lien Revenue Bonds, 2008B." The Port may designate one or more Subseries of the Bonds from time to time. At the written direction of the Designated Port Representative, the Registrar shall designate a particular principal amount of Bonds as a

Subseries, identified by sequential numbers (e.g., 2008B-1, 2008B-2). Upon such designation, such Bonds shall be a Subseries for this purposes of this resolution, unless and until consolidated or changed to another Subseries designation by written direction of the Designated Port Representative. The Designated Port Representative is authorized to provide such notice and to execute such certificates and agreements as are necessary to effect such designation, including procuring or providing for the procurement of CUSIP numbers for one or more subseries of the Bonds.

The Bonds shall be dated the date of their delivery to the Underwriter, shall mature on the Maturity Date(s), shall be issued in Authorized Denominations, and, for purposes of calculating Debt Service, shall be deemed to be Balloon Maturity Bonds; *provided, that* following a determination that Bonds in the Long Term Mode or the Fixed Mode shall have Serial Maturity Dates or be Term Bonds with mandatory sinking fund provisions, the Bonds shall no longer be deemed to be Balloon Maturity Bonds; and provided further that if such Long Term Bonds are subsequently converted to a New Mode other than the Fixed Mode, the Port may re-designate such Bonds as Balloon Maturity Bonds.

Principal of and interest on, any premium, and the Purchase Price of the Bonds shall be payable in lawful money of the United States of America.

The obligations of the Port relating to the Bonds under the Reimbursement Agreement may be evidenced by a "Reimbursement Bond." Each "Reimbursement Bond" will also be secured by the 2008B Subordinate Lien Bond Fund (but not by moneys in the Purchase Account or by moneys drawn under a Credit Facility or Liquidity Facility), all in accordance with the Reimbursement Agreement.

(d) *Initial Mode; Changes in Modes.* The Bonds initially shall bear interest in the Mode approved by the Executive Director pursuant to Section 6.04 and specified in the Bond Purchase Contract. The Bonds (other than Bank Bonds, if any) in any Mode other than a Fixed Mode may be changed to any other Mode (other than the Initial Mode) at the times and in the manner provided herein. In the event that the Bonds are issued in the Initial Mode, the Bonds shall be converted to either a Daily Mode or the Weekly Mode only at the end of the Initial Mode. All Bonds (other than Bank Bonds, if any) shall be within the same Mode. On the Mode Change Date for the Bonds, the Current Mode for such Bonds (other than Bank Bonds, if any) shall be changed to the New Mode, as provided in Section 2.10. Subsequent to such change in

Mode (other than a change to a Fixed Mode), the Bonds (other than Bank Bonds, if any) may again be changed to a different Mode (other than the Initial Mode) at the times and in the manner provided herein. A Fixed Mode shall be in effect until the Maturity Date(s) for the Bonds and may not be changed to any other Mode. Prior to a change in Mode from or to a Long-Term Mode or to a Fixed Mode, the Port shall obtain a Favorable Opinion of Bond Counsel with respect to such change in Mode.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Port by the manual or facsimile signatures of the President and Secretary of the Commission, and the official seal of the Port shall be reproduced thereon. The validity of any Bond so executed shall not be affected by the fact that one or more of the officers whose signatures appear on such Bond have ceased to hold office at the time of issuance or authentication or at any time thereafter.

Section 2.04. Authentication. No Bonds shall be valid for any purpose hereunder until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the Registrar. Such authentication shall be proof that the Registered Owner is entitled to the benefit of the trusts hereby created.

Section 2.05. Registration, Transfer and Exchange.

(a) *Registrar/Bond Register.* The Bonds shall be issued only in registered form as to both principal and interest. The Port hereby appoints the fiscal agency of the State of Washington as the Registrar for the Bonds. The Port shall cause a bond register (the "Bond Register") to be maintained by the Registrar. So long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer of the Port upon prior notice to other Notice Parties and a successor Registrar appointed by the Treasurer of the Port. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder, and the Credit Facility, if any, and Liquidity Facility, if any, securing the Bonds shall have been transferred, together with all other funds then held by the Registrar, to the successor Registrar. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Registrar's powers

and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the Port (the "Bond Register").

(b) *Letter of Representations/Book-Entry System.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the Port has executed and delivered the Letter of Representations. The Bonds initially issued shall be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations.

(c) *Port and Registrar Not Responsible for DTC.* Neither the Port nor the Registrar will have any responsibility or obligation to Participants or the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the Purchase Price, principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the Port to the Registrar or to DTC), the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds or any consent given or other action taken by DTC as the Registered Owner.

(d) *DTC as Registered Owner.* Payment of any such Bond shall be made only as described in this section, but the transfer of such ownership may be registered as herein provided. All such payments made as described in this section shall be valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid. Except as provided in paragraph (e)(4) below and in Sections 2.08, 5.10 and 7.08, the Port and the Registrar shall be entitled to treat the Securities Depository (as Registered Owner) as the absolute owner of all Bonds for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the Port.

(e) *Use of DTC/Book-Entry System.*

(1) *Bonds Registered in the Name Designated by DTC.* The Bonds shall be registered initially in the name of "CEDE & Co.," as nominee of DTC, (or such other name as may be requested by an authorized representative of DTC) with one Bond maturing on the

Maturity Date in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, *provided that* any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute Securities Depository appointed by the Designated Port Representative pursuant to subsection (2) below or such substitute Securities Depository's successor; or (C) to any person as provided in paragraph (4) below.

(2) *Substitute Depository.* Upon the resignation of DTC or its successor (or any substitute Securities Depository or its successor) from its functions as Securities Depository or a determination by the Designated Port Representative that it is no longer in the best interest of Beneficial Owners to continue the system of book entry transfers through DTC or its successor (or any substitute Securities Depository or its successor), the Designated Port Representative may hereafter appoint a substitute Securities Depository. Any such substitute Securities Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) *Issuance of New Bonds to Successor/Substitute Depository.* In the case of any transfer pursuant to clause (A) or (B) of paragraph (e)(1) above, the Registrar shall, upon receipt of all Outstanding Bonds, together with a written request on behalf of the Designated Port Representative, issue a single new Bond for each maturity of such Bonds then Outstanding, registered in the name of such successor or such substitute Securities Depository, or their nominees, as the case may be, all as specified in such written request of the Designated Port Representative.

(4) *Termination of Book-Entry System.* In the event that (A) DTC or its successor (or substitute Securities Depository or its successor) resigns from its functions as Securities Depository, and no substitute Securities Depository can be obtained, or (B) the Designated Port Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain Bond certificates, the ownership of Bonds may then be transferred to any person or entity as herein provided, and the Bonds shall no longer be held in fully immobilized form. The Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding Bonds by the Registrar

together with a written request on behalf of the Designated Port Representative to the Registrar, new Bonds shall be issued in such Authorized Denominations and registered in the names of such persons as are requested in such written request.

Additionally, anything herein to the contrary notwithstanding, Bonds bearing interest at an Index Interest Rate or the Purchasing Bank Rate shall be issued as definitive Bonds registered in the name of the Purchasing Bank, or as otherwise directed by the Purchasing Bank, or any transferee thereof as permitted under the terms and conditions set forth in the Continuing Covenant Agreement.

(f) *Transfer or Exchange of Registered Ownership; Change in Denominations.* If the Bonds are no longer held in immobilized, book-entry form, including, without limitation, Bonds bearing interest at the Index Interest Rate, the transfer of ownership of any Bond may be registered and such Bonds may be exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar; provided that, anything herein to the contrary notwithstanding, any transfer of the ownership of Bonds bearing interest at an Index Interest Rate shall be subject to the terms and conditions set forth in the Continuing Covenant Agreement. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, Subseries designation, if any, Maturity Date and Interest Rate and for the same aggregate principal amount in any Authorized Denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, Subseries, Maturity Date and Interest Rate, in any Authorized Denomination. Other than in connection with an optional or mandatory tender for purchase, the Registrar shall not be obligated to transfer or exchange any Bond during the five-day period prior to the selection of Bonds for redemption or the Maturity Date or following any mailing of notice of redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

(g) *Registration Covenant.* The Port covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Port may execute and the Registrar may authenticate and deliver a new Bond or Bonds of like date and tenor to the Registered Owner thereof, all in accordance with law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to said Registrar and Designated Port Representative of the destruction or loss of the original Bond and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by the Designated Port Representative. No substitute Bond shall be furnished unless the applicant shall reimburse the Port and the Registrar for their respective expenses in the furnishing thereof. Any such substitute Bond so furnished shall be equally and proportionately entitled to the security of this resolution with all other Bonds issued hereunder.

Section 2.07. Payments of Principal, Redemption Price, Purchase Price and Interest; Persons Entitled Thereto.

(a) *Payments of Principal, Interest, Purchase and Redemption Prices.* The principal, Purchase Price or Redemption Price of each Bond shall be payable upon surrender or delivery of such Bond to the Registrar. For so long as DTC is the Registered Owner, interest, Purchase Price and principal shall be paid and delivery shall be made as described in the operational arrangements referred to in the Letter of Representations and pursuant to DTC's standard procedures.

(b) *Accrual of Interest.* Subject to the further provisions of Article III of this resolution, each Bond shall accrue interest and be payable as to interest as follows:

(1) On each Interest Payment Date, the Registered Owner of each Bond as of the Record Date shall be paid the amount of unpaid interest that accrues during the Interest Accrual Period. If and to the extent, however, that the Port fails to make payment or provision for payment of interest on any Bond on any Interest Payment Date, interest shall continue to accrue thereon, and shall be payable to the Registered Owner of that Bond as of the Special Record Date. The Registrar shall establish the Special Record Date for Bonds when moneys become available for payment of interest on the Bonds, which shall be a date that is not more

than 15 or fewer than 10 days prior to the date of the proposed payment. The Registrar shall give notice by first-class mail of the proposed payment and of the Special Record Date to each Registered Owner not fewer than 10 days prior to the Special Record Date and, thereafter, such interest shall be payable to the Registered Owner of such Bonds as of the Special Record Date.

(2) The interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register as of the Record Date. The amount of interest so payable on any Interest Payment Date shall be computed (A) on the basis of a 365- or 366-day year for the number of days actually elapsed based on the calendar year for Bonds in the Initial Mode, Daily Mode, Commercial Paper Mode or Weekly Mode, (B) on the basis of a 360-day year for the number of days actually elapsed for Bonds in the Index Rate Mode, and (BC) on the basis of a 360-day year of twelve 30-day months during a Long Term Mode or a Fixed Mode.

(3) If the Bonds are no longer held by a Securities Depository, during a Long Term Mode or a Fixed Mode, the interest, principal or Redemption Price of the Bonds shall be payable by check, provided that any Registered Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, upon written request given to the Registrar at least five Business Days prior to the Interest Payment Date, Maturity Date or Redemption Date designating an account in a domestic bank, may be paid by wire transfer of immediately available funds. If the Bonds are no longer held by a Securities Depository, the Purchase Price and all payments of interest, principal or the Redemption Price on the Bonds during the Initial Mode, Commercial Paper Mode, Daily Mode, Index Rate Mode or Weekly Mode shall be paid to the Registered Owners entitled thereto in immediately available funds by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registrar as directed by the Registered Owner in writing or as otherwise directed in writing by the Registered Owner prior to the time of payment with respect to Bonds during an Initial Mode or Commercial Paper Mode or five Business Days prior to the Purchase Date or Interest Payment Date with respect to Bonds during a Daily Mode or Weekly Mode.

(4) In the case of Bank Bonds, interest shall accrue and be payable in accordance with Section 2.11 of this resolution and the Reimbursement Agreement, and principal and interest shall be paid by wire transfer of immediately available funds to an account in the United States specified in the Reimbursement Agreement or as otherwise specified by the Credit

Facility Issuer or Liquidity Facility Issuer holding such Bank Bonds in a written notice delivered to the Registrar.

Any account specified pursuant to paragraphs (3) and (4) above shall remain in effect until revoked or revised by the Registered Owner or the Credit Facility Issuer or Liquidity Facility Issuer, as applicable, by an instrument in writing delivered to the Registrar.

Section 2.08. Acts of Registered Owners; Evidence of Ownership. Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Registered Owners in person or by an agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution or by any other method satisfactory to the Registrar. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same Bond or of any Bond issued upon the exchange or registration of transfer thereof in respect of anything done or suffered by the Port or the Registrar in pursuance thereof.

Except as provided in Sections 2.05(d), 5.10 and 7.08 of this resolution, the Registrar and the Port may treat the Registered Owner of a Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the Registrar and the Port shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such Bond shall be made only to such Registered Owner, which payments shall satisfy and discharge the liability of the Port with respect to such Bond to the extent of the sum or sums so paid.

Section 2.09. Determination of Interest Rates.

(a) *Determination by Remarketing Agent.*

(1) The Interest Rate for the Bonds or Bonds of a Subseries (other than Bonds in the Initial Mode or Index Rate Mode, Commercial Paper Bonds and Bank Bonds) shall be determined by the Remarketing Agent as the rate of interest that, in the judgment of the Remarketing Agent, would cause such Bonds to have a market value as of the date of determination equal to the principal amount thereof (plus accrued interest, if any), taking into account prevailing market conditions, and with respect to the Commercial Paper Mode, the Remarketing Agent shall determine the Commercial Paper Rate and the Interest Period for each

Bond in the Commercial Paper Mode at such rate and for such period (which shall not exceed 270 days) as it deems advisable in order to minimize the net interest cost on the Bonds, taking into account prevailing market conditions; *provided, however*, that the foregoing shall not prohibit the Remarketing Agent from establishing longer Interest Periods (and at higher Commercial Paper Rates) than are otherwise available at the time of any remarketing if the Remarketing Agent determines that, taking into account prevailing market conditions, a lower net interest cost on the Bonds can be achieved over the longer Interest Period. Notwithstanding the foregoing, (A) if the Remarketing Agent has given or received notice that the Bonds are to be changed from the Commercial Paper Mode to any other Mode or are to be purchased pursuant to a mandatory tender in accordance with Section 4.02, the Remarketing Agent shall select Interest Periods for such Bonds that do not extend beyond the Mandatory Purchase Date and (B) the Remarketing Agent shall not establish any Interest Period for such Bonds if, as a result of the selection of such Interest Period, the Aggregate Interest Coverage available for such Bonds would be greater than the Interest Portion with respect to such Bonds. While Bonds are in the Commercial Paper Mode, the Bonds secured by or payable from a Credit Facility or Liquidity Facility shall bear interest at a rate that does not result in Aggregate Interest Coverage on such Bonds greater than the Interest Portion available for the Bonds pursuant to such Credit Facility or Liquidity Facility. The Remarketing Agreement shall include a covenant by the Remarketing Agent to comply with the limitations established by this resolution.

The Interest Rate for Bonds in the Initial Mode shall be determined by the Underwriter as the rate of interest that, in the judgment of the Underwriter, would cause such Bonds to have a market value as of the date of determination equal to the principal amount thereof (plus accrued interest, if any), taking into account prevailing market conditions.

All Bonds of a Subseries (or all Bonds in the event there are no Subseries) having the same Maturity Date (other than Bank Bonds and Commercial Paper Bonds) shall bear interest at the same Interest Rate, and all Bonds shall be at all times in the same Mode.

(2) In the event the Remarketing Agent fails for any reason to determine the Interest Rate for any Interest Period (except as provided in Section 2.09(e) of this resolution):

(A) the Interest Rate then in effect for Bonds that accrue interest at Daily Rates will remain in effect from day to day until the Registrar is notified of a new Daily Rate determined by the Remarketing Agent;

(B) the Interest Rate then in effect for Bonds that accrue interest at Weekly Rates will remain in effect from week to week until the Registrar is notified of a new Weekly Rate determined by the Remarketing Agent; and

(C) the Interest Rate for any Bond that accrues interest at Commercial Paper Rates and for which a Commercial Paper Rate and Interest Period is not determined shall be equal to the SIFMA Municipal Swap Index, and the Interest Period for such Bond shall extend to but not include the next Business Day, until the Registrar is notified of a new Commercial Paper Rate and Interest Period determined for such Bond by the Remarketing Agent.

(3) The Interest Rate in effect for Bonds during any Interest Period and, in connection with the Commercial Paper Mode and the Long Term Mode, the Interest Period, shall be made available to Beneficial Owners and Registered Owners between 1:00 p.m. and 5:00 p.m., New York City time, by the Remarketing Agent.

(b) *Additional Provisions Regarding Interest Periods and Interest Rates for Commercial Paper Bonds.*

(1) Any Commercial Paper Bond may accrue interest at a Commercial Paper Rate for an Interest Period different from any other Bond. Each Interest Period shall commence on a Business Day and end on a day immediately preceding a Business Day.

(2) Not later than 1:00 p.m., New York City time, on each Rate Determination Date, the Remarketing Agent shall determine a Commercial Paper Rate and Interest Period for each Commercial Paper Bond and the Remarketing Agent shall provide it to the Registrar by telephonic or Electronic Means. The Registrar shall obtain CUSIP numbers for each Bond in the Commercial Paper Mode for which a Commercial Paper Rate and Interest Period have been determined on such date.

(c) *Daily Rates.* The Daily Rate for each Interest Period in the Daily Mode shall be effective from and including the commencement date thereof and shall remain in effect to, but not including, the next succeeding Business Day. Each such Daily Rate shall be determined by the Remarketing Agent not later than 10:00 a.m., New York City time, on each Business Day and provided by the Remarketing Agent to the Registrar and the Port by telephonic or Electronic Means no later than the last Business Day of the week of such Rate Determination Date. The

Daily Rate for any day during the Daily Mode that is not a Business Day shall be the Daily Rate established on the immediately preceding Business Day.

(d) *Weekly Rates.* The Weekly Rate for each Interest Period in the Weekly Mode shall be effective from and including the commencement date of such Interest Period through and including the last day thereof. Each such Weekly Rate shall be determined by the Remarketing Agent no later than 10:00 a.m., New York City time, on the Rate Determination Date. The Remarketing Agent shall make the Weekly Rate available (i) after 10:00 a.m. New York City time on the Rate Determination Date by telephone to any Owner or the Port, the Registrar, the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) and (ii) by Electronic Means to the Port and the Registrar not later than the second Business Day after the Rate Determination Date.

(e) *Long Term Rates.* The Remarketing Agent, with the consent of the Designated Port Representative shall determine the length of each Interest Period for the Long Term Mode.

(1) The Long Term Rate for each Interest Period during the Long Term Mode shall be effective from and including the commencement date of such Interest Period and remain in effect through and including the last day thereof. Each such Long Term Rate shall be determined not later than 12:00 noon, New York City time, on the Rate Determination Date and provided to the Registrar and the Port by the Remarketing Agent by telephonic or Electronic Means by the last day of the week of such Rate Determination Date.

(2) For any Interest Period in the Long Term Mode, the Term Maturity Dates may be converted by the Remarketing Agent, with the approval of the Designated Port Representative, to Serial Maturity Dates as provided in Section 3.01 of this resolution.

(f) *Fixed Rate.* A Fixed Rate shall be determined as follows:

(1) The Fixed Rate for the Bonds during the Fixed Mode shall be effective from and including the Mode Change Date and remain in effect until the Maturity Date. The Fixed Rate shall be determined not later than 3:00 p.m., New York City time, on the Rate Determination Date and provided to the Registrar by the Remarketing Agent by telephone or Electronic Means by the close of business on such Rate Determination Date.

(2) If Serial Maturity Dates are established pursuant to Section 3.01 of this resolution and approved by the Port, a Fixed Rate shall be set for each such date.

(g) *Rate in Absence of Remarketing Agent.* If there is a vacancy in the office of Remarketing Agent, the Bonds (other than Bank Bonds) shall bear interest at a rate equal to the SIFMA Municipal Swap Index then in effect on each Business Day.

(h) *Index Interest Rate and Index Interest Rate Period.*

(1) *Determination of Index Interest Rate.* During each Index Interest Rate Period, the Bonds shall bear interest at the Index Interest Rate. The Calculation Agent shall determine the Index Interest Rate on each Index Interest Rate Computation Date during the Index Interest Rate Period, and such rate shall become effective on the Index Rate Reset Date next succeeding such Index Interest Rate Computation Date. The Index Interest Rate shall be rounded upward to the fifth decimal place. The Calculation Agent will give notice of the Index Interest Rate to the Port and the Registrar by no later than the close of business on each Index Interest Rate Computation Date.

If the Calculation Agent fails to establish the Index Interest Rate on any Index Interest Rate Computation Date during an Index Interest Rate Period, then (1) the Index Interest Rate effective on the Index Rate Reset Date immediately following the Index Interest Rate Computation Date on which no Index Interest Rate was determined shall be the same as the Index Interest Rate in effect for the immediately preceding week if the Index Interest Rate for such immediately preceding week was determined by the Calculation Agent or (2) if no Index Interest Rate was determined by the Calculation Agent for the week immediately preceding the Index Interest Rate Computation Date on which no Index Interest Rate was determined or if the Index Interest Rate determined by the Calculation Agent shall be held to be invalid or unenforceable by a court of law, then the Index Interest Rate effective on the Index Rate Reset Date immediately following the Index Interest Rate Computation Date on which no Index Interest Rate was determined shall be equal to 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* or *The Bond Buyer* on the Index Interest Rate Computation Date such Index Interest Rate would otherwise be determined as provided herein.

(2) *Continuation of Index Rate Periods or Conversion.* If, by the second Business Day preceding the twenty-ninth day prior to the last day of any Index Interest Rate Period with respect to the Bonds, the Registrar has not received notice of the Port's election to

convert to a different Mode, the Bonds shall be converted to the Long Term Mode under the terms of this resolution.

At any time during an Index Interest Rate Period, the Port may elect in accordance with the terms of this resolution to convert the Interest Rate on the Bonds to a different Mode, including, without limitation, another Index Interest Rate Period, upon compliance with the terms of this resolution and the applicable Continuing Covenant Agreement.

(3) Adjustment of Rate upon Taxable Date. From and after any Taxable Date, the Interest Rate on the Bonds in an Index Interest Rate Period or bearing interest at the Purchasing Bank Rate shall be equal to the Taxable Rate.

(4) Adjustment of Rate upon Default Date. From and after the Default Date, the Interest Rate on the Bonds in an Index Interest Rate Period or bearing interest at the Purchasing Bank Rate shall be equal to the Default Rate.

(5) Principal Repayment after Mandatory Tender Date. From and after the Mandatory Tender Date, principal and interest on the Bonds shall be payable in the amounts, on the dates and in the manner provided in the Continuing Covenant Agreement, and those payment provisions are hereby incorporated by reference herein.

(6) Inapplicability of Certain Provisions. During the Index Interest Rate Period, the provisions of Section 2.09 (a) through (g) shall not be applicable to the Bonds, except as expressly provided in this subsection (h).

Section 2.10. Conversions Between Modes. The Designated Port Representative may elect to convert the Bonds (other than Bank Bonds) from one Mode to another (other than the Initial Mode) as follows:

(a) *Mode Change Dates.*

(1) The Mode Change Date shall be a Business Day.

(2) In the case of a change from the Commercial Paper Mode, the Mode Change Date shall be a Business Day that is the last Purchase Date for all Interest Periods set by the Remarketing Agent.

(3) In the case of a change from the Long Term Mode, the Mode Change Date shall be the Purchase Date of the current Interest Period.

(b) *Notices by Port.* Unless waived by the Notice Parties, the Port shall give notice of any proposed conversion (other than from the Initial Mode) to the other Notice Parties not fewer

than 15 days before the proposed conversion from a Commercial Paper Mode, Daily Mode or Weekly Mode and not fewer than 35 days before the proposed conversion from the Long Term Mode.

(c) *Notices by Registrar.* The Registrar shall give written notice by first class mail, of proposed conversion to the Registered Owners of Bonds then in the Initial Mode, Commercial Paper Mode, Daily Mode, Index Rate Mode or Weekly Mode not less than 10 days before the proposed Mode Change Date and to Registered Owners of Bonds in the Long Term Mode not less than 30 days before the proposed Mode Change Date. Such notice shall state:

- (1) the proposed Mode Change Date;
 - (2) that the Bonds will be subject to mandatory tender for purchase on the Mode Change Date if all conditions to conversion are satisfied;
 - (3) the conditions, if any, to the conversion pursuant to subsection (d) below;
- and
- (4) if the Bonds are in certificated form, information with respect to required delivery of Bond certificates and payment of the Purchase Price.

(d) *Conditions to Conversion Between Modes.* A Mode Change will not become effective unless:

- (1) if the conversion is from the Commercial Paper Mode, the Registrar has received, prior to the date on which notice of conversion is required to be given to Registered Owners, written confirmation from the Remarketing Agent that it has not established and will not establish any Interest Rate Periods extending beyond the day before the Mode Change Date;
- (2) if the conversion is from the Commercial Paper Mode, Daily Mode or Weekly Mode to a Long Term Mode or Fixed Mode, or from a Long Term Mode to a Commercial Paper Mode, Daily Mode or Weekly Mode, or to or from the Index Rate Mode, the Registrar has been provided, no later than one day before the Mode Change Date, with a Favorable Opinion of Bond Counsel with respect to the conversion;
- (3) if the conversion is to the Long Term Mode or Fixed Mode, the Port shall have entered into an obligation to provide continuing disclosure in accordance with Rule 15c2-12 of the Securities and Exchange Commission;

(4) no Mode Change will become effective unless all conditions precedent thereto have been met and all Bonds have been remarketed or sold to the initial purchasers thereof in the New Mode;

(5) no conversion to a New Mode, other than the Fixed Mode, shall be made if an Interest Period for the converted Bonds will extend beyond the Expiration Date of any Credit Facility or Liquidity Facility, if any, for such Bonds; and

(6) in the case of any Mode Change to the Daily Mode, Weekly Mode, Commercial Paper Mode or Long Term Mode, prior to the Mode Change Date the Port shall have appointed a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement.

(e) *Failure to Satisfy Conditions Precedent to Mode Change.* If fewer than all of the then Outstanding Bonds to be converted have been remarketed or sold or if any of the foregoing conditions have not been satisfied by the Mode Change Date, the mandatory tender shall not be completed, the New Mode shall not take effect and the Bonds to have been converted shall be changed to a Weekly Mode on the Mode Change Date.

Section 2.11. Interest Rate on Bank Bonds and Reimbursement Bond. The rate of interest on any Bank Bond shall be the Bank Interest Rate for each day from and including the date such Bond becomes a Bank Bond to, but not including, the date such Bond is paid in full or is remarketed. The Reimbursement Bond shall bear interest as set forth in the Reimbursement Agreement.

Section 2.12. Determinations of Remarketing Agent. The interest rates determined by the Remarketing Agent, if any, in accordance with the Bond Purchase Contract and Section 2.09(a) of this resolution, and the determination by the Remarketing Agent of Interest Periods for Commercial Paper Bonds and Bonds in the Long Term Mode in accordance herewith, absent manifest error, shall be conclusive and binding upon the Port, the Remarketing Agent, the Registrar, the Credit Facility Issuer, if any, the Liquidity Facility Issuer, if any, and the Registered Owners and Beneficial Owners of the Bonds.

Section 2.13. Maximum Rate for Bonds. Except as provided in Section 2.09(a)(1) of this resolution with respect to Bonds in the Commercial Paper Mode or Bonds in the Index Rate Mode or bearing interest at the Purchasing Bank Rate, no Bonds other than Bank Bonds shall bear interest at an interest rate higher than the Maximum Rate.

Section 2.14. Form of Bonds. The Bonds shall each be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby. If the Bonds are no longer held in fully-immobilized form, the form of Bonds will be changed to reflect the changes required in connection with the preparation of certificated Bonds.

No. R-_____

\$ _____

UNITED STATES OF AMERICA

PORT OF TACOMA
SUBORDINATE LIEN REVENUE BOND
2008B

[THIS BOND IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERABILITY AS
SET FORTH IN THE BOND RESOLUTION]

MATURITY DATE

ISSUE DATE

CUSIP

REGISTERED OWNER: [CEDE & CO.]

PRINCIPAL AMOUNT:

The Port of Tacoma (the "Port") promises to pay to the registered owner named above, or registered assigns, but solely from the sources hereinafter mentioned, on the Maturity Date specified above, unless this bond shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, the Principal Amount shown above and to pay interest thereon, at the rate determined as herein provided from the most recent Interest Payment Date to which interest has been paid or duly provided for, or from the date of authentication hereof if such date is on an Interest Payment Date to which interest has been paid or duly provided for, or from the Issue Date specified above if no interest has been paid or duly provided for, such payments of interest to be made on each Interest Payment Date until the principal or redemption price hereof has been paid or duly provided for as aforesaid. [For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the Port to DTC.] The fiscal agency of the state of Washington is acting as the registrar, authenticating agent and paying agent for the bond of this issue (the "Registrar"). Capitalized terms used in this bond have the meanings given such terms in Resolution No. 2008-09, of the Port Commission (the "Bond Resolution"). Interest on this bond shall accrue at the Initial Rate, Daily Rates, Weekly Rates, Index Interest Rates, Commercial Paper Rates, Long Term Rates or Fixed Rates, payable on Interest Payment Dates, all as provided in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$_____, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to finance or refinance the acquisition, improvement and equipping of Port capital facilities and to pay costs of issuance.

This bond, if in the Daily Mode or the Weekly Mode, shall be purchased as provided in the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from such Gross Revenue, and to pay into the 2008B Subordinate Lien Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution.

The amounts so pledged to be paid out of Gross Revenue into the 2008B Subordinate Lien Bond Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the Operating Expenses of the Port and subject further to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Port's outstanding Subordinate Lien Revenue Notes, (Commercial Paper), Net Payments on Outstanding Parity Derivative Products, and any revenue bonds of the Port hereafter issued on a parity with such notes, Net Payments and the bonds of this issue.

The Port has further bound itself to maintain all of its properties and facilities which contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any Bonds of this issue are outstanding that it will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Revenue in an amount equal to or greater than the Subordinate Lien Rate Covenant.

This bond is subject to optional redemption and, if not then in the Fixed Mode, mandatory tenders for purchase prior to scheduled maturity at prices and times as set forth in the Bond Resolution.

The ~~b~~Bonds of this issue are private activity bonds and are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Except as otherwise provided in the Bond Resolution, this bond shall not be entitled to any right or benefit under the Bond Resolution, or be valid or become obligatory for any purpose, until this bond shall have been authenticated by execution by the Registrar of the certificate of authentication inscribed hereon.

It is hereby certified, recited and represented that the issuance of this bond and the ~~b~~Bonds of this issue is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this bond and the ~~b~~Bonds of this issue to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the Port or to have happened precedent to and in the execution and delivery of the Bond Resolution have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of and premium, if any, and interest on this bond and the ~~b~~Bonds of this issue and that the issuance of this bond and the ~~b~~Bonds of this issue does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Port of Tacoma has caused this bond to be executed with the manual or facsimile signatures of the President and Secretary of its Port Commission and caused a facsimile of the official seal of the Port to be impressed, printed or otherwise reproduced hereon.

PORT OF TACOMA

(SEAL)

By _____
President, Port Commission

ATTEST:

By _____
Secretary, Port Commission

The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on each Bond:

AUTHENTICATION CERTIFICATE

This bond is one of the Port of Tacoma Subordinate Lien Revenue Bonds, 2008B described in the within-mentioned Bond Resolution.

WASHINGTON STATE FISCAL
AGENCY, as Registrar

By _____
Authorized Signatory

Date of Authentication: _____

Section 2.15. Defeasance. If money and/or Government Obligations maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of, premium, if any, and interest (if the rate of interest is not fixed to the date of maturity, redemption or mandatory purchase, at the Maximum Rate) on all or a designated portion of the Bonds when due (whether at maturity or upon earlier redemption in accordance with their respective terms) or on the first date on which such Bonds must or could be tendered for purchase are set aside in a special fund (hereinafter called the "trust account") to effect such payment and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the Port for the purpose of effecting such payment, then no further payments need be made in the 2008B Subordinate Lien Bond Fund for the payment of the principal of, interest or redemption premium on such Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of, premium, if any, and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Bonds shall no longer be deemed to be Outstanding hereunder. Notwithstanding the foregoing, no defeasance of Bonds then in the Initial Mode, the Commercial Paper Mode, the Daily Mode or the Weekly Mode may be made unless the Port shall have received written notice from each Rating Agency then maintaining a rating on the Bonds to the effect that the rating then in effect with respect to such Bonds will not be withdrawn, reduced or suspended as a result of the proposed defeasance.

Within 45 days after any defeasance of Bonds, the Port shall provide notice of defeasance to Registered Owners of Bonds being defeased to each party entitled to receive notice, in accordance with the Continuing Disclosure Certificate.

ARTICLE III.

REDEMPTION OF BONDS

Section 3.01. Mandatory Redemption. The Bonds may be designated as Term Bonds subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the years in the principal amounts set forth in the Bond Purchase Contract.

To the extent the Port redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for retirement any Term Bonds, the Port may reduce the mandatory sinking fund requirements of such Bonds, in like aggregate principal amount for the year or years specified by the Designated Port Representative.

The Maturity Date of the Bonds that are Term Bonds (other than the Reimbursement Bond and Bank Bonds) may be converted in whole or in part to Serial Maturity Dates upon delivery of a Favorable Opinion of Bond Counsel prior to the commencement of a Long Term Mode or Fixed Mode.

Section 3.02. Optional Redemption During the Initial Mode and the Commercial Paper Mode. Bonds in the Initial Mode and the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Initial Mode and Commercial Paper Bonds shall be subject to redemption at the option of the Port, in whole or in part in principal amounts that permit all remaining Outstanding Bonds to continue in Authorized Denominations, on their respective Purchase Dates at a redemption price equal to 100% of the principal amount thereof.

Section 3.03. Optional Redemption of Bonds in the Daily Mode, the Index Rate Mode, or the Weekly Mode. Bonds in the Daily Mode, the Index Rate Mode or the Weekly Mode shall be subject to redemption at the option of the Port, in whole or in part in principal amounts which permit all remaining Outstanding Bonds to continue in Authorized Denominations, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.

Section 3.04. Optional Redemption of Bonds in the Long Term Mode and Fixed Mode. Bonds in a Long Term Mode or Fixed Mode shall be subject to redemption at the option of the Port, in whole or in part in Authorized Denominations on such dates and at such prices as determined by the Port for such Bonds on the Rate Determination Date.

Section 3.05. Optional Redemption of Bank Bonds. Bank Bonds shall be subject to redemption at the option of the Port, in whole or in part, in principal amounts that permit the remaining Outstanding Bonds to continue in Authorized Denominations, at any time, upon payment by the Port to the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, of an amount equal to the principal amount of the Bank Bonds held by such Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, to be redeemed, plus any accrued interest paid by the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, as part of the Purchase Price thereof and not theretofore repaid to the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, plus accrued interest thereon at the Bank Interest Rate to the Redemption Date.

Section 3.06. Selection of Bonds for Redemption. Whenever fewer than all the Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected in accordance with the operational arrangements of DTC referred to in the Letter of Representations (or, in the event the Bonds are no longer in book-entry only form, randomly by the Registrar) and the Port may apply the portion of the Bonds redeemed to the mandatory redemption schedule in the manner designated by the Designated Port Representative. Notwithstanding the foregoing, Bank Bonds shall in all cases be redeemed first. In no event shall any Bond be Outstanding in a principal amount that is not an Authorized Denomination.

Section 3.07. Notice of Redemption. For so long as the book entry-system is in effect, notice of redemption shall be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice shall be provided by the Port (other than in accordance with the terms of the Continuing Disclosure Certificate); *provided, however*, that the Credit Facility Issuer, if any, or Liquidity Facility Issuer, if any, shall be given prior written notice of any proposed redemption of Bonds. In any event, notice of redemption shall be given by the Port to the Registrar in sufficient time to permit the Registrar to give notice to DTC or, if not applicable, the Registered Owners at least ~~30~~20 days prior to the proposed date of redemption during the Long Term Mode and the Fixed Mode and at

least 15 days for all other Modes. Any optional redemption notice may be conditional and may permit rescission of the redemption notice prior to the proposed date of redemption.

Section 3.08. Effect of Redemption. If notice of redemption has been duly given and, in the case of an optional redemption, if the redemption notice has not been rescinded, then on the Redemption Date the Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice; and if money for the payment of the Redemption Price of the Bonds or portions thereof to be redeemed is held by the Registrar, then from and after the Redemption Date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such Bonds to the Registrar. Notwithstanding the foregoing, any Bank Bonds shall remain Outstanding until the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, is paid all amounts due in connection with such Bonds or portions thereof to be redeemed on the Redemption Date. Upon payment to the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, of all amounts due on Bank Bonds such Credit Facility Issuer or Liquidity Facility Issuer shall surrender such Bonds to the Registrar for cancellation.

Section 3.09. Purchase of Bonds. The Port reserves the right to purchase any of the Bonds offered to it by a Beneficial Owner or the Registered Owner at any time at any price acceptable to the Port. ~~All Bonds so purchased will be retired.~~

ARTICLE IV.

PURCHASE OF BONDS

Section 4.01. Tenders for Purchase of Bonds. As provided in Article II hereof, and notwithstanding anything to the contrary in this Article IV, tenders and purchase of Bonds held in book entry form shall be made pursuant to DTC's rules and procedures so long as any Bond is registered in the name of CEDE & Co., as nominee of DTC. Whenever in the context of this resolution, a Registered Owner or Beneficial Owner is offered or required the opportunity to tender a Bond for purchase, the tender shall be accomplished by the making of or the irrevocable authorization to make appropriate entries on the books of DTC or any Participant. The payment of the Purchase Price for tendered Bonds under this Section 4.01 shall be made solely from

remarketing proceeds and/or (in the case of tendered Bonds payable pursuant to a Credit Facility or Liquidity Facility) from the proceeds of drawing on such Credit Facility or Liquidity Facility and shall not constitute an obligation of the Port in the event of an insufficiency of funds from the foregoing to pay the entire Purchase Price of tendered Bonds.

(a) *Optional Tender Purchase Dates.* The Beneficial Owners of Bonds in the Daily Mode or Weekly Mode may elect to have their Bonds (or portions thereof in amounts equal to any Authorized Denomination, provided that the remaining Bonds held by such Beneficial Owner will continue to be in Authorized Denominations) purchased at the Purchase Price on the Purchase Date as follows:

(1) Bonds in the Daily Mode may be tendered for purchase upon delivery of a notice of tender by Electronic Means or by telephone confirmed in writing to the Registrar and the Remarketing Agent, directly or through the Beneficial Owner's DTC Participant, not later than 11:00 a.m., New York City time, on any Business Day.

(2) Bonds in the Weekly Mode may be tendered for purchase upon delivery of a notice of tender by Electronic Means to the Registrar and the Remarketing Agent, directly or through the Beneficial Owner's DTC Participant, not later than 4:00 p.m., New York City time, on a Business Day not less than seven days prior to the Purchase Date.

(b) *Notice of Tender.* Each notice of tender:

(1) shall be delivered to the Registrar at its principal corporate trust office and be in form satisfactory to the Registrar;

(2) shall state (A) the CUSIP number, bond number, and the principal amount of the Bond to which the notice relates, (B) that the Registered Owner irrevocably demands purchase of such Bond or a specified portion thereof in an amount equal to an Authorized Denomination, so long as the remaining portion thereof is in an Authorized Denomination, (C) the date on which such Bond or portion is to be purchased, and (D) payment instructions with respect to the Purchase Price; and

(3) shall automatically constitute an irrevocable offer to sell the Bond (or portion thereof) to which the notice relates on the Purchase Date. The determination of the Registrar as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Registered Owner.

(c) *Notice of Tender by Registrar.* Not later than 11:00 a.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender (or immediately upon such receipt, in the case of Bonds in the Daily Mode), the Registrar shall notify, by telephone, promptly confirmed in writing, the Port and the Remarketing Agent of the principal amount of Bonds (or portions thereof) to be purchased and the Purchase Date.

Section 4.02. Mandatory Tenders for Purchase. Except for Bonds subject to purchase on the Mandatory Tender Date. The payment of the Purchase Price for tendered Bonds under this Section 4.02 shall be made solely from remarketing proceeds and/or (in the case of tendered Bonds payable pursuant to a Credit Facility or Liquidity Facility) from the proceeds of drawing on such Credit Facility or Liquidity Facility and shall not constitute an obligation of the Port in the event of an insufficiency of funds from the foregoing to pay the entire Purchase Price of tendered Bonds.

(a) *Commercial Paper Mode.* Each Bond in the Commercial Paper Mode shall be subject to mandatory tender for purchase on the Business Day after the last day of each Interest Period applicable to such Bond, at the Purchase Price. The Registered Owner of any Bond in the Commercial Paper Mode and tendered for purchase as provided in this Section 4.02(a) shall provide the Registrar with payment instructions for the Purchase Price of its Bond on or before the Mandatory Purchase Date.

(b) *Conversions between Modes and on First Day of each Interest Period in Long Term Mode.* Bonds to be converted from one Mode to a different Mode and Bonds in the Long Term Mode are subject to mandatory tender for purchase on the Mode Change Date and on the first day of each succeeding Interest Period, respectively. All Bonds shall be deemed tendered to the Registrar at or prior to 11:00 a.m., New York City time, on the Mandatory Purchase Date for purchase.

(c) *Mandatory Purchase Upon Substitution or Expiration of Credit Facility or Liquidity Facility.* No later than the third day next preceding the (1) the Substitution Tender Date; or (2) the Expiration Tender Date (unless the Port has elected to convert such Bonds to a Fixed Mode on or prior to the Substitution Tender Date or Expiration Tender Date), then the Registrar shall give notice to the Registered Owners and the other Notice Parties stating:

(A) in the case of a Substitution Tender Date, (1) that the Credit Facility or Liquidity Facility is being replaced by an alternate credit facility and/or an alternate liquidity

facility (specifying the identity of the issuer of the alternate credit facility and/or an alternate liquidity facility, as the case may be, and the Substitution Tender Date); (2) the expected rating or ratings on the Bonds and whether such rating(s) are expected to or may (as applicable) be reduced, increased, withdrawn or suspended; and (3) that the Bonds are required to be tendered for purchase (specifying the Purchase Price, the Substitution Tender Date and the procedures for tender, and stating that if not so tendered Bonds will be deemed tendered and interest thereon will cease to accrue on the Substitution Tender Date) from remarketing proceeds or from proceeds of the Credit Facility or Liquidity Facility being replaced and that is available to be drawn upon for such purpose; or

(B) in the case of an Expiration Tender Date, that (1) the Credit Facility or Liquidity Facility is to expire (specifying the Expiration Tender Date and the Expiration Date); (2) as of the notice date, the Port has not arranged for the extension of the Credit Facility or Liquidity Facility or an alternate credit facility and/or an alternate liquidity facility has not been delivered; and (3) the Bonds are required to be tendered for purchase (specifying the Purchase Price and the Expiration Tender Date and the procedures for tender, and stating that if not so tendered Bonds will be deemed tendered and interest thereon will cease to accrue on the Expiration Tender Date).

The failure to mail such notice pursuant to clauses (A) and (B) above with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed shall be conclusively presumed to have been given, whether or not actually received by any Registered Owner.

Payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds by the Registrar by the close of business on such Mandatory Purchase Date.

Bonds in the Fixed Mode shall not be subject to mandatory tender in the event of the substitution or expiration of a Credit Facility securing the Bonds. A Rating Confirmation Notice shall be delivered to the Registrar on or prior to the date of substitution or expiration of a Credit Facility for Bonds in the Fixed Mode.

(d) *Mandatory Purchase Upon Certain Events Identified Under Reimbursement Agreement.* Bonds in the Initial Mode, Daily Mode, Weekly Mode, Commercial Paper Mode or Long Term Mode that are payable from a Credit Facility or Liquidity Facility are subject to

mandatory purchase at the Purchase Price on the Default Tender Date. Written notice shall be given by the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, to the Registrar who shall, immediately upon receipt thereof, transmit a copy of such notice to all Notice Parties. No later than the third day next preceding the Mandatory Purchase Date, the Registrar shall give notice to the Registered Owners stating that the Bonds are required to be tendered for purchase (specifying the Mandatory Purchase Date and the procedures for tender and stating that if not so tendered Bonds shall be deemed tendered and interest thereon shall cease to accrue on the Mandatory Purchase Date). The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed shall be conclusively presumed to have been given, whether or not actually received by any owner. Payment of the Purchase Price shall be made by wire transfer to accounts designated by the Registered Owners in immediately available funds by the Registrar by the close of business on the Mandatory Purchase Date.

(e) *Mandatory Purchase on Resolution Tender Date.* If the Port proposes to amend this resolution, and if this resolution, by its terms, requires Registered Owner consent for such amendment, the Port may elect to effect a mandatory purchase of Bonds on a specified Resolution Tender Date. The Port shall provide at least 10 days' written notice to the Registrar, the Remarketing Agent that the Bonds shall be subject to mandatory purchase on the Resolution Tender Date. Any such notice shall be accompanied by a Favorable Opinion of Bond Counsel to the effect that such amendments are authorized or permitted by this resolution and will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes. No later than the third day next preceding the Resolution Tender Date, the Registrar shall give notice to the Registered Owners stating that the Bonds are required to be tendered for purchase (specifying the Mandatory Purchase Date and the procedures for tender and stating that if not so tendered Bonds shall be deemed tendered and interest thereon shall cease to accrue on the Mandatory Purchase Date). The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed shall be conclusively presumed to have been given, whether or not actually received by any owner. Payment of the Purchase Price shall be made by wire transfer to accounts designated by the Registered Owners in immediately available funds by the Registrar by the close of business on the Mandatory Purchase Date.

(f) *Mandatory Tender Date.* The Bonds are subject to a mandatory purchase by the Port on a Mandatory Tender Date at a price of par plus accrued interest to the Purchase Date, and upon and after such Mandatory Tender Date the Bonds shall be subject to mandatory redemption in the amounts, on the dates and in the manner set forth in the Continuing Covenant Agreement.

Section 4.03. Remarketing and Purchase.

(a) *Remarketing of Tendered Bonds.* Except for Bonds in the Index Rate Mode, Unless otherwise instructed by the Port the Remarketing Agent shall use best efforts to remarket Bonds or portions thereof for which notice of tender has been received pursuant to Section 4.01(b) or which are subject to mandatory tender on a Mandatory Purchase Date (other than a Default Tender Date). The terms of any remarketing by the Remarketing Agent shall provide for the payment of the full Purchase Price for tendered Bonds by the purchaser to the appropriate DTC Participant in immediately available funds at or before 12:00 noon, New York City time, on the Purchase Date. Except for Bonds in the Index Rate Mode, The Remarketing Agent shall not remarket any Bonds to the Port. The Remarketing Agent shall not sell any Bond as to which a notice of Mode Change Date or notice of redemption has been given by the Registrar unless the Remarketing Agent has notified the Person to whom the sale is made of the conversion or redemption. Bank Bonds may not be remarketed (delivered to new purchasers) unless the Registrar has received written confirmation by Electronic Means from the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, to the effect that the "Principal Portion" and the "Interest Portion" as defined in the Liquidity Facility or Credit Facility have been fully reinstated with respect to such Bank Bonds or will be upon the remarketing of the Bonds.

(b) *Purchase of Tendered Bonds.*

(1) Notice. Not later than 12:00 noon, New York City time, on any Purchase Date or Mandatory Purchase Date, as the case may be, the Remarketing Agent shall give notice by telephone or Electronic Means to the Registrar of the principal amount of tendered Bonds that were remarketed and the amount of remarketing proceeds it holds and those that were not remarketed, if any. If fewer than all of the tendered Bonds have been remarketed or if the full proceeds of the remarketing have not been received by 12:00 noon, New York City time, then the Remarketing Agent shall transfer all proceeds of remarketing, if any, to the Registrar. If the Registrar has not received written confirmation that all tendered Bonds have been remarketed

and remarketing proceeds received by Remarketing Agent by 12:00 noon, New York City time, then not later than 12:30 p.m., New York City time, on the Purchase Date or the Mandatory Purchase Date, the Registrar shall give notice to the Port and any direct-pay Credit Facility Issuer or the Liquidity Facility Issuer, if any, by telephone or Electronic Means, specifying the principal amount of all tendered Bonds and drawing for the full Purchase Price of all tendered Bonds. Not later than 12:30 p.m., New York City time, on the Purchase Date or the Mandatory Purchase Date, the Remarketing Agent shall give notice to the Registrar by telephone (promptly confirmed in writing or by Electronic Means) of the names, addresses and taxpayer identification numbers of the purchasers, the denominations of Bonds to be delivered to each purchaser and, if available, payment instructions for regularly scheduled interest payments, or of any changes in any such information previously communicated.

(2) Sources of Payments. The Remarketing Agent shall pay on the Purchase Date all amounts representing proceeds of the remarketing of such Bonds, such payments to be made in the manner and at the time specified in subsection 4.03(a) above and in the following section. If the remarketing proceeds received by the Remarketing Agent (together, in the case of remarketing proceeds received in connection with the remarketing of Bonds in the Initial Mode, with amounts on deposit in the Initial Subaccount of the Purchase Account, including investment earnings thereon) are not sufficient to pay the Purchase Price, the Registrar shall immediately notify the Remarketing Agent, the Port, the Purchasing Bank and any direct pay Credit Facility Issuer or the Liquidity Facility Issuer, if any, of any deficiency with respect to tendered Bonds payable pursuant to such Credit Facility or Liquidity Facility, as applicable (but no later than 12:30 p.m., New York time). Pursuant to such direct pay Credit Facility or Liquidity Facility, the Credit Facility Issuer or the Liquidity Facility Issuer shall, following receipt of purchase notices and transfer instructions from the Registrar in the name of the Credit Facility Issuer or the Liquidity Facility Issuer, as applicable, on the Purchase Date, purchase such tendered Bonds by delivering to (or at the direction of) the Registrar for the tendered Bonds the Purchase Price therefor in immediately available funds in an amount equal to such deficiency by 2:30 p.m., New York City time, on the Purchase Date or the Mandatory Purchase Date. If money is received by the Registrar as remarketing proceeds or (in the case of tendered Bonds payable pursuant a direct pay Credit Facility or Liquidity Facility) from such Credit Facility Issuer or Liquidity Facility Issuer, any such amounts shall be deposited by the Registrar in the Purchase

Account to be used solely for the payment of the Purchase Price of tendered Bonds and shall not be commingled with other funds held by the Registrar. All Bonds so purchased by the Bank, other Credit Facility Issuer or the Liquidity Facility Issuer shall be registered in the name of the Bank, other Credit Facility Issuer or the Liquidity Facility Issuer, as the case may be, on the Purchase Date, shall be held in trust by the Registrar on behalf of the Bank, other Credit Facility Issuer or the Liquidity Facility Issuer, as the case may be, and shall not be released from such trust unless the Registrar shall have received written instructions from the Bank, other Credit Facility Issuer or the Liquidity Facility Issuer and notice that the Credit Facility or Liquidity Facility has been reinstated.

(3) Payments of the Purchase Price. Not later than the close of business on the Purchase Date and upon receipt by the Registrar of 100% of the aggregate Purchase Price of the tendered Bonds, the Purchase Price of such Bonds shall be paid to the Registered Owners thereof. Such payments shall be made by wire transfer of immediately available funds. Such payments shall be made first from the proceeds of the remarketing of such Bonds, and second (in the case of tendered Bonds payable pursuant to a direct pay Credit Facility or Liquidity Facility), from moneys received from the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, under the Credit Facility or Liquidity Facility (including, in the case of the Purchase Date of Bonds in the Initial Mode, amounts on deposit in the Initial Subaccount of the Purchase Account, including investment earnings thereon).

If the proceeds of remarketing Bonds (together, in the case of remarketing proceeds received in connection with the remarketing of Bonds in the Initial Mode, with amounts on deposit in the Initial Subaccount of the Purchase Account, including investment earnings thereon) are not sufficient to pay the Purchase Price of Bonds and the Issuer of the Credit Facility or Liquidity Facility fails to honor the draw on the Credit Facility or Liquidity Facility to cover such deficiency, the Bonds shall not be purchased and ownership shall not transfer.

Section 4.04. Purchase Account. There is hereby authorized to be created, as necessary, with the Registrar a segregated trust fund to be designated the "Purchase Account." The Purchase Account shall consist of three sub-accounts to be designated respectively the "Initial Subaccount," the "Remarketing Subaccount" and the "Bank Purchase Subaccount."

If by the terms of the remarketing, the Registrar receives any moneys from the remarketing of Bonds, the Registrar shall deposit or cause to be deposited into the Remarketing

Subaccount, if and when received, all moneys delivered to the Registrar as and for the Purchase Price of remarketed Bonds, such money to be used to pay the Purchase Price of remarketed Bonds.

The Registrar shall deposit or cause to be deposited into the Bank Purchase Account, when and as received, all moneys delivered to the Registrar, if any, from any direct pay Credit Facility Issuer or the Liquidity Facility Issuer pursuant to such Credit Facility or Liquidity Facility, such money to be used to purchase unremarketed Bonds, which Bonds shall thereafter be registered in the name of the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, and considered Bank Bonds.

Amounts held in the Bank Purchase Subaccount and the Remarketing Subaccount by the Registrar shall be held uninvested and separate and apart from all other funds, accounts and subaccounts. In any event, all moneys held by the Registrar pursuant to this resolution are required to be held in Eligible Accounts. In the event that any fund or account no longer meets the criteria for an Eligible Account, the Registrar should promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account criteria will again be satisfied.

On the date of purchase, the Registrar shall register and deliver (or hold) or cancel all Bonds purchased on any purchase date as follows: (a) Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 12:00 noon, New York City time, in accordance with the instructions of the Remarketing Agent; (b) Bonds purchased with proceeds of a drawing on a direct pay Credit Facility or Liquidity Facility shall be held as Bank Bonds and shall be held in trust by the Registrar on behalf of the Credit Facility Issuer or the Liquidity Facility Issuer and shall not be released from such trust unless the Registrar shall have received written instructions from such Credit Facility Issuer or Liquidity Facility Issuer and, unless the Bonds are to be cancelled, written confirmation by Electronic Means that the Credit Facility or Liquidity Facility has been reinstated. Notwithstanding anything herein to the contrary, so long as the Bonds are held under the book-entry only system in accordance with Section 2.05 hereof, Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of the Bonds to the person indicated above will be effected on the registration books of DTC pursuant to its rules and procedures.

Bonds purchased with proceeds of a drawing on a direct pay Credit Facility or Liquidity Facility pursuant to this Section shall constitute "Bank Bonds" and shall be held by the Registrar as agent for the Credit Facility Issuer or the Liquidity Facility Issuer, as applicable, pursuant to the Reimbursement Agreement (and shall be shown as such on the Bond Register) unless and until (1)(A) the Registrar has written confirmation by Electronic Means from the applicable Credit Facility Issuer or the Liquidity Facility Issuer to the extent contemplated by the terms of the applicable Credit Facility or Liquidity Facility that the Credit Facility or Liquidity Facility, as the case may be, has been reinstated with respect to such drawing and (B) the Credit Facility Issuer or the Liquidity Facility Issuer has notified the Registrar by facsimile (thereafter promptly confirmed in writing by U.S. Mail) that such Bonds have been released pursuant to the Reimbursement Agreement and are no longer Bank Bonds or (2) the Bank Bonds have been purchased by the Port and surrendered for cancellation. Pending reinstatement of the Credit Facility or the Liquidity Facility and release of such Bank Bonds, as aforesaid, the Credit Facility Issuer or the Liquidity Facility Issuer or their respective designee may assign them to an affiliate and shall be entitled to receive all payments of principal of and interest on Bank Bonds and such Bank Bonds shall not be transferable or deliverable to any party (including the Port) except the Credit Facility Issuer or the Liquidity Facility Issuer pursuant to the Reimbursement Agreement. Unless a Default has occurred or if the Port otherwise instructs and subject to the terms of the Reimbursement Agreement, the Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to full reinstatement of the Credit Facility or Liquidity Facility with respect to the drawings on which such Bonds were purchased, at a price equal to the principal amount thereof plus accrued interest (not including interest owed to the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be, at the Bank Interest Rate).

Notwithstanding anything to the contrary in this subsection, if and for so long as the Bonds are to be registered in accordance with Section 2.05 of this resolution, the registration requirements under this Section 4.04 shall be deemed satisfied if Bank Bonds are (1) registered in the name of the Securities Depository or its nominee in accordance with Section 2.05 of this resolution, and (2)(i) credited on the books of the Securities Depository to the account of the Registrar (or its nominee) and further credited on the books of the Registrar (or such nominee) to the account of the Credit Facility Issuer or Liquidity Facility Issuer, as the case may be (or its designee) or (ii) credited on the books of the Securities Depository to the account of the Credit

Facility Issuer or the Liquidity Facility Issuer or its respective nominee. Notwithstanding anything in this resolution, the timing for drawings under any Credit Facility or Liquidity Facility, the delivery of Bonds and/or the proceeds of remarketing or the proceeds of any drawing under a Credit Facility or Liquidity Facility may be adjusted by written agreement among the Credit Facility Issuer, the Liquidity Facility Issuer, the Port, the Remarketing Agent and the Registrar, but only upon receipt of written confirmation from each Rating Agency then rating the Bonds that such adjustment will not result in the withdrawal, lowering or suspension of the rating on the Bonds.

All Bonds to be purchased on any date shall be required to be delivered to the principal office of the Registrar at or before 11:00 a.m., New York City time, on such date. If the Owner of any Bond (or portion thereof) in certificated form that is subject to optional or mandatory purchase pursuant to this Article fails to deliver such Bond to the Registrar for purchase on the Purchase Date or Mandatory Purchase Date, and if the Registrar is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed tendered on the day fixed for purchase thereof and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof as provided above. Any Owner who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Registrar. The Registrar shall, as to any tendered Bonds which have not been delivered to it (A) promptly notify the Remarketing Agent of such nondelivery and (B) place a stop transfer against an appropriate amount of Bonds registered in the name of such Registered Owner(s) on the Bond Register. The Registrar shall place such stop(s) commencing with the lowest serial number Bond registered in the name of such Registered Owner(s) until stop transfers have been placed against an appropriate amount of Bonds until the appropriate tendered Bonds are delivered to the Registrar. Upon such delivery, the Registrar shall make any necessary adjustments to the Bond Register.

Section 4.05. Credit Facility; Liquidity Facility. During any Mode (other than the Initial Mode or the Fixed Mode), while a direct pay Credit Facility or Liquidity Facility is in effect with respect to the Bonds, on each Purchase Date or Mandatory Purchase Date, the Registrar, by telecopied demand or demand given by Electronic Means by 12:30 p.m., New York time, shall notify the direct pay Credit Facility Issuer or Liquidity Facility Issuer of its need for funds to pay the Purchase Price of tendered Bonds (payable pursuant to such direct pay Credit

Facility or Liquidity Facility) in accordance with the terms of the Credit Facility or Liquidity Facility so as to receive thereunder by 2:30 p.m., New York City time, on such date an amount, in immediately available funds, sufficient (together with the proceeds of the remarketing of Bonds, if any, received and available to the Registrar prior to the time of drawing or demand under the Credit Facility or Liquidity Facility, as the case may be, on such date), to pay such Purchase Price in connection therewith. The Registrar shall deposit amounts received from the Credit Facility Issuer or the Liquidity Facility Issuer to pay the Purchase Price of tendered Bonds (payable pursuant to such Credit Facility or Liquidity Facility) in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.

During any Mode (other than the Initial Mode and the Fixed Mode), while a direct pay Credit Facility is in effect, on the Business Day prior to any Interest Payment Date and/or the Business Day prior to any other date on which a payment of principal with respect to the Bonds is due, whether by maturity or redemption in advance of maturity, as the case may be, the Registrar, by telecopied demand given before 3:00 p.m., New York time, shall notify the Credit Facility Issuer of its need for funds to pay interest on and/or principal of the Bonds that are secured by such Credit Facility in accordance with the terms of the Credit Facility so as to receive thereunder by 1:00 p.m., New York time, on such Interest Payment Date or date on which a payment of principal with respect to the Bonds is due an amount, in immediately available funds, sufficient to pay such interest (not including interest owed to the Credit Facility Issuer or Liquidity Facility Issuer at the Bank Interest Rate) and/or principal. The Registrar shall hold such funds separate and apart in trust for the benefit of Registered Owners, and such funds shall not be commingled with any other funds for any other purpose.

During the Initial Mode, the Initial Letter of Credit shall be in effect. During the Initial Mode, on the Business Day prior to the first Business Day of each month, the Registrar, by telecopied demand given before 3:00 p.m., New York time, shall notify the Bank of its need for funds in an amount equal to the interest accrued on the Bonds and not provided for pursuant to this Section to but not including such first Business Day in accordance with the terms of the Initial Letter of Credit so as to receive thereunder by 1:00 p.m., New York time, on such first Business Day such amount, in immediately available funds. Such amounts shall be deposited by the Registrar in the Initial Subaccount of the Purchase Account to be used solely for the payment of the Purchase Price of Bonds in the Initial Mode tendered or deemed tendered on the Purchase

Date and shall not be commingled with other funds held by the Registrar. Prior to the Purchase Date, such amounts shall be invested in money market funds registered under the Investment Company Act of 1940, the shares of which are registered under the Securities Act of 1933, which funds are rated Aaa by Moody's or AAA by S&P (including funds for which the Registrar, its affiliates or subsidiaries receive a fee for providing investment advisory or other services), and which invest exclusively in Government Obligations. After the Purchase Date, such amounts shall be held uninvested. After payment of the Purchase Price of all Bonds in the Initial Mode, the Initial Subaccount shall be closed. On the Purchase Date of Bonds in the Initial Mode, the Registrar, by telecopied demand or demand given by Electronic Means before 12:30 p.m., New York time, shall notify the Bank of its need for funds to pay the Purchase Price of such Bonds in accordance with the terms of the Initial Letter of Credit so as to receive thereunder by 2:30 p.m., New York City time, on such Purchase Date an amount, in immediately available funds, sufficient (together with amounts on deposit in the Initial Subaccount of the Purchase Account, including investment earnings thereon, and proceeds of the remarketing of Bonds, if any, received and available to the Registrar prior to the time of drawing under the Initial Letter of Credit, on such date), to pay such Purchase Price in connection therewith. The Registrar shall deposit amounts received from the Bank to pay the Purchase Price of tendered Bonds in the Initial Mode (other than amounts deposited in the Initial Subaccount of the Purchase Account) in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.

No drawing on the Credit Facility may be made for Bank Bonds or for Bonds held by the Port.

ARTICLE V.

PAYMENT OF BONDS; DISPOSITION OF BOND PROCEEDS

Section 5.01. Payment of Bonds.

(a) *2008B Subordinate Lien Bond Fund.* A special fund of the Port designated the "Port of Tacoma Subordinate Lien Revenue Bond Fund, 2008B" (the "2008B Subordinate Lien Bond Fund") is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Bonds. The 2008B Subordinate Lien Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of the Bonds.

The Port hereby irrevocably obligates and binds itself for as long as any Bonds remain Outstanding to set aside and pay into the 2008B Subordinate Lien Bond Fund from Available Revenue or money in the Port Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Bonds (including payment of all Bank Bonds); and

(2) Such amounts with respect to Outstanding Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Outstanding Bonds in accordance with any mandatory redemption provisions (including payment of all Bank Bonds).

(b) *Priority of Use of Gross Revenue.* 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) within any redemption fund maintained for First Lien Bonds to pay the principal of and interest and premium, if any, on any First Lien Bonds;

Third, to make all payments required to be made into any reserve account(s) maintained for First Lien Bonds to secure the payment of any First Lien 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 and premium, if any, on any revenue bonds or other revenue obligations of the Port having liens 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, premium, if any, and interest on any First Lien Bonds, but prior to the lien thereon of Subordinate Lien Parity Bonds;

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the principal of and interest and premium, if any, on Subordinate Lien Parity

Bonds, and without duplication, to make Net Payments due with respect to any Parity Derivative Product;

Sixth, to make all payments required to be made into the reserve account(s), if any, securing Subordinate Lien Parity Bonds; and

~~Seventh, to make all payments required to be made into the Betterment Reserve Fund under the terms of the First Lien Master Resolution, as the same may be amended from time to time, to maintain any required balance therein; and~~

~~Eighth, to retire by redemption or purchase 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.~~

Notwithstanding the foregoing, the obligations of the Port to make nonscheduled payments under a Parity Derivative Product (i.e., any termination amount or other fees) and/or make any payment pursuant to an Other Derivative Product may be payable from Gross Revenue available after Sixth above, as set forth in such Parity Derivative Product or Other Derivative Product. The covenants and obligations of the Continuing Covenant Agreement are hereby incorporated in this resolution for the benefit of the Purchasing Bank and, under the terms and conditions of the Continuing Covenant Agreement, any other Registered Owner of the Bonds during the Index Rate Period.

(c) *Rate Stabilization Account.* A separate account of the Port designated as the "Rate Stabilization Account" has been created by the Treasurer of the Port. Money in the Rate Stabilization Account will be transferred as determined from time to time by the Port. The Port may make payments into the Rate Stabilization Account from the Port Fund at any time. Money in the Rate Stabilization Account may be withdrawn at any time and used for the purpose for which the Gross Revenue may be used. 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. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a Fiscal Year may be treated as occurring within such Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Port Fund.

(d) *Lien on Available Revenue.* The Bonds and Reimbursement Bond and the liens thereof created and established hereunder shall be obligations only of the 2008B Subordinate Lien Bond Fund hereinbefore authorized to be created. The Bonds and Reimbursement Bonds shall be payable by the Port solely from and secured solely by Available Revenue or money in the Port Fund (subject to the priorities established in subsection (b) above), and from amounts drawn on any Credit Facility.

From and after the time of issuance and delivery of the Bonds and so long thereafter as any Bonds or any Reimbursement Bond remains Outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the 2008B Subordinate Lien Bond Fund out of Available Revenue, on or prior to the date on which the interest on and principal of the Bonds and Reimbursement Bonds shall become due, the amount necessary to pay such principal and interest.

Said amounts so pledged to be paid into the 2008B Subordinate Lien Bond Fund 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 the lien on Gross Revenue of the Permitted Prior Lien Bonds and except that the amounts so pledged shall be of equal lien to the liens and charges on Gross Revenue which may hereafter be made to pay and secure the payment of the principal of and interest on the Outstanding Subordinate Lien Bonds and any Future Subordinate Lien Parity Bonds and except for liens and charges equal in rank that may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product.

The Bonds and Reimbursement 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, and no tax revenues of the Port may be used to pay the principal of and interest on the Bonds or Reimbursement Bonds.

Section 5.02. Use of Moneys in 2008B Subordinate Lien Bond Fund and Moneys Drawn Under Credit Facility. Money in the 2008B Subordinate Lien Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on, the Bonds as the same shall become due and payable at maturity, upon redemption or otherwise, and the lien on such moneys on deposit in the 2008B Subordinate Lien Bond Fund shall be first and prior to the lien of any other person thereon. Funds for the payment of the principal of, premium, if any, and

interest on the Bonds shall be derived from the following sources in the order of priority indicated:

- (a) moneys drawn by the Registrar under a direct pay Credit Facility for the payment of the principal of or interest on the Bonds that are secured by such Credit Facility;
- (b) payments made by the Port pursuant to Section 5.01(b) of this resolution; and
- (c) moneys drawn by the Registrar under any other Credit Facility for the payment of the principal of or interest on the Bonds that are secured by such Credit Facility.

The Credit Facility shall be the obligation of the Credit Facility Issuer to pay to the Registrar, in accordance with the terms thereof, such amounts as shall be specified therein and available to be drawn thereunder for the timely payment of the principal of and interest on the Bonds (payable from the direct pay Credit Facility) whether at their stated maturity, or upon redemption or otherwise, and, if the direct pay Credit Facility so permits, premium, and portions of the Purchase Price of Bonds corresponding to principal and interest thereon, required to be made pursuant to, and in accordance with, the provisions of this resolution. Money drawn under the Credit Facility by the Registrar shall be held by the Registrar separate and apart and shall not be commingled with any Port funds. Such money shall be held uninvested. The direct pay Credit Facility shall be reduced to the extent of any drawings thereunder and reinstated in accordance with the terms thereof.

Section 5.03. Enforcement of Rights. The Registered Owner of each of the Bonds or a trustee for the Registered Owners of Bonds may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in this resolution.

Section 5.04. Permitted Prior Lien Bonds and Future Subordinate Lien Parity Bonds.

(a) *Permitted Prior Lien Bonds.* As provided in the First Lien Master Resolution, the Port reserves the right to issue from time to time one or more series of First Lien Bonds by means of a Series Resolution (as such term is defined and required under the First Lien Master 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 First Lien Bonds set forth in the First Lien Master Resolution. In addition, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 5.01(b) of this resolution, and having lien(s) on such Net Revenues

prior to the lien of the Subordinate Lien Parity Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Subordinate Lien Parity Bonds - General Provisions.* The Port hereby further covenants and agrees with the Registered Owners of each of the Subordinate Lien Parity Bonds for as long as any of the same remain Outstanding that it will not issue any Future Subordinate Lien Parity Bonds that constitute a charge and lien upon the Available Revenue equal to the lien thereon of the Subordinate Lien Parity Bonds, (other than Future Subordinate Lien Parity Bonds issued for refunding purposes pursuant to subsection (c) below), unless the following conditions are satisfied:

(1) at the time of the issuance of such Future Subordinate Lien Parity Bonds the Port is not in default under this resolution or any Credit Facility or Liquidity Facility, and

(2) Available Revenue of the Port for the most recent fiscal year, as certified by the Designated Port Representative, was at least sufficient to pay all debt service due and owing in that year on all then Outstanding Subordinate Lien Parity Bonds (and the Reimbursement Bond, if any payments were due and payable during such period); and

(3) any of the conditions (A), (B) or (C) below is satisfied.

(A) Consultant's Certificate. A certificate of a Consultant shall be filed with the Port demonstrating fulfillment of the Subordinate Lien Parity Test, (i) commencing with the first full fiscal year following the earlier of (X) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds or (Y) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued no longer will be paid from the proceeds of such Future Lien Parity Bonds, and (ii) for the following two fiscal years.

In making the computations of Gross Revenue for the purpose of certifying compliance with the Subordinate Lien Parity Test, the Consultant shall use as a basis the Gross Revenue for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable. Gross Revenue shall not take into account any money in the Rate Stabilization Account.

(B) Port Certificate. A certificate may be delivered by the Designated Port Representative, without a Consultant, if the Gross Revenue, based upon the audited financial statements of the Port for the most recently completed fiscal year, 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, is sufficient such that the Subordinate Lien Parity Test will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued will not be paid from the proceeds of such Future Subordinate Lien Parity Bonds and for each year thereafter. In the event that the audit of the financial statements of the Port for the most recently completed fiscal year have not yet been completed, the Port may utilize the most recent audited financial statements within the Base Period; provided that the financial statements for the most recently concluded fiscal year, certified by the Designated Port Representative, demonstrate that the foregoing Subordinate Lien Parity Test would also be satisfied by the Available Revenue during the most recently concluded fiscal year.

(C) No Certificate Required. A certificate shall not be required as a condition to the issuance of Future Subordinate Lien Parity Bonds for refunding purposes, as follows:

(i) Refunding Future Subordinate Lien Parity Bonds may be issued without a certificate if the Maximum Annual Debt Service on all Subordinate Lien Parity Bonds to be Outstanding after the issuance of the refunding Future Subordinate Lien Parity Bonds shall not be greater than the Maximum Annual Debt Service on the Subordinate Lien Parity Bonds which would have been Outstanding were such refunding not to occur.

(ii) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other obligations of the Port having a lien on Available Revenue prior to the lien of Subordinate Lien Parity Bonds without a certificate, provided that such obligations are Permitted Prior Lien Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase), any deposits to a reserve account or to acquire credit enhancement and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided that the aggregate dollar amount to be paid in each year following the refunding for debt service on all Subordinate Lien Parity Bonds and Permitted Prior Lien Bonds to be Outstanding after the issuance of the refunding

Future Subordinate Lien Parity Bonds is not be increased over the amount that would have been paid had such refunding not occurred.

(iii) Future Subordinate Lien Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity any other Permitted Prior Lien Bonds or Subordinate Lien Parity Bonds, for the payment of which sufficient Available Revenue or other money is not available, without the requirement of a certificate pursuant to this section.

(c) *Liens Subordinate to Subordinate Lien Parity Bonds.* Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations (including any Other Derivative Product) which are a charge upon the Available Revenue junior or inferior to the payments required by this resolution to be made out of such Available Revenue to pay and secure the payment of any Subordinate Lien Parity Bonds; provided that such subordinated lien obligations are not, by their terms, subject to acceleration of maturity as a remedy or at the option of any other party. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of termination amounts with respect to an Other Derivative Product or a Parity Derivative Product.

Section 5.05. Disposition of Bond Proceeds. The proceeds of the Bonds shall be paid into the Capital Fund (hereinafter authorized to be created). The Treasurer of the Port is hereby authorized and directed to create a special fund or account of the Port, designated as the "Port of Tacoma Capital Fund, 2008" (the "Capital Fund"). The money on deposit in the Capital Fund shall be utilized to pay or reimburse the Port for the Costs of Construction of the Projects and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Bonds, to the extent designated by the Port.

All or part of the proceeds of the Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law that will mature prior to the date on which such money shall be needed.

In the event that it shall not be possible or practicable to accomplish all of the Projects, the Port may apply the proceeds of the Bonds to pay the costs of such portion thereof or such

other projects as the Commission shall determine to be in the best interests of the Port, subject to the limitations of Section 5.08 of this resolution.

Any part of the proceeds of the Bonds remaining in the Capital Fund after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to the Facilities of the Port subject to the limitations of Section 5.08 of this resolution or may be transferred to the 2008B Subordinate Lien Bond Fund for the uses and purposes therein provided.

Section 5.06. Covenants. The Port hereby makes the following covenants and agrees with the owners and holders of each of the Subordinate Lien Parity Bonds for as long as any of the Bonds remain Outstanding.

(a) *Subordinate Lien Rate Covenant.* The Port will at all times comply with the Subordinate Lien Rate Covenant.

(b) *Performance of Covenant.* The Port will duly and punctually pay or cause to be paid out of the 2008B Subordinate Lien Bond Fund the principal of and interest on the Bonds at the times and places as provided in this 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 and in the Bonds.

(c) *Maintenance of Facilities.* The Port will at all times keep and maintain or cause to be kept and maintained all of the Facilities in good repair, working order and condition and will at all times operate or cause to be operated the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) *Sale or Condemnation of Projects.* In the event that any Project or portion thereof 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 other revenue producing Facilities or to the retirement of Permitted Prior Lien Bonds or Subordinate Lien Parity Bonds then Outstanding.

(e) *Insurance of Facilities.* The Port will keep or arrange to 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.

(f) *Insurance Against Port Liability.* The Port will at all times keep or arrange to keep in full force and effect policies of public liabilities 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 or the Designated Port Representative shall deem necessary.

(g) *Maintenance of Books and Records.* The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax and other 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. On or before 120 days after each fiscal year the Port 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 Subordinate Lien Parity Bonds.

Section 5.07. Derivative Products. The Port hereby reserves the right to enter into Parity Derivative Products. The Port may amend the resolution that authorized the Outstanding Subordinate Lien Parity Bonds to accommodate new or modified definitions of Debt Service in connection with a Parity Derivative Product if the Parity Derivative Product includes Port Parity Payments or Reciprocal Parity Payments not then contemplated or otherwise addressed by the definition of Debt Service. If the Port enters into a Parity Derivative Product with respect to previously Outstanding Subordinate Lien Parity Bonds or Subordinate Lien Parity Bonds to be issued subsequent to the effective date of the Parity Derivative Product (that is, a Parity Derivative Product that is not entered into by the Port simultaneously with the issuance of Subordinate Lien Parity Bonds), the Port shall not be required to satisfy the conditions set forth in Section 5.04(b) of this resolution with respect to the Parity Derivative Product. The Port shall obtain an opinion of its Bond Counsel on the due authorization and execution of such Parity

Derivative Product opining that the action proposed to be taken by the Port is authorized or permitted by this resolution, by Washington law and by applicable provisions of any Series Resolution and is not prohibited by this resolution or any Series Resolution and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Subordinate Lien Parity Bonds then e~~o~~utstanding. Each Parity Derivative Product shall set forth the manner in which the Port Parity Payments and Reciprocal Parity Payments are to be calculated and a schedule of payment dates. This resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Parity Derivative Product; *provided, however*, that termination payments under Parity Derivative Products must be subordinate to the lien of Subordinate Lien Parity Bonds.

Section 5.08. Tax Covenants.

(a) *Tax Covenant.* The Port covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Federal Tax Certificate.

(b) *No Bank Qualification.* The Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 5.09. Defaults and Remedies. The Port hereby finds and determines that 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 money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default with respect to the Bonds:

(a) The Port shall fail to make payment of the principal of any Bond when the same shall become due and payable;

(b) The Port shall fail to make payments of any installment of interest on any Bond 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.

Upon the occurrence and continuation of a Default with respect to a Bond payable from drawings under a Credit Facility that is an irrevocable direct pay letter of credit, the issuer of such Credit Facility shall be entitled to exercise, on behalf of the Registered Owners of the

Bonds payable from drawings under such Credit Facility, any of the remedies provided under this section and, for as long as such Credit Facility Issuer is not in default of its obligations under such Credit Facility, such Credit Facility Issuer shall be the only party entitled to exercise the remedies with respect to such Bond as provided under this section. There shall be no waiver of a Default hereunder with respect to the Bonds that are payable from drawings under a Credit Facility that is an irrevocable direct pay letter of credit unless the Registrar shall be assured that such Credit Facility has been fully reinstated.

Subject to provisions of the preceding paragraph, upon the occurrence of a Default with respect to the Bonds and so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Bonds by the owners of 51% in principal amount of the Outstanding Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointed under the provisions of this Section shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Registered Owners 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 of the Bonds Outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners 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 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 continuation 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 Registered Owners 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 Registered Owners and all such rights of action

upon or under any of the Bonds or the provisions of this 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 moneys, and to do all acts with respect thereto that the Registered Owner himself 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, any plan of reorganization or adjustment affecting the said Bond 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, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Registered Owner, in his own name and on his own behalf or for the benefit of all Registered Owners, 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 or in the Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Available Revenue the principal of and interest on said Bonds to the respective owners thereof 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 and the Credit Facility Issuer 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, whether by a Bondowners' Trustee, the owners of Bonds or the Credit Facility Issuer, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Registered Owners, a Bondowners' Trustee or the Credit Facility Issuer 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.

ARTICLE VI.

THE REMARKETING AGENT; THE REGISTRAR; SALE OF BONDS

Section 6.01. Appointment of Remarketing Agent. The Port appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated as the initial Remarketing Agent hereunder to remarket the Bonds pursuant to this resolution, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Port and the Registrar at all reasonable times.

At all times when Bonds are in the Initial Mode, Weekly Mode, Daily Mode, Commercial Paper Mode or Long Term Mode there shall be a Remarketing Agent hereunder. The Remarketing Agent shall remarket such Bonds in the Initial Mode, Weekly Mode, Daily Mode, Commercial Paper Mode and Long Term Mode pursuant to this resolution, and keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Port and the Registrar at all reasonable times.

The Designated Port Representative may appoint additional Remarketing Agents with respect to the Bonds and/or any Subseries thereof. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this resolution by giving the notice set forth in the Remarketing Agreement. The Remarketing Agent may be removed upon notice set forth in the Remarketing Agreement at the direction of the Designated Port Representative, by written notice to the other Notice Parties. Any successor Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc. (or successor to its functions), shall have a minimum capitalization of \$15,000,000, and shall be authorized by law to perform all the duties set forth in this resolution.

After conversion to the Fixed Mode of the Bonds, there shall be no Remarketing Agent for the Bonds, and all references herein to the Remarketing Agent shall thereafter be of no effect.

Section 6.02. Registrar; Successors. The Registrar shall perform the duties specified hereunder consistent with the terms of the Fiscal Agency Agreement and this resolution.

Section 6.03. Successor Remarketing Agent by Merger. If the Remarketing Agent (or any co-Remarketing Agent) consolidates with, merges or converts into, or transfers all or substantially all of its assets to, another entity, the resulting, surviving or transferee entity without any further act shall be the successor Remarketing Agent (or co-Remarketing Agent).

Section 6.04. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriter, under the terms and conditions as provided in the Bond Purchase Contract and in this resolution. The Designated Port Representative is hereby authorized to negotiate and execute a Bond Purchase Contract with such terms as are approved by the Executive Director and consistent with this resolution and substantially in the form presented to this Commission with only such changes he/she deems reasonable. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the Maturity Date, the initial Mode for the Bonds, the Initial Rate and initial Purchase Date (if the Initial Mode is selected), and aggregate principal amount of the Bonds. The Executive Director is hereby authorized to approve the Maturity Date, the initial Mode for the Bonds, the Initial Rate and initial Purchase Date (if the Initial Mode is selected), and aggregate principal amount in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed \$133,000,000.

Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract upon the Executive Director's approval of the Maturity Date, the initial Mode for the Bonds, the Initial Rate and initial Purchase Date (if the Initial Mode is selected), and aggregate principal amount of the Bonds.

The Designated Port Representative is hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to said Underwriter and for the proper application and use of the proceeds of sale thereof. The Bonds will be printed at Port expense and will be delivered to the Underwriter in accordance with the Bond Purchase Contract, with the approving legal opinion of K&L ~~Preston-Gates~~ ~~Ellis~~-LLP.

The proper Port officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of the sale thereof.

Section 6.05. Approval of Official Statement. The Designated Port Representative is hereby authorized and directed to review, approve, authorize for distribution by the Underwriter and the Remarketing Agent, and execute on behalf of the Port an official statement with respect to the Bonds.

Section 6.06. Approval of Financing Documents. The Commission finds that entering into the Remarketing Agreement with the Remarketing Agent and any additional or successor Remarketing Agent designed by the Designated Port Representative is in the Port's best interest. The Commission therefore authorizes the execution of those documents and of the official statement by the Designated Port Representative (with such changes to those documents as may be approved by the Designated Port Representative and are consistent with this resolution) and the performance by the Port of its obligations thereunder.

Section 6.07. Specific Authorizations. The Designated Port Representative may, in his or her discretion, without further action by the Commission, (a) effect changes in Mode of the Bonds from one Mode to another, (b) negotiate terms of any Credit Facility or Liquidity Facility, any fee reductions and any extensions of the Expiration Date, and execute the applicable Reimbursement Agreement or other necessary documents in this regard including supplements to the official statement and other offering documents, and (c) effect such Mode Changes, and execute documents necessary to effect such changes and (d) execute a Continuing Disclosure Certificate providing for an undertaking by the Port to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The Chief Executive Officer and the Chief Financial and Administrative Officer are hereby authorized to execute documentation as shall be required to confirm the conversion of the Interest Rate on the Bonds to the Index Interest Rate. The Designated Port Representative is hereby directed to provide notice to the ratings agencies of this amendatory resolution and to direct a mandatory purchase of the Bonds pursuant to Section 4.02(e) of the this resolution on the Index Rate Conversion Date. The Designated Port Representative is hereby further authorized to negotiate and execute a Continuing Covenant Agreement in form and substance acceptable to the

Designated Port Representative. The Designated Port Representative is further authorized to pay the costs of the implementing the proceedings authorized by this resolution.

Section 6.08. Appointment of Bank and Successors to Remarketing Agent or Bank.

The Commission authorizes the Designated Port Representative to appoint additional Remarketing Agents and successor(s) to any Remarketing Agent (with the prior written consent of the Credit Facility Issuer for the Bonds, if any, which consent will not be unreasonably withheld). The Commission additionally authorizes the Designated Port Representative to remove the Remarketing Agent when, in the sole discretion of the Designated Port Representative, such removal is deemed necessary or beneficial to the Port. In the event of such resignation or removal, the Designated Port Representative may negotiate a contract with, or issue a request for proposals for, a successor Remarketing Agent, as appropriate, and execute a contract with the successor so selected; provided, however, that no successor may be appointed by the Designated Port Representative if the appointment of such successor would result in the withdrawal, suspension or downgrade in the ratings of the Bonds by any Rating Agency.

The Commission authorizes the selection of the Bank and authorizes the Designated Port Representative to execute the Reimbursement Agreement, the Reimbursement Bond and any certificates required thereby. The Commission further authorizes the Designated Port Representative to select one or more other Credit Facility Issuers, and to negotiate and execute any applicable Reimbursement Agreement and Reimbursement Bond. The Commission authorizes the Designated Port Representative to obtain an alternate Credit Facility and/or Liquidity Facility when, in the sole discretion of the Designated Port Representative, such replacement is deemed necessary or beneficial to the Port. In the event of such replacement, the Designated Port Representative may negotiate a contract with, or issue a request for proposals for, a new Credit Facility Issuer and/or Liquidity Facility Issuer and execute a contract with the new Credit Facility Issuer and/or Liquidity Facility Issuer so selected, including any Reimbursement Agreement and Reimbursement Bond in connection therewith.

ARTICLE VII.

MISCELLANEOUS

Section 7.01. Contract; Severability. The covenants in this resolution shall constitute a contract for the benefit of the Registered Owners, and the Registered Owners shall be entitled to enforce the provisions of this resolution in accordance with its terms. If any one or more of

the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 7.02. Notice by Mail. Any notice required to be given hereunder by mail to the Registered Owners shall be given by mailing a copy of such notice, first class postage prepaid, to the Registered Owners of all the Bonds at their addresses appearing in the Bond Register.

Section 7.03. References to Credit Facility Issuer or Liquidity Facility Issuer. Notwithstanding any provisions contained herein to the contrary, so long as the Credit Facility or Liquidity Facility is not in effect (and no obligations are owed to the Credit Facility Issuer or Liquidity Facility Issuer pursuant to any applicable Reimbursement Agreement), all references to the applicable Credit Facility Issuer or Liquidity Facility Issuer including the Bank contained herein shall be null and void and of no force and effect. The Registrar shall not have any lien on moneys received under any Credit Facility or Liquidity Facility or received as remarketing proceeds for payment of its fees and expenses, and the Registrar shall not seek indemnity as a condition to making a drawing under any Credit Facility or Liquidity Facility, making payments to Owners of Bonds or implementing a Mandatory Purchase Date.

Section 7.04. Notices. All written notices to be given hereunder to any Notice Party shall be given by Electronic Means, by overnight delivery service (e.g., Federal Express) or by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed by Electronic Means or in writing from time to time, addressed as follows:

The Port:	Port of Tacoma
	P.O. Box 1837
	Tacoma, Washington 98401
	Attention: Deputy Executive Director <u>Chief Executive Officer</u>
	Telephone: (253) 383-5841
	Fax: (253) 597-7573

The Bank: (Until the Index Rate Conversion Date) Bank of America,
N.A.
OR1-129-17-15
121 SW Morrison Street, Suite 1700
Portland, OR 97204-3117
Attention: Douglas B. Bowsby, Senior Vice President
Telephone: (503) 275-1869
Fax: (503) 275-1274

Registrar: The Bank of New York Mellon
101 Barclay Street, Floor 7W
New York, New York 10286
Attention: Corporate Trust Registrar Administration
Telephone: (212) 815-5091
Fax: (212) 815-5393

Remarketing Agent: (Until Index Rate Conversion Date) Merrill Lynch, Pierce,
Fenner & Smith Incorporated
Municipal Money Markets
Municipal Bond Division
4 World Financial Center, 9th Floor
New York, NY 10080
Attention: Manager, Municipal Money Markets
Telephone: (212) 449-5544
Fax: (646) 736-6960

Moody's: Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York, NY 10007
Attention: Structural Finance/LOC Group

S&P: Standard & Poor's Ratings Services,
a Division of the McGraw Hill Companies
55 Water Street
New York, New York 10041
Attention: Manager, Public Finance Department
pubfin_structured@standardandpoors.com

Section 7.05. Payments Due on Holidays. Subject to Article II of this resolution, if an Interest Payment Date is not a Business Day then payment shall be made on the next Business Day and no interest shall accrue for the intervening period.

Section 7.06. Notices to Rating Agencies. The Port shall give immediate notice to each Rating Agency then maintaining a rating on the Bonds in the event:

- (a) The Remarketing Agent or the Registrar resigns or is replaced;
- (b) This resolution is amended or supplemented;
- (c) An alternate Credit Facility or Liquidity Facility is provided;
- (d) Bonds are changed from one Mode to another Mode (specifying the length of the new Interest Period(s));
- (e) There has been a redemption or defeasance of the Bonds;

(f) A Mandatory Purchase Date has occurred as a result of the nonreinstatement or expiration of the Credit Facility, if any, or Liquidity Facility, if any;

(g) The Remarketing Agreement, a Reimbursement Agreement or a Credit Facility or Liquidity Facility is amended, supplemented, extended, terminated or expired or replaced; ~~and/or~~

(h) Any other information reasonably requested by a Ratings Agency in order to maintain its rating on the Series 2008 Bonds.

Section 7.07. Amendments Without Registered Owners Consent. This resolution may be amended or supplemented from time to time, without the consent of the Registered Owners by a supplemental resolution adopted by the Commission for one or more of the following purposes:

(a) to add additional covenants of the Port or to surrender any right or power herein conferred upon the Port; or

(b) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision of this resolution or otherwise) provision of this resolution in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution, provided such action shall not impair the security of this resolution or adversely affect the interests of the Registered Owners; or

(c) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Bonds; or

(d) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in connection with the delivery of a letter of credit, liquidity facility, standby bond purchase agreement or other security or liquidity arrangement, provided such action shall not impair the security of this resolution or adversely affect the interests of the Registered Owners; or

(e) to modify the provisions for optional or mandatory redemption at the commencement of a Long Term Mode or Fixed Mode; or

(f) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on the Bonds as is deemed necessary by the Port; or

(g) for any purpose, if such amendment becomes effective only following a mandatory tender of all Bonds for purchase.

Section 7.08. Amendments With Registered Owners Consent. This resolution may be amended from time to time by a supplemental resolution approved by the Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Bonds without the consent of the Registered Owners of 51% in aggregate principal amount of the Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any Bonds, the Maturity Date, Interest Payment Dates, purchase upon tender or redemption provisions of any Bonds or this Section 7.08 without the consent of the Registered Owners of all Outstanding Bonds affected thereby. For the purpose of consenting to amendments under this Section 7.08 except for amendments that alter the interest rate on any Bonds, the Maturity Date, Interest Payment Dates, purchase upon tender or redemption of any Bonds or this Section 7.08, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from such Credit Facility and that are then Outstanding.

Section 7.09. Amendments With Credit Facility Issuer's Consent. Any amendment or supplement to this resolution shall require the prior written consent of the Credit Facility Issuer.


Section 7.10. Immediate Effect. This amended and restated resolution shall take effect immediately upon the latest of (a) its adoption and (b) the Index Rate Conversion Date.

ADOPTED by the Port Commission of the Port of Tacoma at a meeting thereof, held this 10th day of May, 2012 and duly authenticated in open session by the signatures of the commissioners voting in favor thereof.

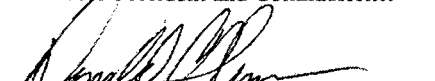
PORT OF TACOMA, WASHINGTON



President and Commissioner



Vice-President and Commissioner



Commissioner

Commissioner

Commissioner

**Exhibit A
Projects**

- (1) Purchase of property at 1801 Alexander Ave, Tacoma WA 98421
- (2) Purchase of property at 1110 Alexander Ave, Tacoma WA 98422
- (3) Purchase of property, site development and construction at 1001 Alexander Ave, Tacoma WA 98421
- (4) Purchase of property at 1701 Alexander Ave, Tacoma WA 98421
- (5) Purchase of property, site development and construction at 1220 Alexander Ave, Tacoma WA 98421
- (6) Purchase of property at 1825 Alexander Ave, Tacoma WA 98421
- (7) Purchase of property at 3319 Lincoln Ave, Tacoma WA 98421
- (8) Purchase of property, site development and construction at 3401 Lincoln Ave, Tacoma WA 98421
- (9) Purchase of property at 1132 Thorne Road, Tacoma WA 98421
- (10) Purchase of property at 2336-2338 East 11th & 2335 Ross Way, Tacoma WA 98421
- (11) Purchase of property at 2324-2332 E 11th, Tacoma WA 98421
- (12) Purchase of property at 2331 Ross Way, Tacoma WA 98421
- (13) Purchase of property, site development and construction at 3401 Taylor Way, Tacoma WA 98421
- (14) Purchase of property, site development and construction at 3701 Taylor Ave, Tacoma WA 98421
- (15) Purchase of property, side development and construction at 1171 Taylor Ave, Tacoma WA 98421
- (16) Purchase of property, site development and construction at 2116 Taylor Way, Tacoma WA 98421
- (17) Purchase of property, site development and construction at 2000 Taylor Way, Tacoma WA 98421
- (18) Purchase of property at 1500 Taylor Way, Tacoma WA 98421
- (19) Purchase of property, site development and construction at 3003 Taylor Way, Tacoma WA 98421
- (20) Purchase of property at 1510 Taylor Way, Tacoma WA 98421
- (21) Purchase right of way at 3680 Taylor Way, Tacoma, WA 98421
- (22) Purchase right of way approximately between 2119 and 3217 E Alexander Ave, Tacoma WA 98421
- (23) Purchase right of way between 11th Street and northeast of Alexander Ave, Tacoma WA 98421
- (24) Purchase of property at 2221 Ross Way, Tacoma WA 98421

- (25) Purchase of property, site development and construction at 3202 E 11th Street, Tacoma WA 98421
- (26) Purchase of property at 1125 Thorne Road, Tacoma WA 98421
- (27) Purchase of property at 1902 Milwaukee Way, Tacoma WA 98421
- (28) Site development and construction at 1202 Taylor Way, Tacoma WA 98421
- (29) Site development and construction at 1123 Taylor Way, Tacoma WA 98421
- (30) Site development and construction at 2901 and 3009 Taylor Way, Tacoma WA 98421
- (31) Site development and construction at 2000 Taylor Way, Tacoma WA 98421
- (32) Site development and construction at 3502 Lincoln Ave, Tacoma WA 98421
- (33) Site development and construction at 4215 SR 509, Tacoma WA 98421
- (34) Site development and construction at 3320 E 11th Street, Tacoma WA 98421
- (35) Site development and construction at 3340 E 11th Street, Tacoma WA 98421
- (36) Site development and construction at 3510 E 11th Street, Tacoma WA 98421
- (37) Site development and construction at 3401 Alexander Ave, Tacoma WA 98421
- (38) Site development and construction at 901 Alexander Ave, Tacoma WA 98421
- (39) Site development and construction and construction at 1225 Alexander Ave, Tacoma WA 98421
- (40) Site development and construction and construction at 3601 Alexander Ave, Tacoma WA 98421
- (41) Site development and construction of marine terminal facilities at 2340 Alexander Avenue, Tacoma WA 98421
- (42) Site development and construction of marine terminal facilities at 501 Alexander Avenue, Tacoma WA 98421
- (43) Site development and construction of marine terminal facilities at 401 Alexander Avenue, Tacoma WA 98421
- (44) Site development and construction at 1451 Thorne Road, Tacoma WA 98421
- (45) Site development and construction at 1721 Thorne Road, Tacoma WA 98421
- (46) Site development and construction at 1621 Marine view Drive, Tacoma WA 98421
- (47) Expansion of the Washington United Terminal at 1815 Port of Tacoma Road, Tacoma WA 98421
- (48) Site development and construction of the APM terminal at 1675 Lincoln Ave, Tacoma WA 98421
- (49) Site development and construction of the OCT terminal at 710 Port of Tacoma Road, Tacoma WA 98421
- (50) Site development and construction of the Husky terminal at 1101 Port of Tacoma Road, Tacoma WA 98421
- (51) Site development and construction of the Pierce County terminal at 4015 SR 509 North Frontage Road, Tacoma WA 98421

- (52) Site development and construction of Auto Warehousing at 2810 Marshall Ave, Tacoma WA 98421
- (53) Site development and construction at 1702 Port of Tacoma Road and 1721 Thorne Road, Tacoma WA 98421
- (54) Purchase of marine equipments for operations at 802 Port Center Road, Tacoma WA 98421
- (55) Purchase of marine equipments for operations at 1101 Port of Tacoma Road, Tacoma WA 98421

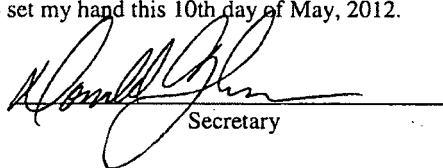
CERTIFICATE

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

1. That the attached resolution numbered 2012-05 (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 10th day of May, 2012 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 10th day of May, 2012.


Secretary

CERTIFICATE

I, the undersigned, duly appointed Chief Financial and Administrative Officer of the Port of Tacoma (the "Port"), DO HEREBY CERTIFY:

1. That the attached Amended and Restated Resolution No. 2012-05 (the "Resolution"), is a true and correct copy of a resolution of the Port as adopted at an open public meeting of the Port Commission held on the 10th day of May, 2012, 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 was present throughout the meeting and a legally sufficient number of members of the Port Commission voted in the proper manner for the passage of the Resolution; that all other requirements and proceedings incident to the proper passage of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

3. That the Resolution has not been amended, superseded or repealed since its adoption and remains in full and force and effect as of May 25, 2012.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of May, 2012.



Erin Galeno
Chief Financial and Administrative Officer
Port of Tacoma



ATTACHMENT H DIRECT PURCHASE VARIABLE RATE BANK LOAN BID SHEET

Name of Provider _____

Bank Legal Fees & Expenses: Estimated _____ Capped at _____

Timeframe for Approval: _____

Maximum Principal Amount for Bonds (plus required interest coverage) _____

Spread _____

Downgrade Pricing Material

Credit Rating (S&P/Moody's)	Applicable Spread
A+/A1 to A/A2	+ _ bps
A/A2 to A-/A3	+ _ bps
A-/A3 to BBB+/Baa1	+ _ bps
BBB+/Baa1 to BBB/Baa2	+ _ bps
BBB/Baa2 to BBB-/Baa3	+ _ bps

Base Rate _____

Default Rate _____

Term Out (years) _____

Bidder Organization _____

Signature _____

Name _____

Phone _____ Email _____



ATTACHMENT H DIRECT PURCHASE VARIABLE RATE BANK LOAN BID SHEET

Name of Provider _____

Bank Legal Fees & Expenses: Estimated _____ Capped at _____

Timeframe for Approval: _____

Maximum Principal Amount for Bonds (plus required interest coverage) _____

Spread _____

Downgrade Pricing Material

Credit Rating (S&P/Moody's)	Applicable Spread
A+/A1 to A/A2	+ _ bps
A/A2 to A-/A3	+ _ bps
A-/A3 to BBB+/Baa1	+ _ bps
BBB+/Baa1 to BBB/Baa2	+ _ bps
BBB/Baa2 to BBB-/Baa3	+ _ bps

Base Rate _____

Default Rate _____

Term Out (years) _____

Bidder Organization _____

Signature _____

Name _____

Phone _____ Email _____