

# COMMISSION AGENDA

Item No: 7B

Meeting: 10/15/20

**DATE:** October 6, 2020

**TO:** Port Commission

**FROM:** Eric Johnson, Executive Director  
Sponsor: Erin Galeno, Chief Financial Officer  
Project Manager: David Morrison, Director, Financial Planning and Treasurer

**ATTC:** Resolution 2020-12-PT

**SUBJECT:** Consider Resolution 2020-12-PT: Authorizing the issuance and sale of a revenue refunding bond, series 2020, of the Port in the aggregate principal amount of not to exceed \$26,075,000 for the purpose of refunding certain outstanding revenue bonds of the port; providing the date, form, and repayment terms of the bond; and approving an offer to purchase the bond.

## A. ACTION REQUESTED

Adopt Resolution 2020-12-PT, Authorizing the issuance and sale of a revenue refunding bond, series 2020, of the Port in the aggregate principal amount of \$26,075,000, for the purpose of refunding certain outstanding revenue bonds of the port; providing the date, form, and repayment terms of the bond; and approving an offer to purchase the bond.

## B. BACKGROUND

- Resolution 2004-04 authorized issuance of the 2004 bonds
- Resolution 2014-07 authorized refunding of portions of the 2029, and all of the 2030-2034 maturities of the 2004B bonds totaling \$21,925,000.
  - The bonds were refunded by the 2014A subordinate lien revenue refunding bonds which were paid off (retired) earlier this year.
- Resolution 2015-09 authorized refunding the 2014-2028, and a portion of the 2029 maturities of the 2004B totaling \$34,345,000 at a rate of 2.55% with Columbia Bank.
  - Columbia bank was chosen after a competitive RFP issues to over 20 banks.
- Given extremely low interest rates available in the publicly traded bond market, the Port requested Columbia Bank to lower the current interest rate in lieu of the Port issuing new refunding bonds. The issuing of new publicly traded bonds would be slower and more costly than amending the current loan with Columbia Bank.

## C. FEATURES OF THE NEW COLUMBA BANK LOAN

- Fixed rate of 1.35% versus current 2.55% rate
- Fixed maturity dates the same as current bonds but cannot be retired early
- Legal expense and fees of \$45,000. Payback of approximately 3 months.

**D. FISCAL IMPACT**

Commission is approving a bank loan to refund the 2014B bonds which have coupon rates between 2.55%. The estimated interest savings associated with approving this bank loan is \$1.3 million through 2029. The total interest cost associated with the bank loan is estimated to be 1.38%.

**E. ECONOMIC INVESTMENT / JOB CREATION**

This refunding will allow the port to retain approximately \$283,000 in cash the first full year from reduced interest expense, with total savings of approximately \$1,3 million.

**F. CONCLUSION**

Adopt Resolution 2020-12-PT, Authorizing the issuance and sale of a revenue refunding bond, series 2020A of the Port in the aggregate principal amount of \$26,075,000, for the purpose of refunding certain outstanding revenue bonds of the port; providing the date, form, and repayment terms of the bond; and approving an offer to purchase the bond.

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PORT OF TACOMA, WASHINGTON

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SERIES RESOLUTION

RESOLUTION NO. 2020-12-PT

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF TACOMA, AUTHORIZING THE ISSUANCE AND SALE OF A REVENUE REFUNDING BOND, SERIES 2020, OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF \$26,075,000, FOR THE PURPOSE OF REFUNDING THE OUTSTANDING REVENUE REFUNDING BOND, 2014B, OF THE PORT; PROVIDING THE DATE, FORM, AND REPAYMENT TERMS OF THE BOND; AND APPROVING AN OFFER TO PURCHASE THE BOND.

ADOPTED ON OCTOBER 15, 2020

Prepared by:

K&L GATES LLP  
Seattle, Washington

**Port of Tacoma  
Resolution No. 2020-12-PT  
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\* This Table of Contents and the Cover Page are for convenience of reference and are not intended to be a part of this series resolution.

## RESOLUTION NO. 2020-12-PT

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF TACOMA, AUTHORIZING THE ISSUANCE AND SALE OF A REVENUE REFUNDING BOND, SERIES 2020, OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF \$26,075,000, FOR THE PURPOSE OF REFUNDING THE OUTSTANDING REVENUE REFUNDING BOND, 2014B, OF THE PORT; PROVIDING THE DATE, FORM, AND REPAYMENT TERMS OF THE BOND; AND APPROVING AN OFFER TO PURCHASE THE BOND.

WHEREAS, the Port of Tacoma (the “Port”) 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, as further amended and restated by Resolution No. 2014-03, adopted on April 1, 2014, and as amended and restated by Resolution No. 2016-03-PT, adopted on July 21, 2016 (hereinafter further defined as the “Master Resolution”); and

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

Resolution Number	Date of Issue	Original Principal Amt.	Currently Outstanding (10/01/2020)	Final Maturity Date
2014-09	10/24/2014	\$ 34,345,000 (B)	\$ 26,075,000*	12/01/2029
2016-04-PT	09/08/2016	36,535,000	36,535,000	12/01/2034
2016-04-PT	09/08/2016	103,555,000 (B)	101,800,000	12/01/2043
2019-07-PT	09/30/2019	34,630,000	34,630,000	12/01/2031

\* The bonds issued by the 2014-09 resolution are proposed to be refunded by the Series 2020 Bond authorized herein.

(the “Outstanding Bonds”); and

WHEREAS, pursuant to Resolution No. 2014-09 (the “2014 Bond Resolution”), adopted on October 22, 2014, the Port has issued and has outstanding its Revenue Bonds, Series 2014B (AMT), issued under date of October 24, 2014, and currently outstanding in the principal amount of \$26,075,000 (the “2014B Bonds”); and

WHEREAS, the 2014 Bond Resolution authorizes the redemption and defeasance of the 2014B Bond in advance of its scheduled maturity on or after January 24, 2018, at any time at a price of par plus accrued interest to the date of redemption; and

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

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to the Master Resolution, the Port wishes to issue a bond (herein defined as the “Series 2020 Bond”) to refund the 2014B Bond; and

WHEREAS, the Port has received the offer of Columbia State Bank (the “Bank”), to purchase the Series 2020 Bond, and the Commission wishes to accept such offer on the terms and conditions set forth therein and herein;

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

Section 1.     Definitions. Unless otherwise defined herein, the terms used in this series resolution, including the preamble hereto, that are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this series resolution:

***Bank*** means Columbia State Bank and any business successor thereto.

***Bond Register*** means the registration books maintained by the Registrar.

**Chief Executive Officer** means the Executive Director as the chief executive officer of the Port, or any successor to the functions of the Executive Director.

**Chief Financial and Administrative Officer** means the Chief Financial and Administrative Officer of the Port or any successor to the function of the Chief Financial and Administrative Officer.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**Default** has the meaning given such term in Section 12 of this series resolution.

**Designated Port Representative** means, in addition to the Chief Executive Officer of the Port as identified in the Master Resolution, the Chief Financial and Administrative Officer and any other person appointed in writing by either of them.

**Federal Tax Certificate** means the certificate(s) of that name executed and delivered by a Designated Port Representative at the time of issuance and delivery of the Series 2020 Bond.

**Future Parity Bonds** means those revenue bonds or other revenue obligations that are issued by the Port in the future as Bonds pursuant to Section 4 of the Master Resolution.

**Government Obligations** has the meaning given such term in Chapter 39.53 RCW, as now or hereafter amended.

**Included Bonds** means all Bonds issued by the Port from 2014 and thereafter, including the Series 2014B Bond, the Port's Revenue Refunding Bonds, 2016A (Non-AMT), Revenue and Refunding Bonds, 2016B (AMT), the Series 2020 Bond, and any Future Parity Bonds.

**Interest Rate** means 1.35% per annum; provided, however, (i) if the interest on the Series 2020 Bond is no longer exempt from federal income taxation effective as of the date of the loss of tax-exemption and/or (ii) if a nonpayment of principal or interest on the Series 2020

Bond has occurred and is continuing, then the interest rate will increase by a factor of 0.79 (1.35% divided by 0.79).

***Master Resolution*** means Resolution No. 91-38 of the Commission adopted on September 19, 1991, as amended and restated by Resolution No. 97-42, adopted on October 2, 1997, as amended and restated by Resolution No. 2014-03 adopted on April 1, 2014, and as amended and restated by Resolution No. 2016-03-PT, adopted on July 21, 2016, and as the same may hereafter be amended in accordance with its terms.

***Outstanding Bonds*** means the Series 2014B Bond, Revenue Refunding Bonds, 2016A (Non-AMT), the Revenue and Refunding Bonds, 2016B (AMT), and the Revenue Refunding Bonds, 2019A (AMT), identified with more particularity in the recitals to this series resolution.

***Qualified Insurance*** means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), (i) the unsecured debt or insurance underwriting or claims paying ability of which, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by one or more of the Rating Agencies, or (ii) that by issuing its policies such insurance company causes obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

***Qualified Letter of Credit*** means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

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



**Registrar** means the Treasurer for the purposes of registering and authenticating the Series 2020 Bond, maintaining the Bond Register and effecting transfer of ownership of the Series 2020 Bond.

**Series 2014B Bond** means the Port of Tacoma Revenue Refunding Bond, Series 2014B (AMT), issued pursuant to the Series 2014B Bond Resolution.

**Series 2014B Bond Resolution** means Resolution No. 2014-09 adopted by the Commission on October 22, 2014, authorizing the issuance of the 2014B Bond.

**Series 2020 Bond** means the Port of Tacoma Revenue Refunding Bond, Series 2020 (AMT), authorized to be issued by Section 2 of this series resolution.

**Series 2020 Bond Fund** means the Port of Tacoma Revenue Bond Fund, Series 2020 created in the office of the Chief Financial and Administrative Officer by Section 6 of this series resolution.

**Treasurer** means the Treasurer of the Port or any successor to the function of the Treasurer.

**Rules of Interpretation.** In this series resolution, unless the context otherwise requires:

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

Section 2.     Authorization of Series 2020 Bond. The Port shall now issue and sell to the Bank the Series 2020 Bond in aggregate principal amount of \$26,075,000 for the purpose of providing the funds necessary to refund the 2014B Bond as of the date of issuance of the Series 2020 Bond.

Section 3.     Bond Details. The Series 2020 Bond shall be designated as the “Port of Tacoma, Washington Revenue Refunding Bond, Series 2020 (AMT),” shall be registered as to both principal and interest, shall be issued as single fully registered bond, shall be dated as of its date of delivery to the Bank, and shall bear interest at the Interest Rate. Interest on the Series 2020B shall be payable semiannually on each June 1 and December 1, commencing December 1, 2020, and shall be payable in principal installments on the following dates:

(December 1)	Principal
2020	\$ 2,440,000
2021	2,505,000
2022	2,570,000
2023	2,635,000
2024	2,700,000
2025	2,770,000
2026	2,840,000
2027	2,915,000
2028	2,985,000
2029	1,715,000

Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Series 2020 Bond shall be an obligation only of the Series 2020 Bond Fund and the Common Reserve Fund created or maintained under the Master Resolution and shall be payable and secured as provided herein. The Series 2020 Bond does not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

The Port hereby makes all of the covenants and agreements with the owners and holders of the Series 2020 Bond as are set forth in Section 7 of the Master Resolution, including but not limited to, the Rate Covenant.

Section 4.     Prepayment. The Series 2020 Bond is not subject to prepayment.

Section 5.     Registration, Payment and Transfer. The Treasurer shall act as the initial Registrar. The duties of the Registrar hereunder shall be limited to authenticating the Series 2020 Bond and to remitting money to the Bank on the payment dates as provided therein. The Series 2020 Bond shall not be transferable, except in whole to a financial institution. The Treasurer may determine at any time that he or she no longer wishes to act as Registrar and thereupon may appoint a successor Registrar, which may or may not be the fiscal agent of the

State of Washington. The Registrar is authorized, on behalf of the Port, to authenticate and deliver the Series 2020 Bond and to carry out all of the Registrar's powers and duties under this series resolution.

Principal of and interest on the Series 2020 Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Series 2020 Bond shall be paid by check, wire, or electronic transfer on the date due to the Bank; *provided, however*, that upon payment of the final installment of principal on the Series 2020 Bond, the Bank shall present and surrender the Series 2020 Bond to the Registrar for cancellation.

Section 6. Series 2020 Bond Fund and Common Reserve Fund.

(a) *Series 2020 Bond Fund.* A special fund of the Port designated the "Port of Tacoma Revenue Bond Fund, Series 2020" (the "Series 2020 Bond Fund") is hereby authorized to be created in the office of the Chief Financial and Administrative Officer for the purpose of paying and securing the payment of the Series 2020 Bond. The Series 2020 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, from time to time, of the Series 2020 Bond.

The Port hereby irrevocably obligates and binds itself for so long as the Series 2020 Bond remains outstanding to set aside and pay into the Series 2020 Bond Fund from Net Revenues or money in the Port Fund, on or prior to the respective dates on which the same become due:

(1) such amounts as are required to pay the interest scheduled to become due on the Series 2020 Bond; and

(2) such amounts as are required to pay the principal being redeemed of the Series 2020 Bond.

(b) *Common Reserve Fund.* The Common Reserve Fund shall be maintained for the purpose of securing the payment of the principal of and interest on all Included Bonds.

Notwithstanding the fact that the Common Reserve Fund may include a number of differently designated funds or accounts, the Common Reserve Fund shall be considered a common pooled reserve, and the balance on hand in any of the individual funds constituting the Common Reserve Fund shall be available to pay and secure all Included Bonds then Outstanding. The Port covenants and agrees that from and after the closing and delivery of the Series 2020 Bond, it will at all times maintain an amount in the Common Reserve Fund at least equal to the Common Reserve Fund Requirement, except for withdrawals therefrom authorized hereinafter, at all times for so long as any Included Bonds remain Outstanding, as provided in the Master Resolution.

The Common Reserve Fund Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund shall be transferred to the fund or account specified by the Designated Port Representative within the limitations permitted by the Federal Tax Certificate. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued at the market price thereof on a marked to market basis, valued at least once annually and following any withdrawal. As used herein, the term “cash” shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier’s check; and the deposit to the Common Reserve Fund may be satisfied by the transfer of qualified investments to such account. If a deficiency in the Common Reserve Fund Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within a year thereof.

If the balance on hand in the Common Reserve Fund is sufficient to satisfy the Common Reserve Fund Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Series 2020 Bond Fund and the Common Reserve Fund to pay the principal of, premium, if any, and interest on all Included Bonds then Outstanding, the money in the Common Reserve Fund may be used to pay such principal and interest. So long as the money left remaining on deposit in the Common Reserve Fund is not less than to the Common Reserve Fund Requirement, money in the Common Reserve Fund may be transferred to the fund or account specified in writing by the Designated Port Representative within the limitations permitted by the Federal Tax Certificate. The Port also may transfer out of the Common Reserve Fund any money required to prevent any Included Bonds from becoming “arbitrage bonds” under the Code.

If a deficiency in the Series 2020 Bond Fund or any bond fund established for Future Parity Bonds shall occur, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Included Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the transfer of cash from the Common Reserve Fund to the Series 2020 Bond Fund or future bond fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund for the Included Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the

payments required to be made in paragraphs First and Second of Section 2(a) of the Master Resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement, the issuer shall be entitled to exercise all remedies available at law or under this series resolution; provided, however, that no acceleration of any Included Bonds shall be permitted, and no remedies that materially and adversely affect the Bank shall be permitted. Any deficiency created in the Common Reserve Fund by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into all bond funds then maintained for Outstanding Bonds within such year.

In making the payments and credits to the Common Reserve Fund required by the Master Resolution and this Section 6(b), to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Common Reserve Fund such amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Common Reserve Fund by this Section 6(b) to the extent that such payments and credits to be made are to be made or insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. In the event of termination of a Qualified Letter of Credit, if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence or if the letter of credit or insurance otherwise ceases to be a Qualified Letter of Credit or Qualified Insurance, respectively, the Common Reserve Fund Requirement shall be satisfied (A) within one year after the termination, insolvency or incapacity, with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the termination, insolvency or

incapacity, out of Net Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into all bond funds then maintained for Outstanding Bonds.

(c) *Pledge and Lien.* Said amounts so pledged to be paid into the Series 2020 Bond Fund and the Common Reserve Fund are hereby declared to be an equal and 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 that the amounts so pledged are of equal lien to the lien and charge thereon of the Outstanding Bonds, and to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of, premium, if any, and interest on any Future Parity Bonds. Any Net Revenue available to pay the principal of or interest on Outstanding Bonds shall be distributed among Outstanding Bonds on a pro-rata basis without regard to the existence of the Common Reserve Fund or the reserve funds for other Outstanding Bonds or a surety policy(ies) with respect thereto.

(d) *Investments.* Money in the Series 2020 Bond Fund and the Common Reserve Fund and money in the Port Fund may be invested in any investments legal for port districts subject to the limitations set forth in Section 8 hereof.

Section 7.     Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5 of the Master Resolution, as follows:

First: The Port has not been in default of its covenant under Section 7(a) of the Master Resolution for the immediately preceding fiscal year (2019); and

Second: The Series 2020 Bond is being issued for the purpose of refunding the 2014B Bond upon compliance with Section 6 of the Master Resolution.

The conditions provided in Section 5 of the Master Resolution having been complied with, inclusive of the Coverage Requirement, and the payments required herein to be made out



of the Net Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2020 Bond shall constitute a lien and charge upon such Net Revenues equal in rank to the lien and charge thereon of the Outstanding Bonds.

Section 8.      Tax Covenants.

(a)      *Arbitrage Covenant.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2020 Bond and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Series 2020 Bond. The Port shall comply with its covenants set forth in the Federal Tax Certificate.

(b)      *No Designation under Section 265(b).* The Series 2020 Bond is not a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 9.      Lost, Stolen, Mutilated or Destroyed Series 2020 Bond. In case the Series 2020 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2020 Bond of like date, number and tenor to the Bank upon its filing with the Port and the Registrar evidence satisfactory to the Port and the Registrar that such Series 2020 Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 10. Form of Series 2020 Bond and Registration Certificate. The Series 2020

Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$26,075,000

STATE OF WASHINGTON  
PORT OF TACOMA, WASHINGTON  
REVENUE REFUNDING BOND, SERIES 2020 (AMT)

MATURITY DATE: DECEMBER 1, 2029

INTEREST RATE: 1.35%, subject to adjustment as provided in the below-defined Bond Resolution

REGISTERED OWNER: COLUMBIA STATE BANK  
Columbia Bank Loan Operations  
P.O. Box 1757  
Tacoma WA 98401  
Tax I.D. #91-0897063

PRINCIPAL AMOUNT: TWENTY-SIX MILLION SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

THE PORT OF TACOMA, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Tacoma Revenue Bond Fund, Series 2020" (the "Series 2020 Bond Fund") created by Resolution No. 2020-12-PT of the Port Commission (together with Master Resolution No. 2016-03-PT, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Series 2020 Bond Fund from \_\_\_\_\_, 2020, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first day of each June and December, beginning on December 1, 2020 and shall be repaid in principal installments as follows:

(December 1)	Principal
2020	\$ 2,440,000
2021	2,505,000
2022	2,570,000
2023	2,635,000
2024	2,700,000
2025	2,770,000
2026	2,840,000
2027	2,915,000
2028	2,985,000
2029	1,715,000

Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check, wire or electronic transfer by the Treasurer of the Port (the “Registrar”) on the date due to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all installments of principal and interest thereon, the Registered Owner shall present and surrender this bond at the principal office of the Registrar for cancellation.

Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. This bond is being issued to refund an outstanding revenue refunding bond of the Port.

This bond is a private activity bond. This bond is not a “qualified tax-exempt obligation” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond, the Master Resolution, and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from Gross Revenue after payment of Operating Expenses, and to pay into the Series 2020 Bond Fund and the Common Reserve Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Funds, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into the Series 2020 Bond Fund and Common Reserve Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to payment of the Operating Expenses of the Port 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 Outstanding Bonds and any revenue bonds of the Port hereafter issued on a parity with this bond.

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 this bond is outstanding that it will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenues in an amount equal to or greater than the amount required by the Rate Covenant.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Tacoma has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof reproduced hereon as of the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

PORT OF TACOMA

By /s/manual or facsimile  
President, Port Commission

ATTEST:

/s/ manual or facsimile  
Secretary, Port Commission  
[SEAL]

The Registrar's Certificate of Authentication shall be in substantially the following form.

#### CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is the bond described in the within mentioned Bond Resolution and is the Revenue Refunding Bond, Series 2020 (AMT) of the Port of Tacoma, Washington, dated \_\_\_\_\_ f, 2020.

TREASURER OF THE PORT OF  
TACOMA, Registrar

By \_\_\_\_\_  
Treasurer

Section 11.    Execution. The Series 2020 Bond shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and the seal of the Port shall be affixed, impressed or otherwise reproduced on the Series 2020 Bond.

The Series 2020 Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this series resolution unless the Certificate of Authentication, in the form hereinbefore recited, has been manually executed by the Registrar. Such Certificate of Authentication shall be conclusive evidence that the Series 2020 Bond so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2020 Bond shall cease to be such officer or officers of the Port before the Series 2020 Bond so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2020 Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. The Series 2020 Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Series 2020 Bond shall be the proper officers of the Port although at the original date of such Series 2020 Bond any such person shall not have been such officer.

Section 12.    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 series resolution will endanger the operation of the Facilities and the application of Gross

Revenue and such other moneys, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this series resolution:

(a) The Port shall fail to make payment of the principal of the Series 2020 Bond when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; or

(b) The Port shall fail to make payments of any installment of interest on the Series 2020 Bond when the same shall become due and payable; or

(c) The Port shall default in the observance or performance of any other covenants, and such default shall have continued for a period of 90 days.

Upon the occurrence and continuation of any Default, the Bank shall be entitled to exercise the remedies specified in Section 20 of the Master Resolution.

Section 13. Sale of Series 2020 Bond. As outlined in the recitals to this series resolution, the 2014B Bond may be called for redemption prior to their scheduled maturities. The Commission hereby accepts the offer of the Bank dated September 18, 2020, to purchase the Series 2020 Bond, and the Series 2020 Bond shall be sold to the Bank in accordance with the terms of that offer and this series resolution. As provided in the Bank's offer, the Port will pay to the Bank a fee in the amount of \$5,000, which payment shall be made at closing by check, wire transfer or other mutually acceptable means to the Bank. The Port will also reimburse the Bank for its legal fees incurred in reviewing all documentation relating to issuance and purchase of the Series 2020 Bond, in an amount not to exceed \$2,500.

The Chief Financial and Administrative Officer and other Port officials, agents and representative are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2020 Bond to the Bank and for the proper application and use of the proceeds of sale of the Series 2020 Bond. The Designated Port

Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2020 Bond to the Bank and for the proper application and use of the proceeds of sale of the Series 2020 Bond. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including the fees and expenses of the Bank and other retained services, including Bond Counsel, financial advisory services, if any, and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 14. Sale Proceeds; Redemption of the 2014B Bond.

(a) *Accrued Interest.* Interest accrued on the Series 2020 Bond, if any, from its date to the date of issuance shall be deposited in the Series 2020 Bond Fund and shall be used to pay interest on the Series 2020 Bond coming due on December 1, 2020.

(b) *Net Refunding Proceeds.* The net proceeds of sale of the Series 2020 Bond in the dollar amount certified by the Chief Financial and Administrative Officer shall be delivered to the Port for the purpose of paying and redeeming the 2014B Bond on the date of issuance of the Series 2020 Bond.

Money received by the Port from Series 2020 Bond proceeds and other money provided by the Port shall be used immediately upon receipt thereof to pay and redeem the 2014B Bond as authorized by the 2014 Bond Resolution.

Section 15. Financial Reporting; No Ongoing Disclosure. Copies of the budget of the Port, once passed, 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 the Series 2020 Bond. In addition, if not otherwise publicly available online, the Port shall provide copies of its financial statements and budget to those owners of the Series 2020 Bond requesting such items in writing.

The Port is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

Section 16.    Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction 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 series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Parity Bonds.

(The remainder of this page intentionally left blank.)



Section 17.    Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Tacoma at a meeting thereof, held this 15th day of October, 2020, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof.

PORT OF TACOMA, WASHINGTON

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President and Commissioner

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Vice-President and Commissioner

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Commissioner

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Commissioner

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Commissioner

CERTIFICATE

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

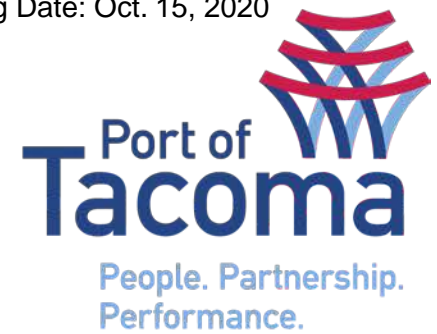
1. That the attached resolution numbered 2020-12-PT, as amended (the “Resolution”), is a true and correct copy of a resolution of the Port, as finally adopted at a regular meeting of the Commission held on the 15th day of October, 2020, and duly recorded in my office.

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 special 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 15th day of October, 2020.

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Secretary



# Consider Resolution 2020-12-PT:

## October 15, 2020

Consider Resolution 2020-12-PT, Authorizing the issuance and sale of a revenue refunding bond, series 2020 (AMT), of the Port in the aggregate principal amount of \$26,075,000 for the purpose of refunding certain outstanding revenue bonds of the port; providing the date, form, and repayment terms of the bond; and approving an offer to purchase the bond.

# Background



## 2014B bonds

- Original par amount of \$34,345,000
- Refunded portions of the 2004B
- Fixed Interest rate of 2.55%
- Callable after 2017

# Refunding Opportunity



- Extremely low interest rates are available in the publicly traded bond
- Staff worked with Columbia bank to develop an alternate approach to issuing new debt in the public market
  - Faster to accomplish
  - Less expense
  - Maintains business relationship between Tacoma entities

# Terms of the Loan



- Coupon rate of 1.35%
- Total all-in rate of 1.38% including all fees
- Loan of \$26,075,000
- Non-Callable
  - Final maturity 12/1/2029
- No change to existing principal payment schedule
- Closing on or about October 30<sup>th</sup>, 2020

# Debt Details



Maturity Date	Principal Amount	Annual Interest	Savings from Prior Bonds
12/1/2020	\$2,440,000	\$29,334.38	\$26,074.99
12/1/2021	2,505,000	319,072.50	283,620.00
12/1/2022	2,570,000	285,255.00	253,560.00
12/1/2023	2,635,000	250,560.00	222,720.00
12/1/2024	2,700,000	214,987.50	191,100.00
12/1/2025	2,770,000	178,537.50	158,700.00
12/1/2026	2,840,000	141,142.50	125,460.00
12/1/2027	2,915,000	102,802.50	91,380.00
12/1/2028	2,985,000	63,450.00	56,400.00
12/1/2029	1,715,000	23,152.50	20,580.00
	\$26,075,000	\$1,608,294	\$1,429,595



# Action



- Delegating to CEO authority to approve the final terms of the refunding bond
- Delegating to staff the ability to pay all fees associated with the loan

Recommend approval of resolution 2020-12-PT, Authorizing the issuance and sale of a revenue refunding bond, series 2020 (AMT), of the Port in the aggregate principal amount of \$26,075,000 for the purpose of refunding certain outstanding revenue bonds of the port; providing the date, form, and repayment terms of the bond; and approving an offer to purchase the bond.