Item: 6F
Date: 9/15/26

Resolution 2026-09-PT: Authorizing Termination of a Payment Agreement with Goldman Sachs

Josh Adams
Deputy Treasurer

Port of Tacoma Commission Meeting
Date: September 15, 2026

Port of Tacoma
People. Partnership. Performance.

Action Request

Port of Tacoma

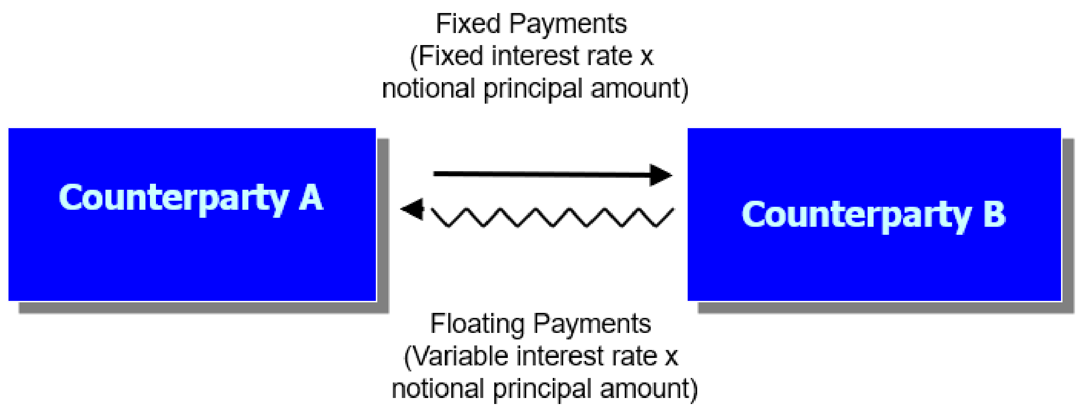
- Approve Resolution 2026-09-PT, authorizing the termination of an interest rate swap agreement with Goldman Sachs and delegating authority to approve the final terms and conditions of such termination and execute and deliver any related documentation.

Interest Rate Payment Agreements

- An interest rate payment agreement is a contract between two parties (counterparty's) to exchange interest rate payments (cash flows) for a specified period of time
  - Also know as an interest rate swap, or just swap
- The principal amount by which the interest rates are multiplied is "notional" – principal payments are not swapped, paid or exchanged

Interest Rate Payment Agreements

- Each counterparty's payments equal the product of an interest rate (swap rate) and a "notional" principal amount
- The swap rate for one counterparty is a fixed rate, while the swap rate for the other counterparty is a variable rate



Port's SWAP Portfolio

Port of Tacoma
Report as of 08/31/2026

INITIAL NOTIONAL DISTRIBUTION

Bank Counterparty	Initial Notional	%
Merrill Lynch Capital Services, Inc. (1)	$20,000,000.00	8%
Goldman Sachs Bank USA (1)	$30,000,000.00	12%
Dexia Credit Local New York Branch (2)	$210,000,000.00	81%
	$260,000,000.00	100%

Port of Tacoma
Report as of 08/31/2026

CURRENT NOTIONAL DISTRIBUTION

Bank Counterparty	Current Notional	%
Merrill Lynch Capital Services, Inc. (1)	$14,360,000.00	8%
Goldman Sachs Bank USA (1)	$15,774,000.00	9%
Dexia Credit Local New York Branch (2)	$145,615,000.00	83%
	$175,749,000.00	100%

- Swaps are "hedged" to the Port's variable rate subordinate lien revenue bonds, effectively making the bonds fixed rate

Goldman Sachs Agreement

- The Port entered an interest rate swap agreement with Goldman Sachs on September 25, 2008
- The Port agreed to pay a fixed rate of 3.32% and receive a floating (variable) rate
  - The floating rate the Port receives on the swap offsets the floating rate the Port pays on its variable rate debt
- Interest rate on Port’s “hedged” subordinate lien variable rate debt effectively fixed at the swap rate
  - The swap favors the Port market rates are higher than the swap rate, and disfavors the Port when they are lower

Opportunity

- The value of a swap is driven by treasury rates
- Recent highs in treasury rates are driving historically low swap termination costs
  - Market value of Goldman Sachs swap on August 31, 2026 approximately $195,000
- Terminating the Goldman Sachs swap now delinks the swap unwind from a "fix-out" of the Port's variable rate debt, allowing the Port flexibility to:
  - Fix-out the related variable rate bonds at a later date when market rates are more favorable
  - Pay off the related variable rate bonds with excess cash

Action Request

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Thank You
Questions & Discussion
Port of Tacoma
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