

RESOLUTION NO. 3321, as amended

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, authorizing the sale and issuance of special facility revenue bonds in three series in the aggregate principal amounts of \$59,740,000, \$87,605,000 and \$70,080,000; for the purpose of paying part of the costs of capital improvements to Port marine facilities; fixing the date, forms, terms, and maturities for such bonds; authorizing the issuance and delivery of such bonds; approving certain protective covenants; appointing a trustee; authorizing the executive director to execute and deliver certain leases; providing for the issuance of special facility revenue bonds in the future on a parity of lien therewith; approving a bond purchase contract; and providing for ongoing disclosure.

ADOPTED: October 21, 1999

Prepared by:

**PRESTON GATES & ELLIS LLP
Seattle, Washington**

TABLE OF CONTENTS*

	Page
Section 1. Definitions, Rules of Construction and Definition Amendments.....	1
Section 2. Authorization and Lien of Bonds.....	2
Section 3. Authorization of Series of Bonds.....	3
Section 4. Authorization of 1999 Bonds.....	3
Section 5. Bond Details.....	4
Section 6. Redemption and Purchase.....	5
Section 7. Place and Medium of Payment.....	10
Section 8. Registration.....	10
Section 9. Project Fund.....	14
Section 10. T-18 Revenue Fund.....	26
Section 11. Bond Fund; Operating Reserve Fund; Senior Payment Fund.....	30
Section 12. Operating Covenants - General.....	42
Section 13. Additional Covenants; Options.....	49
Section 14. Future Parity Bonds for Completion and Additional Bonds.....	62
Section 15. Future Parity Bonds - Refunding Bonds.....	64
Section 16. Adoption of Supplemental Resolutions and Purposes Thereof Without Consent.....	65
Section 17. Adoption of Supplemental Resolutions and Purposes Thereof With Consent.....	67
Section 18. Resolution and Laws a Contract with Bondowners.....	68
Section 19. Defaults.....	68
Section 20. Remedies.....	70
Section 21. Application of Revenue and Other Funds After Default.....	73
Section 22. Trustee to Represent Registered Owners.....	74
Section 23. Registered Owners' Direction of Proceedings.....	74
Section 24. Limitation on Registered Owners' Right to Sue.....	75
Section 25. Termination of Proceedings.....	76
Section 26. Remedies Not Exclusive.....	76
Section 27. No Waiver of Default.....	76
Section 28. Duties, Immunities and Liabilities of Trustee; Co-Trustee.....	76
Section 29. Merger or Consolidation.....	80
Section 30. Liability of Trustee.....	80
Section 31. Right to Rely on Documents.....	82
Section 32. Preservation and Inspection of Documents.....	83
Section 33. Compensation and Indemnification.....	83
Section 34. Notices.....	86
Section 35. Defeasance.....	87
Section 36. Tax Covenants; Rebate Fund.....	90

* This table of contents is not a part of this resolution as adopted but is provided for convenience of reference only.

Section 37.	Lost, Stolen, Mutilated or Destroyed Bonds.....	90
Section 38.	Forms of 1999 Bonds and Registration Certificate.....	90
Section 39.	Execution	102
Section 40.	Sale of 1999 Bonds	103
Section 41.	Undertaking to Provide Ongoing Disclosure.....	104
Section 42.	Bond Insurance Policy; Provisions Relating to 1999 Bond Insurer	104
Section 43.	Severability	109
Appendix A -	Definitions and Rules of Construction	
Schedule 1 -	Designation of Principal Amounts, Maturities, Interest Rates, and Redemption Provisions	
Schedule A -	List of Bond Improvements (AMT)	
Schedule B -	List of Bond Improvements (Non-AMT)	
Exhibit A -	Requisition Certificate	
Exhibit B -	Completion Certificate	
Exhibit C -	Final Disbursement Certificate	

RESOLUTION NO. 3321, as amended

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, authorizing the sale and issuance of special facility revenue bonds in three series in the aggregate principal amounts of \$59,740,000, \$87,605,000 and \$70,080,000; for the purpose of paying part of the costs of capital improvements to Port marine facilities; fixing the date, forms, terms, and maturities for such bonds; authorizing the issuance and delivery of such bonds; approving certain protective covenants; appointing a trustee; authorizing the executive director to execute and deliver certain leases; providing for the issuance of special facility revenue bonds in the future on a parity of lien therewith; approving a bond purchase contract; and providing for ongoing disclosure.

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

WHEREAS, pursuant to the terms of Resolution No. 3059, as amended from time to time (the "Master Resolution"), the Port has outstanding multiple series of parity revenue bonds and subordinate lien revenue bonds; and

WHEREAS, the Master Resolution authorizes the Port to issue "Special Facility Bonds" payable from the income of operation of Special Facilities (as such terms are defined in the Master Resolution); and

WHEREAS, the Port received a proposal from Goldman, Sachs & Co. (the "Underwriter") to underwrite two series of the revenue bonds authorized herein as "Special Facility Bonds" which offer the Port Commission approved on February 22, 1999; and

WHEREAS, the Port has received an additional proposal from the Underwriter to underwrite the third series of Special Facility Bonds authorized herein, which offer this Commission finds acceptable;

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

Section 1. Definitions, Rules of Construction and Definition Amendments.

Capitalized terms not otherwise defined in this resolution have the meaning given such terms in Appendix A. Rules of Construction and provisions regarding amendments to defined terms are set forth in Appendix A. Appendix A is attached hereto and incorporated herein by this reference.

Section 2. Authorization and Lien of Bonds. Special facility revenue bonds of the Port, unlimited in amount, to be known as the "Port of Seattle Special Facility Revenue Bonds," are hereby authorized to be issued in Series, and each such Series may be issued from time to time pursuant to this resolution in such amounts and upon such terms and conditions as the Commission may from time to time deem necessary or advisable, for the purpose of paying Costs of T-18 Projects or refunding obligations issued to pay such Costs of T-18 Projects.

The Bonds and the lien thereof created and established hereunder shall be obligations only of the special funds established under this resolution and in the Supplemental Resolution authorizing their issuance. The Port hereby conveys, pledges, encumbers and grants all of its right, title and interest in Pledged Port Revenue, all special funds and accounts created hereunder, all Pledged Port Revenue therein and any right, title and interest, if any, that it may have in all Pledged Other Revenue and Pledged Other Revenue on deposit in such special funds and accounts. As provided in the foregoing sentence, the Bonds shall be payable from and secured by a lien on Pledged Revenue; provided, however, that any Series of Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that Series of Bonds.

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

Said amounts so pledged are hereby declared to be a prior lien and charge upon the Pledged Port Revenue superior to all other charges of any kind or nature whatsoever except for the prior claim of Senior Payments and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of, premium, if any, and interest on Bonds issued in accordance with the provisions of Sections 3, 4, 14 and/or 15 of this resolution.

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

Section 3. Authorization of Series of Bonds. The Port may issue hereunder from time to time one or more Series of Bonds for the purpose of paying for all or a portion of the costs of completing the T-18 Project and of improving Terminal 18 or for refunding purposes. All Bonds shall be parity obligations upon fulfillment of the conditions of this resolution and conditions, if any, established in future Supplemental Resolutions, at the time of authorization or issuance of such Bonds, and no other obligations shall be issued by the Port secured by Pledged Revenue (excluding therefrom money transferred to the Port as the Remaining Balance pursuant to Section 10 hereof). As a condition precedent to the issuance of Future Parity Bonds (other than the initial three Series issued in 1999), the Port shall comply with the limitations set forth in Section 14 and/or Section 15 of this resolution.

Section 4. Authorization of 1999 Bonds.

(a) *1999A Bonds.* The Port shall issue the 1999A Bonds in the principal amount set forth on Schedule 1 for the purpose of providing part of the funds necessary to

(i) pay the costs of the improvements described on Schedule A attached hereto,

(ii) fund the 1999 Reserve Deposit Allocation allocable to the 1999A Bonds,

(iii) fund the initial deposit to the Capitalized Debt Service Account-Series 1999A, and

(iv) pay all or a part of the costs incidental to the foregoing and to the issuance of the 1999A Bonds including, without limitation, the Bond Insurance Policy premium for the 1999A Bonds.

(b) *1999B Bonds.* The Port shall issue the 1999B Bonds in the principal amount set forth on Schedule 1 for the purpose of providing part of the funds necessary to

(i) pay the costs of the improvements described on Schedule B attached hereto,

(ii) fund the 1999 Reserve Deposit Allocation allocable to the 1999B Bonds;

(iii) fund the initial deposit to the Capitalized Debt Service Account-Series 1999B, and

(iv) pay all or a part of the costs incidental to the foregoing and to the issuance of the 1999B Bonds including, without limitation, the 1999 Bond Insurance Policy premium for the 1999B Bonds.

(c) *1999C Bonds.* The Port shall issue the 1999C Bonds in the principal amount set forth on Schedule 1 for the purpose of providing part of the funds necessary to:

(i) pay the costs of the improvements described on Schedule A and Schedule B attached hereto;

(ii) fund the 1999 Reserve Deposit Allocation allocable to the 1999C Bonds;

(iii) fund the initial deposit to the Capitalized Debt Service Account-Series 1999C;

(iv) make deposits to the C-change Contingency Account-Series 1999C and to the Project Contingency Account-Series 1999C and;

(v) pay all or a part of the costs incidental to the foregoing and to the issuance of the 1999C Bonds including, without limitation, the Bond Insurance Policy premium for the 1999C Bonds.

Section 5. Bond Details.

(a) *1999A Bonds.* The 1999A Bonds shall be designated as "Port of Seattle, Special Facility Revenue Bonds (Terminal 18 Project), Series 1999A," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the Closing Date, shall be in the denominations of \$5,000 each or any integral multiple of \$5,000, shall bear interest on unpaid principal at the rate shown on Schedule 1 payable from the Closing Date until the 1999A Bonds have been paid or their payment duly provided for, payable semiannually on the first days of each March and September, beginning on March 1, 2000 (each a "Payment Date"), and shall mature as set forth on Schedule 1.

(b) *1999B Bonds.* The 1999B Bonds shall be designated as "Port of Seattle, Special Facility Revenue Bonds (Terminal 18 Project), Series 1999B," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be

dated as of the Closing Date, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided that no 1999B Bond shall represent more than one maturity, shall bear interest on unpaid principal from the Closing Date until the 1999B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on each Payment Date, and shall mature on the dates and in the amounts and bear interest at the rates shown on Schedule 1.

(c) *1999C Bonds.* The 1999C Bonds shall be designated as "Port of Seattle, Special Facility Revenue Bonds (Terminal 18 Project), Series 1999C," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the Closing Date, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided that no 1999C Bond shall represent more than one maturity. The 1999C Bonds shall bear interest on unpaid principal from the Closing Date until the 1999C Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on each Payment Date, and shall mature on the dates and bear interest at the rates shown on Schedule 1.

(d) *1999 Bonds a Special Fund Obligation.* The 1999 Bonds are not general obligations of the Port, and no tax revenues of the Port may be used to pay the principal of, premium, if any, and interest on the 1999 Bonds.

The 1999 Bonds shall be obligations only of the Debt Service Account and the 1999 Debt Service Reserve Account into which Pledged Revenue are obligated to be deposited in accordance with the terms of this resolution and shall be payable and secured as provided herein. The 1999 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 6. Redemption and Purchase.

(a) *Optional Redemption.*

(i) The 1999A Bonds are subject to redemption at the option of the Port on and after March 1, 2010 in whole or in part on any date, at the following prices, expressed as a percentage of the principal amount, plus accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Prices
March 1, 2010 through February 28, 2011	101.0%
March 1, 2011 and thereafter	100.0

(ii) The 1999B Bonds are subject to redemption at the option of the Port on and after March 1, 2010 in whole or in part on any date, with maturities to be selected by the Port, at the following prices, expressed as a percentage of the principal amount, plus accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Prices
March 1, 2010 through February 28, 2011	101.0%
March 1, 2011 and thereafter	100.0

(iii) The 1999C Bonds are subject to redemption at the option of the Port on and after March 1, 2010 in whole or in part on any date, with maturities to be selected by the Port, at the prices set forth in Schedule 1.

(b) *Mandatory Redemption.*

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 1999B Bonds, if any, designated as term bonds on Schedule 1 (the "1999B Term Bonds") shall be subject to mandatory redemption on September 1 of the years and in the principal amounts as shown on Schedule 1, at the price or prices shown on Schedule 1, plus accrued interest to the date fixed for redemption.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 1999C Bonds, if any, designated as term bonds on Schedule 1 (the "1999C Term Bonds" and together with the 1999A Term Bonds and the 1999C Term Bonds, the "Term Bonds") shall be subject to mandatory redemption on September 1 of the years and in the principal amounts shown on Schedule 1, at the price or prices shown on Schedule 1, plus accrued interest to the date fixed for redemption.

(c) *Purchase of Bonds for Retirement.* The Port reserves the right to deposit with the Trustee at any time any legally available funds of the Port to purchase for retirement any of the Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative. Such Bonds shall be delivered to the Registrar for cancellation. The Port shall notify in writing the Bond Insurer of any Bonds so purchased.

(d) *Effect of Optional Redemption/Purchase.* To the extent that the Port shall have optionally redeemed or purchased for cancellation any 1999B Term Bonds or 1999C Term Bonds since the last scheduled mandatory redemption of such 1999B Term Bonds or 1999C Term Bonds, as the case may be, the Port may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Port Representative.

(e) *Selection of Bonds for Redemption.* The Series and maturities of Bonds to be redeemed shall be selected by the Port and, within a maturity, if the Bonds then are held in book-entry only form, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as provided in this subsection (e). If the Port redeems at any one time fewer than all of the Bonds of a Series having the same Series and maturity date, the particular Bonds or portions of Bonds of such Series and maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the Port and Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Bond of like Series, maturity and interest rate in any of the denominations herein authorized. The provisions of this subsection (e) and their application to Bonds other than the 1999 Bonds may be modified in a Supplemental Resolution adopted in connection with the issuance of such Bonds.

(f) *Notice of Redemption*

(i) Official Notice. Unless waived by any owner of Bonds to be redeemed and except as may be provided in a Supplemental Resolution adopted in connection with the issuance of Additional Bonds, Completion Bonds or Refunding Bonds, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned upon the receipt by the Registrar of sufficient funds for redemption)

shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,
(B) the redemption price,
(C) if fewer than all Outstanding Bonds are to be redeemed, the identification by maturity and Series (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed.

(D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

On or prior to any redemption date, the Trustee shall deposit, to the extent of funds on deposit in the Debt Service Account and available for such purpose, with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Bond or any defect in such notice shall not invalidate redemption of any other Bond.

Notwithstanding the foregoing, if the Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 30 days prior to the date of redemption.

(ii) Effect of Notice; Bonds Due. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date (unless in the case of optional redemption available money on deposit with the

Registrar is insufficient to pay the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity and Series in the aggregate amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Registrar on behalf of the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds of such Series as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the Series designation and maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption shall be sent at least 35 days before the redemption date to the applicable Bond Insurer and to each NRMSIR, the SID, if any, and to the Underwriter or to its business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deems appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity and Series, the Bonds being redeemed with the proceeds of such check or other transfer. Neither the Port, the Trustee nor the Registrar shall be liable for any failure to include a CUSIP number or any error in designation of a CUSIP

number, appearing either in a notice of defeasance or redemption or in any payment or transfer advice.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 6, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any Owners of Bonds or the Bond Insurer by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 7. Place and Medium of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Except as provided in a Supplemental Resolution adopted in connection with the issuance of any additional Bonds, interest on the Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Bonds at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

Section 8. Registration.

(a) Registrar/Bond Register. The Port hereby requests that the Treasurer appoint the fiscal agency of the State of Washington as the Registrar for the Bonds. The Port shall cause a 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 and registration of transfer of Bonds at its principal corporate trust office and shall make such records available to the Trustee. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, the Trustee, the Bond Insurer, DTC, each NRMSIR and the

SID, if any, and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and qualified and until the successor Registrar shall have accepted the duties of the Registrar hereunder. 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.

(b) *Registered Ownership.* The Port, the Trustee and the Registrar shall deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Sections 41 and 42 of this resolution), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 7 hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 7 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.

If any Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the 1999 Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC the Letter of Representations.

Neither the Port, the Trustee nor the Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the 1999 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of, premium, if any, or interest on 1999 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 (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any 1999 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be

deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the Beneficial Owners or the owners of any other beneficial interest in such 1999 Bonds.

(d) *Use of Depository.*

(i) The 1999 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one 1999 Bond of each Series maturing on each of the maturity dates for each Series of the 1999 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized 1999 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 depository appointed by the Commission pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Commission to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Commission may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding 1999 Bonds, together with a written request on behalf of the Commission, issue a single new 1999 Bond for each Series and maturity of the 1999 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Commission.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Commission determines that it is in the best interest of the Beneficial Owners of the 1999 Bonds that such owners be able to obtain such bonds in the form of 1999 Bond certificates, the ownership of such 1999 Bonds may then be transferred to any person or

entity as herein provided, and shall no longer be held in fully immobilized form. The Commission shall deliver a written request to the Registrar, together with a supply of definitive 1999 Bonds, to issue 1999 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding 1999 Bonds together with a written request on behalf of the Commission to the Registrar, new 1999 Bonds shall be issued in the appropriate denominations and Series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless such Bond 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. 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, Series, maturity 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, Series, maturity and interest rate, in any authorized denomination or denominations. Except as provided in a Supplemental Resolution, the Registrar shall not be obligated to register the transfer of or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Registrar's or Trustee's Ownership of Bonds.* The Registrar or Trustee may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar or Trustee, as applicable, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(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 9. Project Fund.

The Trustee is hereby authorized to establish one or more subaccounts within any account in the Project Fund, upon the written direction of the Designated Port Representative delivered to the Trustee.

(a) *Establishment.* The Trustee shall establish a Project Fund for the payment of the costs of the Bond Improvements described on Schedules A and B attached hereto and for the payment of the costs of improvements to and of repairs and replacements of Terminal 18, including interest capitalized during construction and issuance costs and contingency amounts.

The Project Fund shall initially be divided into eight accounts:

- (i) the Capitalized Debt Service Account-Series 1999A;
- (ii) the Capitalized Debt Service Account-Series 1999B;
- (iii) the Capitalized Debt Service Account-Series 1999C;
- (iv) the Project Account-Series 1999A;
- (v) the Project Account-Series 1999B;
- (vi) the Project Account-Series 1999C;
- (vii) the Project Contingency Account - Series 1999C; and
- (viii) the C-change Contingency Account-Series 1999C.

Within the Project Contingency Account—Series 1999C, the Trustee shall establish two subaccounts, the Project Contingency Cost Subaccount and the Project Contingency Delay Subaccount. Within the C-change Contingency Account—Series 1999C, the Trustee shall establish two subaccounts, the C-change Contingency Cost Subaccount and the C-change Contingency Delay Subaccount. In addition, if liquidated damage or other payments are made to the Trustee pursuant to the EPC Contract, the Guaranty or the Performance Bond or if proceeds of builders' risk insurance are received by the Trustee, the Trustee at the direction of the Port shall establish within the Project Fund one or more additional accounts or subaccounts and shall deposit such funds (other than the proceeds of any delayed opening insurance or business interruption insurance which shall be deposited in the T-18 Revenue Fund) to the credit of such

accounts or subaccounts. If Completion Bonds or Additional Bonds are issued by the Port, the Net Proceeds of such Bonds shall be deposited to one or more accounts within the Project Fund as provided in the Supplemental Resolution providing for the issuance of such Bonds. The Port may also request the Trustee to establish additional accounts or subaccounts within the Project Fund, and the Trustee is hereby authorized to do so.

The amounts in the Project Fund, until applied as hereinafter provided, shall be held for security of all Bonds Outstanding hereunder and at the written direction of the Bond Insurer shall be transferred to the Debt Service Account if no other funds are available to pay debt service.

Moneys on deposit in the Project Fund shall be invested by the Trustee, as directed by the Port in writing, in Permitted Investments stated to mature or to be redeemable at the option of the holder thereof on or before the dates such moneys are expected to be needed. The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the accounts within the Project Fund, and such income and interest shall become part of the respective account or subaccount within the Project Fund and may be expended as provided in subsection (c) hereof. Copies of such records shall be made available to the Port, the Registered Owners and the 1999 Bond Insurer in reasonable quantity from time to time upon written request of the Port, a Registered Owner or the 1999 Bond Insurer, as the case may be.

(b) *Deposits.*

(i) *Deposits into the Capitalized Debt Service Account-Series 1999A.*

On the Closing Date, the sum set forth in the Closing Memorandum shall be deposited in the Capitalized Debt Service Account-Series 1999A. Thereafter, interest earnings and the proceeds of investments of money in the Capitalized Debt Service Account-Series 1999A shall be deposited in and retained in the Capitalized Debt Service Account-Series 1999A.

(ii) *Deposits into the Capitalized Debt Service Account-Series 1999B.*

On the Closing Date, the sum set forth in the Closing Memorandum shall be deposited in the Capitalized Debt Service Account-Series 1999B. Thereafter, interest earnings and the proceeds of investments of money in the Capitalized Debt Service Account-Series 1999B shall be deposited in and retained in the Capitalized Debt Service Account-Series 1999B.

(iii) *Deposits into the Capitalized Debt Service Account-Series 1999C.*

On the Closing Date, the sum set forth in the Closing Memorandum shall be deposited in the Capitalized Debt Service Account-Series 1999C. Thereafter, interest earnings and the proceeds of investments of money in the Capitalized Debt Service Account-Series 1999C shall be deposited in and retained in the Capitalized Debt Service Account-Series 1999C.

(iv) *Deposits into the Project Account-Series 1999A.*

On the Closing Date, the Net Proceeds of the 1999A Bonds (exclusive of the sum designated in the Closing Memorandum for deposit into the Capitalized Debt Service Account-Series 1999A) shall be deposited in the Project Account-Series 1999A. Thereafter, moneys, if any, transferred to the Project Account-Series 1999A pursuant to subsection 9(c) shall be deposited to the Project Account-Series 1999A. Interest earnings and the proceeds of investments of money in the Project Account-Series 1999A shall be deposited in and retained in the Project Account-Series 1999A.

(v) *Deposits into the Project Account-Series 1999B.*

On the Closing Date, the Net Proceeds of the 1999B Bonds (exclusive of the sum designated in the Closing Memorandum for deposit into the Capitalized Debt Service Account-Series 1999B) shall be deposited in the Project Account-Series 1999B. Thereafter, moneys, if any, transferred to the Project Account-Series 1999B pursuant to subsection 9(c) shall be deposited to the Project Account-Series 1999B. Interest earnings and the proceeds of investments of money in the Project Account-Series 1999B shall be deposited in and retained in the Project Account-Series 1999B.

(vi) *Deposits into the Project Account-Series 1999C.*

On the Closing Date, the Net Proceeds of the 1999C Bonds (exclusive of the amounts of such Net Proceeds designated in the Closing Memorandum for deposit into the Project Contingency Account-Series 1999C, the C-change Contingency Account - Series 1999C and the Capitalized Debt Service Account-Series 1999C) shall be deposited in the Project Account-Series 1999C. Thereafter, moneys, if any, transferred to the Project Account-Series 1999C pursuant to subsection 9(c) shall be deposited to the Project Account-Series 1999C. Interest earnings and the proceeds of investments of money in the Project Account-Series 1999C shall be deposited in and retained in the Project Account-Series 1999C.

(vii) *Deposits into the Project Contingency Account-Series 1999C.* On the Closing Date, from the Net Proceeds of the 1999C Bonds, the sum designated in the Closing Memorandum for deposit into the Project Contingency Cost Subaccount shall be deposited in the Project Contingency Cost Subaccount. Thereafter, amounts, if any, deposited by the Port pursuant to Section 13(a)(4) to pay Port Covered Costs (in the event that the Port does not pay such costs directly to the EPC Contractor or another contractor) and interest earnings on the 1999 Debt Service Reserve Account accrued and earned prior to Project Completion shall be credited to the Project Contingency Cost Subaccount upon receipt, and amounts deposited by the Port pursuant to Section 13(a)(3) to pay Port Covered Delay Costs shall be credited to the Project Contingency Delay Subaccount upon receipt. Interest earnings and the proceeds of investments of money in the Project Contingency Account-Series 1999C and in the subaccounts thereof shall be deposited in and retained in the Project Contingency Account-Series 1999C and such subaccounts.

(viii) *Deposits into the C-change Contingency Account-Series 1999C.* On the Closing Date, from the Net Proceeds of the 1999C Bonds the sum designated in the Closing Memorandum for deposit into the C-change Contingency Cost Subaccount shall be deposited in the C-change Contingency Cost Subaccount. Thereafter, deposits if any, by the Port pursuant to Section 13(a)(2) to pay C-change Costs, shall be credited to the C-change Contingency Cost Subaccount, and deposits, if any, by the Port pursuant to Section 13(a)(1) to pay C-change Delay Costs shall be credited to the C-change Contingency Delay Subaccount. Interest earnings and the proceeds of investments of money in the C-change Contingency Account-Series 1999C and in the subaccounts thereof shall be deposited in and retained in the C-change Contingency Account-Series 1999C and such subaccounts.

(ix) Except during the continuance of a Default hereunder, the Port may enforce payments from the Project Fund upon compliance with the procedures set forth in this Section 9. During the continuance of a Default, the Trustee shall make payments and transfers from the Project Fund only with the consent or at the direction of the 1999 Bond Insurer.

(c) *Disbursements.*

(i) *Disbursements from Capitalized Debt Service Account-Series 1999A.* From and after the Closing Date, until the date specified in Section 11(b)(i)(2), the Trustee shall withdraw from the Capitalized Debt Service Account-Series 1999A, taking into account transfers to be made from the C-change Contingency Delay Subaccount and the Project Contingency Delay Subaccount, on the 25th day of the month immediately preceding each Payment Date an amount equal to the interest on the 1999A Bonds coming due on such Payment Date for deposit in the Debt Service Account. In the event funds are on deposit in the C-change Contingency Delay Subaccount or in the Project Contingency Delay Subaccount in connection with a Change Order relating to the Bond Improvements described in Schedule A, such funds shall be transferred to the Debt Service Account for the payment of such interest before any withdrawal is made from the Capitalized Debt Service Account-Series 1999A.

(ii) *Disbursements from Capitalized Debt Service Account-Series 1999B.* From and after the Closing Date, until the date specified in Section 11(b)(i)(2), the Trustee shall withdraw from the Capitalized Debt Service Account-Series 1999B, taking into account transfers to be made from the C-change Contingency Delay Subaccount and the Project Contingency Delay Subaccount, on the 25th day of the month immediately preceding each Payment Date an amount equal to the interest on the 1999B Bonds coming due on such Payment Date for deposit in the Debt Service Account. In the event funds are on deposit in the C-change Contingency Delay Subaccount or in the Project Contingency Delay Subaccount, such funds shall be transferred to the Debt Service Account before any withdrawal is made from the Capitalized Debt Service Account-Series 1999B. Moneys may also be withdrawn to pay interest on all or a portion of the Series 1999A Bonds and Series 1999C Bonds in the event moneys in the Capitalized Debt Service Account Series 1999A or the Capitalized Debt Service Account Series 1999C are insufficient for such purpose.

(iii) *Disbursements from Capitalized Debt Service Account-Series 1999C.* From and after the Closing Date, until the date specified in Section 11(b)(i)(2), the Trustee shall withdraw from the Capitalized Debt Service Account-Series 1999C, taking into account transfers to be made from the C-change Contingency Delay Subaccount and the Project Contingency Delay Subaccount on the 25th day of the month immediately preceding each

Payment Date an amount equal to the interest on the 1999C Bonds coming due on such Payment Date for deposit in the Debt Service Account. Moneys may also be withdrawn to pay interest on all or a portion of the Series 1999A Bonds and Series 1999B Bonds in the event moneys in the Capitalized Debt Service Account Series 1999A or the Capitalized Debt Service Account Series 1999B are insufficient for such purpose. In the event funds are on deposit in the C-change Contingency Delay Subaccount or in the Project Contingency Delay Subaccount, such funds shall be transferred to the Debt Service Account before any withdrawal is made from the Capitalized Debt Service Account-Series 1999C.

(iv) *Disbursements from Project Account-Series 1999A.* The Trustee shall disburse money from the Project Account-Series 1999A for the payment of (1) the dollar amount of costs of issuance of the 1999A Bonds shown in the Closing Memorandum and (2) costs (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs) of the Bond Improvements identified on Schedule A attached hereto, provided that nothing herein shall affect the Trustee's right to rely upon Requisitions pursuant to Section 31 of this resolution. The Trustee shall disburse money from the Project Account-Series 1999A to pay or to reimburse the Port for payment of costs of issuance or to pay certain costs of the T-18 Project (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs), only upon receipt by the Trustee of a Requisition completed and signed by a Designated Port Project Representative. The aggregate dollar amount to be disbursed to or at the direction of the Port for such costs and costs of issuance pursuant to this paragraph shall be identified in the Closing Memorandum.

The Trustee shall disburse money from the Project Account-Series 1999A to pay or to reimburse the Port for payment of costs of the Bond Improvements identified on Schedule A attached hereto only upon receipt by the Trustee of (a) a Requisition signed by the Designated Port Project Representative and approved by the Designated T-18 Co. Representative and by the Independent Engineer and (b) in the case of a Requisition to pay any portion of the Contract Price, an Approved Application for Payment. If the balance in the Project Account-Series 1999A is not sufficient to pay all of the amount shown in any Requisition (other than a Requisition for costs of issuance), the Trustee shall notify the Port and shall pay from available funds in the Project Account-Series 1999C, the Project Account-Series 1999B or the Project Contingency

Account-Series 1999C, in that order, the amount required to make up such deficiency. Provided that sufficient moneys are available in the Project Account-Series 1999A, taking into account the transfers and payments, if any, referred to in the preceding sentence, the Trustee shall pay each Requisition (by wire transfer unless otherwise directed by the Designated T-18 Co. Representative) not later than seven days (or the preceding Business Day if the seventh day is not a Business Day) after receipt.

In no event shall any Port Covered Delay Costs, Port Covered Costs, C-change Costs or C-change Delay Costs be paid with funds on deposit in the Project Account-Series 1999A.

In addition to the other disbursements provided above, annually, upon receipt of a written direction from the Designated Port Representative the Trustee shall transfer from the Project Account-Series 1999A to the Rebate Fund the amount of Rebatable Arbitrage set forth in such direction.

The Trustee shall retain copies or records of each Requisition and each Approved Application for Payment and without the prior consent of the Port and the 1999 Bond Insurer shall not destroy such records and copies for a period of three years after Project Completion. If the Port or the 1999 Bond Insurer advises the Trustee in writing that such records and copies should not be destroyed, the Trustee shall deliver such records and copies to the Port, with copies to the 1999 Bond Insurer if the 1999 Bond Insurer so requests.

Prior to the execution or approval of a Change Order, the Independent Engineer shall obtain the balances available in the various accounts in the Project Fund, and the Trustee shall confirm, upon the written request from the Independent Engineer, the balances available in the various accounts in the Project Fund to pay the costs of such Change Orders.

(v) *Disbursements from Project Account-Series 1999B.* The Trustee shall disburse money from the Project Account-Series 1999B for the payment of (1) the dollar amount of costs of issuance of the 1999B Bonds shown on the Closing Memorandum and (2) costs (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs) of the Bond Improvements identified on Schedule A and/or Schedule B attached hereto; provided that nothing herein shall affect the Trustee's right to rely upon Requisitions pursuant to Section 31 of this Resolution. The Trustee shall disburse money from the Project Account-Series 1999B to pay or reimburse the Port for payment of costs of issuance

or certain costs of the T-18 Project (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs), only upon receipt by the Trustee of a Requisition completed and signed by a Designated Port Project Representative. The aggregate dollar amount to be disbursed to or at the direction of the Port for such costs and costs of issuance pursuant to this paragraph shall be identified in the Closing Memorandum.

The Trustee shall disburse moneys from the Project Account-Series 1999B to pay or reimburse the Port for payment of costs of the Bond Improvements identified on Schedule A and/or Schedule B attached hereto only upon receipt by the Trustee of (a) Requisitions signed by the Designated Port Project Representative and approved by the Designated T-18 Co. Representative and the Independent Engineer, and (b) in the case of a Requisition to pay any portion of the Contract Price, an Approved Application for Payment. If the balance in the Project Account-Series 1999B is not sufficient to pay all of the amount shown in any Requisition (other than a Requisition for costs of issuance), the Trustee shall notify the Port and shall pay from available funds in the Project Account-Series 1999C or the Project Contingency Account-Series 1999C, in that order, the amount required to make up such deficiency. Provided that sufficient moneys are available in the Project Account-Series 1999B, taking into account the transfers and payments, if any, referred to in the preceding sentence, the Trustee shall pay each Requisition (by wire transfer unless otherwise directed by the Designated T-18 Co. Representative) not later than seven days (or the preceding Business Day if the seventh day is not a Business Day) after receipt.

To the extent provided in subsection 9(c)(iv), moneys in the Project Account-Series 1999B may also be disbursed or transferred to the Project Account-Series 1999A to pay costs of the Bond Improvements identified in Schedule A hereto if amounts in the Project Account - Series 1999A are not sufficient to pay such costs. In no event shall any Port Covered Delay Costs, Port Covered Costs, C-change Costs or C-change Delay Costs be paid with funds on deposit in the Project Account-Series 1999B.

In addition to the other disbursements provided above, annually upon receipt of a written direction from the Designated Port Representative, the Trustee shall transfer from the Project Account-Series 1999B to the Rebate Fund the amount of Rebatable Arbitrage set forth in such direction.

The Trustee shall retain copies or records of each Requisition and each Approved Application for Payment and without the prior written consent of the Port and the 1999 Bond Insurer shall not destroy such records for a period of three years after Project Completion. If the Port or the 1999 Bond Insurer advises the Trustee in writing that such records and copies should not be destroyed, the Trustee shall deliver such records to the Port, with copies to the 1999 Bond Insurer if the 1999 Bond Insurer so requests.

Prior to the execution or approval of a Change Order, the Independent Engineer shall obtain the balances available in the various accounts in the Project Fund and the Trustee, upon written request from the Independent Engineer, shall confirm the balances available in the various accounts in the Project Fund to pay the costs of such Change Orders.

(vi) *Disbursements from Project Account-Series 1999C.* The Trustee shall disburse money from the Project Account-Series 1999C for the payment of (1) the dollar amount of costs of issuance of the 1999C Bonds shown in the Closing Memorandum and (2) costs (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs) of the Bond Improvements identified on Schedule B and/or Schedule A attached hereto; provided that nothing herein shall affect the Trustee's right to rely upon Requisitions pursuant to Section 31 of this resolution. The Trustee shall disburse money from the Project Account-Series 1999C to pay or to reimburse the Port for payment of costs of issuance or to pay certain costs of the T-18 Project (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs), only upon receipt by the Trustee of a Requisition completed and signed by a Designated Port Project Representative. The aggregate dollar amount to be disbursed to or at the direction of the Port for such costs and costs of issuance pursuant to this paragraph shall be identified in the Closing Memorandum.

The Trustee shall disburse moneys from the Project Account-Series 1999C to pay or to reimburse the Port for payment of costs of the Bond Improvements identified on Schedule B or Schedule A attached hereto (but only if the balance on hand in the Project Account-Series 1999A is not sufficient to pay such costs) only upon receipt by the Trustee of (a) a Requisition signed by the Designated Port Project Representative and approved by the Designated T-18 Co. Representative and by the Independent Engineer and (b) in the case of a Requisition to pay any portion of the Contract Price, an Approved Application for Payment. If the balance on deposit in

the Project Account-Series 1999C is not sufficient to pay all of the amount shown in any Requisition (other than a Requisition for costs of issuance), the Trustee shall notify the Port and shall pay from available funds in the Project Account-Series 1999C or the Project Contingency Account-Series 1999C, in that order, the amount required to make up such deficiency. If sufficient moneys are available in the Project Account-Series 1999C, taking into account the transfers and payments, if any, referred to in the preceding sentence, the Trustee shall pay each Requisition (by wire transfer unless otherwise directed in writing by the Designated T-18 Co. Representative) not later than seven days (or the preceding Business Day if the seventh day is not a Business Day) after receipt.

To the extent provided in subsections 9(c)(iv) and 9(c)(v), moneys in the Project Account-Series 1999C may also be disbursed or transferred to the Project Account-Series 1999A and to the Project Account-Series 1999B to pay costs of the Bond Improvements payable from such accounts if moneys in such accounts are not sufficient. In no event shall any Port Covered Delay Costs, Port Covered Costs, C-change Costs or C-change Delay Costs be paid with funds on deposit in the Project Account-Series 1999C.

In addition to the other disbursements provided above, annually upon receipt of a written direction from the Designated Port Representative, the Trustee shall transfer from the Project Account-Series 1999C to the Rebate Fund the amount of Rebatable Arbitrage set forth in such direction.

The Trustee shall retain copies or records of each Requisition and each Approved Application for Payment and without the prior written consent of the Port and the 1999 Bond Insurer shall not destroy such records for a period of three years after Project Completion. If the Port or the 1999 Bond Insurer advises the Trustee in writing that such records and copies should not be destroyed, the Trustee shall deliver such records and copies to the Port, with copies to the 1999 Bond Insurer if the 1999 Bond Insurer so requests.

Prior to the execution or approval of a Change Order, the Independent Engineer shall obtain the balances available in the various accounts in the Project Fund, and the Trustee shall, upon the written request from the Independent Engineer, shall confirm the balances available in the various accounts in the Project Fund to pay the costs of such Change Order.

(vii) *Disbursements From Project Contingency Account-Series 1999C.*

(A) Subject to the conditions set forth in subsections 9(c)(iv), 9(c)(v) and 9(c)(vi) and to the extent moneys are not otherwise available for such purpose in the Project Account-Series 1999A, the Project Account-Series 1999B and the Project Account-Series 1999C, the Trustee shall transfer to the applicable Project Account, or shall disburse, from the Project Contingency Cost Subaccount the amount required to pay costs (other than costs of issuance, C-change Costs, C-change Delay Costs, Port Covered Costs and Port Covered Delay Costs) of the Bond Improvements then due and payable pursuant to any Requisition delivered in accordance with this Section 9.

(B) Upon receipt of a Requisition signed by the Designated Port Project Representative and approved by the Designated T-18 Co. Representative and by the Independent Engineer and, in the case of a Requisition to pay any portion of the Contract Price, upon receipt of an Approved Application for Payment, the Trustee shall disburse moneys in the Project Contingency Cost Subaccount to pay Port Covered Costs then due and payable.

(C) On the 25th day of each month (or on the preceding Business Day if the 25th day is not a Business Day) after the transfers required to be made on such day pursuant to Section 10(b)(1), the Trustee shall transfer to the Senior Payment Fund from the Project Contingency Delay Subaccount the amount (if any) required, taking into account the balances then on deposit in the Senior Payment Fund and the transfers, if any, required to be made from the C-change Delay Subaccount pursuant to Section 9(c)(viii), to pay Senior Payments then due and payable. In addition, prior to any transfer to the Debt Service Account from the Capitalized Debt Service Account, the Trustee shall transfer from the Project Contingency Delay Subaccount to the Debt Service Account the amount required (or the remaining balance in the Project Contingency Delay Subaccount, if less than the amount required), together with the amount, if any, transferred from the C-change Contingency Delay Subaccount, to pay interest due on the Bonds on the next Payment Date.

The Trustee shall retain copies or records of each deposit to and transfer from the Project Contingency Account-Series 1999C and the subaccounts therein and without the prior written consent of the Port and the 1999 Bond Insurer shall not destroy such records for a period of three years after Project Completion. If the Port or the 1999 Bond Insurer advises the Trustee in

writing that such records and copies should not be destroyed, the Trustee shall deliver such records to the Port, with copies to the 1999 Bond Insurer if the 1999 Bond Insurer so requests.

(viii) *Disbursements from C-change Contingency Account-Series 1999C.*

(A) Upon receipt of a Requisition signed by the Designated Port Project Representative and approved by the Designated T-18 Co. Representative and by the Independent Engineer and, in the case of a Requisition to pay any portion of the Contract Price, upon receipt of an Approved Application for Payment, the Trustee shall disburse moneys in the C-change Contingency Cost Subaccount to pay C-change Costs then due and payable.

(B) On the 25th day of each month (or on the preceding Business Day if the 25th day is not a Business Day) after the transfers required to be made on such day pursuant to Section 10(b)(1), the Trustee shall transfer to the Senior Payment Fund from the C-change Contingency Delay Subaccount the amount required, taking into account the balances then on deposit in such fund and the amount, if any, to be transferred to such fund from the Project Contingency Delay Subaccount, to pay Senior Payments then due and payable. In addition, prior to any transfer to the Debt Service Account from the Capitalized Debt Service Account, the Trustee shall transfer from the C-change Contingency Delay Subaccount to the Debt Service Account the amount required (or the remaining balance in the C-change Contingency Delay Subaccount, if less than the amount required), together with the amount, if any, transferred from the Project Contingency Delay Subaccount, to pay interest on the Bonds on the next Payment Date.

(d) *Procedures Upon Completion.* Upon Project Completion the Independent Engineer shall deliver the Completion Certificate in the form of Exhibit B to this resolution to the Port, the Trustee and the 1999 Bond Insurer and shall review the entire course of construction and shall make a determination and allocation of responsibility for any cost overruns and delays, and shall prepare and deliver to the Trustee, the 1999 Bond Insurer and the Port a report that describes, *inter alia*, whether the Port shall then be entitled to reimbursement from amounts then held in any account or subaccount in the Project Fund for any amounts previously advanced in payment of Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs.

Upon receipt by the Trustee of the Completion Certificate in the form of Exhibit B to this resolution, and provided that no deficiency then exists in any fund or account referred to in Section 10(b)(1) through (4), (A) the Defeasance Amount, if any, shall be used, as provided in Section 35 hereof to defease Bonds, except that with the prior written consent of the 1999 Bond Insurer, the Defeasance Amount shall be applied as provided in (B); and (B) the remaining balance then on hand in the Project Fund, shall be remitted, upon delivery to the Trustee of a written final disbursement certificate signed by the Independent Engineer and by the Designated Port Project Representative substantially in the form of Exhibit C (with only such modifications in form as shall have been approved by the 1999 Bond Insurer, the Trustee and the Designated Port Representative), for the reimbursement of the Port for Costs of T-18 Projects; provided that such Requisition shall instruct the Trustee as to any amount to be retained in the Project Fund for payment of amounts due or to become due to the EPC Contractor or for payment of other costs of Bond Improvements. Any amounts remaining in the Project Fund and the accounts therein (including the earnings from investments thereof, but excluding the amounts retained therein pursuant to the preceding sentence) shall be applied by the Trustee to the payment of the next maturing principal of the 1999 Bonds. Unless there shall be delivered to the Trustee a Favorable Tax Opinion, amounts held for application under this Section 9 shall not, after the date on which the Bond Improvements are placed in service and operating at substantially the level for which they were designed, as confirmed in writing by the Independent Engineer to the Trustee, be invested at a yield in excess of the yield on the 1999 Bonds. It is intended that, as to such T-18 Projects to be financed from the proceeds of the 1999 Bonds, this resolution shall constitute an official action of the Port within the meaning of Section 1.150-2(d) of the Treasury Regulations.

Section 10. T-18 Revenue Fund.

The Trustee is hereby authorized to establish one or more accounts within the T-18 Revenue Fund, upon the written direction of the Designated Port Representative delivered to the Trustee.

(a) *Establishment.* The Trustee shall establish a T-18 Revenue Fund for the purpose of receiving T-18 Revenues and other money if accompanied by written direction from the Port that such money shall be deposited in the T-18 Revenue Fund, and disbursing the same

for the purposes set forth herein. The amounts in the T-18 Revenue Fund, until applied as hereinafter provided, shall be held for security of all Bonds Outstanding hereunder.

The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the T-18 Revenue Fund, and such income and interest shall become part of the T-18 Revenue Fund and may be expended as provided in subsection (b) hereof. Copies of such records shall be made available to the Port, the Registered Owners and the 1999 Bond Insurer in reasonable quantity from time to time upon written request of the Port or a Registered Owner or the 1999 Bond Insurer, as the case may be.

(b) *Disbursements.* Money in the T-18 Revenue Fund shall be transferred and disbursed by the Trustee on the 25th day (or the preceding Business Day if the 25th day is not a Business Day) of each month, but only to the extent of money then on hand in the T-18 Revenue Fund, in the following order of priority:

- (1) to the Senior Payment Fund for the payment of Senior Payments then due in accordance with Section 11(j)(2);
 - (2) the Monthly Debt Service Deposit, if any, to the Debt Service Account;
 - (3) payment to each Bond Insurer and other Credit Facility Issuer to pay Reimbursement Amounts described in clause (i) of the definition thereof (other than payments made under Qualified Insurance or a Qualified Letter of Credit credited to a Debt Service Reserve Account);
 - (4) an amount equal to the Reserve Deficiency to each Debt Service Reserve Account having such Reserve Deficiency;
 - (5) pro rata to the reimbursement to the provider of Qualified Insurance or a Qualified Letter of Credit for draws thereon and to payment of Reimbursement Amounts described in clause (ii) of the definition thereof;
 - (6) payment first to the Trustee of expenses of the Trustee to the extent such fees and expenses are not paid as Senior Payments and second, payment to each Credit Facility Issuer for Reimbursement Amounts (to the extent not paid pursuant to (3) or (5) above);
- and

(7) the Operating Reserve Fund, (i) initially an amount equal to 1/24 of the initial Operating Reserve Requirement until the full funding is achieved; (ii) upon receipt by the Trustee of a written report from the Port or the Consultant of an increase in Operating Reserve Requirement, then on the 25th day of the month following the month in which the Trustee receives notice of such increase an amount equal to one twelfth of such increased amount; (iii) following any withdrawal from the Operating Reserve Fund, an amount equal to the amount of such withdrawal;

(8) the Rebate Fund an annual amount (if any) (as certified by a Designated Port Representative in a certificate delivered to the Trustee), determined to be required, together with the balance then on deposit in the Rebate Fund to make each rebate payment to the federal government; and

(9) (A) the Remaining Balance to the Port provided that no Port Payment Default of which the Trustee has actual notice or is deemed to have notice pursuant to Section 30(s) hereof has occurred and is continuing; and (B) subsequent to a Port Payment Default and termination of the Lease Back, the Remaining Balance to the Tenant to the extent required for payment of the IY Facilities Upgrade or damage caused by subsidence in accordance with and subject to the terms of the Subordination, Nondisturbance and Attornment Agreement between the Trustee and Lessee.

(c) *Deposits.* All T-18 Revenue shall be delivered to the Trustee and deposited upon receipt into the T-18 Revenue Fund.

The Port shall prepare at least annually a statement of "Rent" and other T-18 Revenue due and owing from the Tenant on a monthly basis and, within the time period specified within the definition of Total Facility Completion in Appendix A, a single schedule of Rent in accordance with such definition, and shall send copies to the Tenant, the Trustee and the 1999 Bond Insurer. The first such statement shall be delivered to the Trustee on the Closing Date and thereafter a Rent statement shall be delivered prior to each change in the amount of Rent or other T-18 Revenue to become due from the Tenant. The Trustee shall be entitled to conclusively rely upon any such statement of "Rent" hereunder. The Terminal 18 Lease and any Subsequent Lease shall include provisions requiring the Tenant to make payments of Rent monthly (on or before the 10th day of the month), commencing as of the first month following the Closing Date

and monthly thereafter, directly to the Trustee by wire transfer. Notwithstanding the foregoing, the failure by the Port or the Trustee to prepare or deliver any statement shall not be an excuse for nonpayment of Rent. The Trustee shall prepare monthly statements of Rent (based upon the annual statement provided by the Port) and shall transmit the monthly statement to the Tenant on or before the first day of each month, commencing with the first month following the Closing Date. The Terminal 18 Lease and any Subsequent Lease shall require that payments be made by the Tenant and received by the Trustee no later than the 10th day of each month.

In addition, the Trustee shall deposit the following amounts into the T-18 Revenue Fund, as received:

(1) payments received from the Port and designated in writing as Rent Differential and Special Payments;

(2) payments received by Trustee under the Guaranty;

(3) proceeds received by the Trustee from delayed opening insurance policies;

(4) Supplemental Crane Revenue;

(5) retainage, if any retainage has been transferred from the Project Account;

(6) liquidated damage payments for delay received by the Trustee pursuant to the EPC Contract; and

(7) money transferred pursuant to Section 11(i)(3) of this resolution.

(d) *Covenant of Port.* Under the terms of the Terminal 18 Lease and this resolution, the Rent is directed to be paid directly to the Trustee. If, notwithstanding these arrangements, the Port receives any payment pursuant to the Terminal 18 Lease (other than the leasehold excise taxes due to the State) and any Subsequent Lease, the Port shall immediately pay over the same to the Trustee with written direction that such amount constitutes Rent and is to be held as T-18 Revenue. The Port shall not create any lien on Pledged Revenue other than as provided in this resolution.

(e) *Statements of T-18 Revenue.* The Trustee shall provide Trustee Reports to the Port and the 1999 Bond Insurer at least on a monthly basis; provided, that failure to deliver

Trustee Reports shall not relieve the Port of any obligation to make any payments otherwise required hereunder.

Section 11. Bond Fund; Operating Reserve Fund; Senior Payment Fund.

The Trustee is hereby authorized to create one or more subaccounts within any account in the Bond Fund or Operating Reserve Fund and one or more accounts within the Senior Payment Fund, upon the written direction of the Designated Port Representative delivered to the Trustee.

(a) *Bond Fund.* The Trustee shall establish a special trust fund in the name of the Port to be designated "Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project) Bond Fund." The Bond Fund shall include the following accounts:

- (i) Debt Service Account;
- (ii) 1999A Debt Service Reserve Account;
- (iii) 1999B Debt Service Reserve Account;
- (iv) 1999C Debt Service Reserve Account; and
- (v) one or more Debt Service Reserve Accounts if required if and when Additional Bonds and/or Refunding Bonds (other than as provided in Section 15) are issued.

The Port shall not create any lien upon the Bond Fund other than the lien hereby created.

(b) *Debt Service Account.*

(i) Deposits. There shall be deposited into the Debt Service Account, the following:

(1) on or prior to the 25th day of the month immediately prior to each Payment Date until the date specified in Section 11(b)(i)(2) of this resolution, transfers from the amounts on deposit first in the C-change Contingency Delay Subaccount and the Project Contingency Delay Subaccount pursuant to Section 9(c)(vii) and 9(c)(viii) and then from the amounts on deposit in each of the Capitalized Debt Service Accounts sufficient to pay the interest on the Bonds coming due on such Payment Date;

(2) on the 25th day of each month following the earlier of the month sufficient funds for the transfer required in Section 11(b)(i)(1) are not available or are insufficient to pay principal and interest on the Bonds coming due on the next following Payment

Date or the month after the date of Project Completion shown in the Completion Certificate, transfers from the T-18 Revenue Fund pursuant to Section 10(b)(2);

(3) on each Payment Date, transfers from the applicable Debt Service Reserve Account to cure deficiencies in the Debt Service Account;

(4) upon receipt, the proceeds of investments and interest earnings on money in the Debt Service Account; and

(5) following Project Completion, to the extent provided in Section 9(d), transfers from the Project Fund for application to the payment of the principal of the Bonds.

In addition, following the substitution of Qualified Insurance or a Qualified Letter of Credit in any Debt Service Reserve Account, the cash and Permitted Investments transferred from such Debt Service Reserve Account shall be deposited to a separate subaccount in the Debt Service Account for application solely to the defeasance or redemption of Bonds secured by such Debt Service Reserve Account or, in the case of the 1999 Debt Service Reserve Account, if approved in a Favorable Tax Opinion, to the redemption or defeasance of any other 1999 Bonds or any other Completion Bonds that have been issued for Costs of T-18 Projects described in Schedule A.

(ii) Disbursements. Disbursements shall be made from the Debt Service Account on each Payment Date, to the extent of funds on deposit therein and available therefor, to the Registrar to pay the interest then coming due with respect to the Bonds and the principal of and premium, if any, on such Bonds maturing or subject to redemption on such Payment Date.

(c) *1999A Debt Service Reserve Account.*

(1) Deposits. There shall be deposited into the 1999A Debt Service Reserve Account, the following:

(A) On the Closing Date, an amount equal to the 1999 Reserve Deposit Allocation;

(B) On the 25th day of each month, transfers from the T-18 Revenue Fund, if necessary to cure a Reserve Deficiency;

(C) As received, all interest earnings on money held in the 1999A Debt Service Reserve Account and the proceeds of investments thereof;

(D) An allocable portion of the amount received pursuant to Section 13(j) of this resolution; and

(E) On the Deposit Date (unless the requirements of Section 13(m) have been waived pursuant to that section), an allocable portion of the Estimated Accumulation.

The money in the 1999A Debt Service Reserve Account shall be maintained by deposits of cash and/or Permitted Investments, or, with the prior written consent of the 1999 Bond Insurer, 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 1999A Debt Service Reserve Account, an equal portion of, first, the money and then, the securities on deposit in the 1999A Debt Service Reserve Account shall be transferred to the Debt Service Account and applied to defease or redeem 1999A Bonds and/or, with a Favorable Tax Opinion, any other 1999 Bonds or Completion Bonds that have been issued for costs of the Improvements described in Schedule A. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, and certified or cashier's checks.

In making the payments and credits to the 1999A Debt Service Reserve Account required by this Section 11(c), 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 on deposit in the 1999A Debt Service Reserve Account, the amount then available for drawings, as applicable, under any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amount required to be on deposit in such 1999A Debt Service Reserve Account. In the event of termination or expiration of a Qualified Letter of Credit and unless a replacement Qualified Letter of Credit shall be delivered, the Trustee shall draw upon such Qualified Letter of Credit and deposit the proceeds thereof in the 1999A Debt Service Reserve Account. If the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the deficiency resulting from such insolvency or failure of existence shall be satisfied within six months after the insolvency or incapacity of the issuer, but no later than the date of cancellation

or termination, with cash paid in equal monthly payments, out of available T-18 Revenues after making necessary provisions for the payments required to be made under Section 10(b)(1) through (3) or with other Qualified Insurance or another Qualified Letter of Credit. The Trustee will maintain records regarding drawings made under Qualified Insurance or Qualified Letters of Credit.

Moneys on deposit in the 1999A Debt Service Reserve Account shall be invested as directed by the Port in writing in Permitted Investments stated to mature not later than five years after the date such investment is made.

(2) Withdrawals. Prior to Project Completion, interest earnings on investments made of money in the 1999A Debt Service Reserve Account shall be transferred (as received) to the Project Contingency Cost Subaccount. If a deficiency in the Debt Service Account with respect to the 1999A Bonds and/or any Completion Bonds (if such Completion Bonds are not private activity bonds under the Code) shall occur immediately prior to a Payment Date, such deficiency shall be made up from the 1999A Debt Service Reserve Account by the withdrawal of cash and securities therefrom for that purpose, first from the Security Instrument in accordance with Section 13(j) and then from other sources on deposit in such account and by the sale or redemption of obligations held in the 1999A Debt Service Reserve Account, in such amounts as will provide cash in the 1999A Debt Service Reserve Account sufficient to make up any such deficiency with respect to the 1999A Bonds and Completion Bonds, and if a deficiency still exists immediately prior to a Payment Date and after the withdrawal of cash, the Trustee shall then draw from any Qualified Letter of Credit or Qualified Insurance for the 1999A Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. At the written request of the Port, moneys may also be withdrawn from the 1999A Debt Service Reserve Account if and to the extent permitted by Section 11(f) of this resolution. Any Reserve Deficiency created in the 1999A Debt Service Reserve Account shall be made up from (i) the next available money in the T-18 Revenue Fund transferred to the 1999A Debt Service Reserve Account in accordance with the priorities established in Section 10(b)(4) hereof or (ii) Qualified Insurance or a Qualified Letter of Credit. Reimbursement for amounts drawn under any Qualified Insurance or Qualified Letter of Credit plus interest thereon shall be made within a

12-months period to the issuer of such Qualified Letter of Credit or Qualified Insurance by the Trustee, but only from funds on deposit with the Trustee and available therefor, in accordance with the reimbursement agreement related thereto, and after making necessary provision for the monthly payments required to be made in Section 10(b)(1) through (4) of this resolution. If funds have not been provided to make any payment required to be made under such reimbursement agreement for the 1999 Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the 1999 Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the 1999 Bonds or the 1999 Bond Insurer shall be permitted.

(d) *1999B Debt Service Reserve Account.*

(1) Deposits. There shall be deposited into the 1999B Debt Service Reserve Account, the following:

(A) On the Closing Date, an amount equal to the 1999 Reserve Deposit Allocation;

(B) On the 25th day of each month, transfers from the T-18 Revenue Fund, if necessary to cure a Reserve Deficiency;

(C) As received, all interest earnings on money held in the 1999B Debt Service Reserve Account and the proceeds of investments thereof;

(D) An allocable portion of the amounts received pursuant to Section 13(j); and

(E) On the Deposit Date (unless the requirements of Section 13(m) have been waived pursuant to that section), an allocable portion of the Estimated Accumulation.

The money in the 1999B Debt Service Reserve Account shall be maintained by deposits of cash and/or Permitted Investments, or, with the prior written consent of the 1999 Bond Insurer, 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 1999B Debt Service Reserve Account, an equal portion of, first, the money and then, the securities on deposit in the 1999B Debt Service Reserve Account shall be transferred to the Debt Service Account and applied to defease or redeem

1999 Bonds or Completion Bonds. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, and certified or cashier's checks.

In making the payments and credits to the 1999B Debt Service Reserve Account required by this Section 11(d), 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 on deposit in the 1999B Debt Service Reserve Account, the amount then available for drawings, as applicable, under any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amount required to be on deposit in such 1999B Debt Service Reserve Account. In the event of termination or expiration of a Qualified Letter of Credit and unless a replacement Qualified Letter of Credit shall be delivered, the Trustee shall draw upon such Qualified Letter of Credit and deposit the proceeds thereof in the 1999B Debt Service Reserve Account. If the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the deficiency resulting from such insolvency or failure of existence shall be satisfied within six months after the insolvency or incapacity of the issuer, but no later than the date of cancellation or termination, with cash paid in equal monthly payments, out of available T-18 Revenues after making necessary provisions for the payments required to be made under Section 10(b)(1) through (3) or with other Qualified Insurance or another Qualified Letter of Credit. The Trustee will maintain records regarding drawings made under Qualified Insurance or Qualified Letters of Credit.

Moneys on deposit in the 1999B Debt Service Reserve Account shall be invested as directed by the Port in writing in Permitted Investments stated to mature not later than five years after the date such investment is made.

(2) Withdrawals. Prior to Project Completion, interest earnings on investments made of money in the 1999B Debt Service Reserve Account shall be transferred (as received) to the Project Contingency Cost Subaccount. If a deficiency in the Debt Service Account with respect to the 1999B Bonds and/or Completion Bonds shall occur immediately prior to a Payment Date, such deficiency shall be made up from the 1999B Debt Service Reserve Account by the withdrawal of cash and securities therefrom for that purpose, first from the Security Instrument in accordance with Section 13(j) and then from other sources on deposit in

such account and by the sale or redemption of obligations held in the 1999B Debt Service Reserve Account, in such amounts as will provide cash in the 1999B Debt Service Reserve Account sufficient to make up any such deficiency with respect to the 1999B Bonds, and if a deficiency still exists immediately prior to a Payment Date and after the withdrawal of cash, the Trustee shall then draw from any Qualified Letter of Credit or Qualified Insurance for the 1999B Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. At the written request of the Port, moneys may also be withdrawn from the 1999B Debt Service Reserve Account if and to the extent permitted by Section 11(f) of this resolution. Any Reserve Deficiency created in the 1999B Debt Service Reserve Account shall be made up from (i) the next available money in the T-18 Revenue Fund transferred to the 1999B Debt Service Reserve Account in accordance with the priorities established in Section 10(b)(4) hereof or (ii) Qualified Insurance or a Qualified Letter of Credit. Reimbursement for amounts drawn under any Qualified Insurance or Qualified Letter of Credit plus interest thereon, shall be made within a 12-month period to the issuer of such Qualified Letter of Credit or Qualified Insurance by the Trustee, but only from funds on deposit with the Trustee and available therefor, in accordance with the reimbursement agreement related thereto, and after making necessary provision for the monthly payments required to be made in Section 10(b)(1) through (4) of this resolution. If the Port shall have failed to provide funds to make any payment required to be made under such reimbursement agreement for the 1999 Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the 1999 Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the 1999 Bonds or the 1999 Bond Insurer shall be permitted.

(e) *1999C Debt Service Reserve Account.*

(1) Deposits. There shall be deposited into the 1999C Debt Service Reserve Account, the following:

(A) On the Closing Date, an amount equal to the 1999 Reserve Deposit Allocation; and

(B) On the 25th day of each month, transfers from the T-18 Revenue Fund, if necessary to cure a Reserve Deficiency;

(C) As received, all interest earnings on money held in the 1999C Debt Service Reserve Account and the proceeds of investments thereof;

(D) An allocable portion of the amount received pursuant to Section 13(j); and

(E) On the Deposit Date (unless the requirements of Section 13(m) are waived pursuant to that section), an allocable portion of the Estimated Accumulation.

The money in the 1999C Debt Service Reserve Account shall be maintained by deposits of cash and/or Permitted Investments, or, with the prior written consent of the 1999 Bond Insurer, 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 1999C Debt Service Reserve Account, an equal portion of, first, the money and then, the securities on deposit in the 1999C Debt Service Reserve Account shall be transferred to the Debt Service Account and applied to defease or redeem 1999 Bonds or Completion Bonds. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, and certified or cashier's checks.

In making the payments and credits to the 1999C Debt Service Reserve Account required by this Section 11(e), to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required to be on deposit in the 1999C Debt Service Reserve Account, the amount then available for drawings, as applicable, under any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amount required to be on deposit in such 1999C Debt Service Reserve Account. In the event of termination or expiration of a Qualified Letter of Credit and unless a replacement Qualified Letter of Credit shall be delivered, the Trustee shall draw upon such Qualified Letter of Credit and deposit the proceeds thereof in the 1999C Debt Service Reserve Account. If the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the deficiency resulting from such insolvency or failure of existence shall be satisfied within six

months after the insolvency or incapacity of the issuer, but no later than the date of cancellation or termination, with cash paid in equal monthly payments, out of available T-18 Revenues after making necessary provisions for the payments required to be made under Section 10(b)(1) through (3) or with other Qualified Insurance or another Qualified Letter of Credit. The Trustee will maintain records regarding drawings made under Qualified Insurance or Qualified Letters of Credit.

Moneys on deposit in the 1999C Debt Service Reserve Account shall be invested as directed by the Port in writing in Permitted Investments stated to mature not later than five years after the date such investment is made.

(2) Withdrawals. Prior to Project Completion, interest earnings on investments made of money in the 1999C Debt Service Reserve Account shall be transferred (as received) to the Project Contingency Cost Subaccount. If a deficiency in the Debt Service Account with respect to the 1999C Bonds and/or Completion Bonds shall occur immediately prior to a Payment Date, such deficiency shall be made up from the 1999C Debt Service Reserve Account by the withdrawal of cash and securities therefrom for that purpose, first from the Security Instrument in accordance with Section 13(j) and then from other sources on deposit in such account and by the sale or redemption of obligations held in the 1999C Debt Service Reserve Account, in such amounts as will provide cash in the 1999C Debt Service Reserve Account sufficient to make up any such deficiency with respect to the 1999C Bonds, and if a deficiency still exists immediately prior to a Payment Date and after the withdrawal of cash, the Trustee shall then draw from any Qualified Letter of Credit or Qualified Insurance for the 1999C Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. At the written request of the Port, moneys may also be withdrawn from the 1999C Debt Service Reserve Account if and to the extent permitted by Section 11(f) of this resolution. Any Reserve Deficiency created in the 1999C Debt Service Reserve Account shall be made up from (i) the next available money in the T-18 Revenue Fund transferred to the 1999C Debt Service Reserve Account in accordance with the priorities established in Section 10(b)(4) hereof or (ii) Qualified Insurance or a Qualified Letter of Credit. Reimbursement for amounts drawn under any Qualified Insurance or Qualified Letter of Credit, plus interest thereon, shall be made

within a 12-month period to the issuer of such Qualified Letter of Credit or Qualified Insurance by the Trustee, but only from funds on deposit with the Trustee and available therefor, in accordance with the reimbursement agreement related thereto, and after making necessary provision for the monthly payments required to be made in Section 10(b)(1) through (4) of this resolution. If the Port shall have failed to provide funds to make any payment required to be made under such reimbursement agreement for the 1999 Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the 1999 Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the 1999 Bonds or the 1999 Bond Insurer shall be permitted.

(f) *Special Withdrawals.*

(1) Whenever there is a sufficient amount in the Debt Service Account and the 1999 Debt Service Reserve Account to pay, or with a verification report acceptable to the 1999 Bond Insurer and prepared by a firm of certified public accountants or other consultant acceptable to the 1999 Bond Insurer, to provide for the payment of the principal of, premium, if any, and interest on all Outstanding 1999 Bonds and Completion Bonds, the money in the 1999 Debt Service Reserve Account may be used to pay or to provide for the payment of such principal, premium, if any, and interest.

(2) The Port also may direct the Trustee to transfer Rebatable Arbitrage attributable to Permitted Investments in such Debt Service Reserve Account to the Rebate Fund from the 1999 Debt Service Reserve Account.

Except as provided in the foregoing two sentences and in Sections 11(c)(2), 11(d)(2), 11(e)(2) and 13(j), no withdrawal of money from the 1999 Debt Service Reserve Account shall be permitted except to pay (or to provide for the payment) of the principal of and interest on the 1999 Bonds and Completion Bonds and, at the option of the Port, to the extent permitted under subsection (1) to the payment of premium on the 1999 Bonds and Completion Bonds.

(g) *Pledge and Lien.* The Port hereby specifically reserves the right to adopt a resolution that includes covenants by the Commission to deposit other income, revenue or receipts at any time as Port Revenue-Type M and Port Revenue-Type V into the Bond Fund.

(h) *Use of Excess Money in the Debt Service Account.* Money in the Debt Service Account not needed to pay the (i) interest or (ii) principal and interest next coming due

on any Outstanding Bonds may be used to purchase or optionally redeem and retire Bonds within the limitations provided in Section 10 and Subsection 11(f) of this resolution. Money in the Debt Service Account shall be used solely to pay principal of, interest on and premium, if any, on Bonds, whether at maturity or redemption or purchase in advance of maturity of such Bonds. The Monthly Debt Service Deposit shall be adjusted from time to time, so as to ensure compliance with requirements of the Code and to avoid excessive accumulations in the Debt Service Account.

(i) *Operating Reserve Fund.*

(1) *Establishment.* The Trustee shall establish an Operating Reserve Fund for the purpose of receiving funds and disbursing the same for the purposes set forth herein. The Operating Reserve Fund shall consist of two accounts: the Crane Account and the Senior Payment Reserve Account. Upon each determination of the Operating Reserve Requirement, the Port shall notify the Trustee of the proportionate allocation between the Crane Account and the Senior Payment Reserve Account.

(2) *Deposits.* On the date specified in Section 10(b) of each month, the Trustee shall transfer from the T-18 Revenue Fund and deposit the sum described in Section 10(b)(7) of this resolution, on a pro rata basis, in the Crane Account and the Senior Payment Reserve Account, until the aggregate balance in the Operating Reserve Fund is equal to the Operating Reserve Requirement.

(3) *Disbursements.* Money in the Senior Payment Reserve Account shall be transferred to the Senior Payment Fund, or disbursed to pay Senior Payments if money then on hand in the Senior Payment Fund is not sufficient to make such payments, and the Trustee is hereby authorized and directed to make withdrawals from the Senior Payment Reserve Account to make such transfers and Senior Payments. Money in the Crane Account shall be disbursed at the direction of the 1999 Bond Insurer. Interest earnings and funds released as a result of a decrease in the Operating Reserve Requirement from the Operating Reserve Fund shall be transferred to the T-18 Revenue Fund as received.

On the date that the Bonds are no longer Outstanding, all Reimbursement Amounts have been paid and all fees and expenses due and owing to or for the benefit of the Trustee have been paid, the balance on hand in the Operating Reserve Fund shall be transferred to the Port.

(4) *Records.* The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Operating Reserve Fund. Copies of such records shall be made available to the Port, the Registered Owners and the 1999 Bond Insurer in reasonable quantity from time to time upon written request of the Port, any Registered Owner or the 1999 Bond Insurer, as the case may be.

(j) *Senior Payment Fund.*

(1) *Establishment.* The Trustee shall establish a Senior Payment Fund for the purpose of receiving funds and disbursing the same for the purpose of paying and accruing moneys for the payment of Senior Payments not paid from the proceeds received from the sale of the 1999 Bonds.

(2) *Deposits.* On the Closing Date, the amounts shown in the Closing Memorandum shall be deposited to the Senior Payment Fund. Thereafter, on the 25th day (or the preceding Business Day if the 25th day is not a Business Day) of each month, commencing in November 1999, the Trustee shall pay or transfer to the Senior Payment Fund, from moneys then available in the T-18 Revenue Fund or if moneys in the T-18 Revenue Fund are insufficient, from the Senior Payment Reserve Account, the amounts required to pay Senior Payments then due but only to the extent that Senior Payments cannot be paid from money then on hand in the Senior Payment Fund. Moneys on deposit in the Senior Payment Fund may be invested in Permitted Investments stated to mature not later than the earlier of the date such moneys are expected to be needed and 30 days after the date such investment is made. Any income from such investments shall be deposited in the Senior Payment Fund and credited against the amount of the next monthly deposit to be made to such fund.

(3) *Disbursements.* Moneys in the Senior Payment Fund shall be disbursed by the Trustee to pay Base Rent (to the extent not deducted from rent payable by the Port pursuant to the Lease Back) and other Senior Payments when due, upon receipt by the Trustee of invoices therefor. On the date that the Bonds are no longer Outstanding and all Reimbursement Amounts and all amounts due and owing to or for the benefit of the Trustee have been paid, the balance on hand in the Senior Payment Fund shall be transferred to the Port.

(4) *Records.* The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the

Senior Payment Fund. Copies of such records shall be made available to the Port or the Owners and the 1999 Bond Insurer in reasonable quantity from time to time upon written request of the Port, an Owner and/or the 1999 Bond Insurer, as the case may be.

(l) *Taxes.* Pursuant to the terms of the Terminal 18 Lease and any Subsequent Lease, the Tenant shall pay leasehold excise taxes imposed by the State with respect to the Site directly to the Port, and the Port shall remit such taxes to the State Department of Revenue as required by law. Any Subsequent Lease also shall require that the Subsequent Tenant remit all such taxes to the Port who shall, in turn, cause such taxes to be remitted as required by law to the State. Accordingly, the Trustee shall have no responsibility for the collection and remission of leasehold excise taxes to the State Department of Revenue.

Section 12. Operating Covenants-General.

(a) *Maintenance.* The Port shall cause Terminal 18 to be maintained to serve as a first class shipping terminal while the Bonds remain Outstanding.

(1) For so long as the Tenant is in possession of Terminal 18 under the Terminal 18 Lease or any Subsequent Lease and the Port and the Tenant are performing their respective obligations thereunder with respect to maintenance, the Port shall be in compliance with this covenant.

(2) In the event that the Tenant is in default of its maintenance obligations under the Terminal 18 Lease or any Subsequent Lease or the Terminal 18 Lease or any Subsequent Lease has been terminated, the Port shall assume full responsibility for maintenance, with its own personnel or by contract.

(3) If the Port enters into a Subsequent Lease, the terms of the Subsequent Lease shall require the Subsequent Tenant and/or the Port to maintain Terminal 18 as required by this subsection.

(b) *Insurance During Term of the EPC Contract.* On or prior to the Closing Date, certified copies of the insurance policies required pursuant to the EPC Contract shall be delivered to the Trustee. In the event the EPC Contract is terminated for any reason prior to Final Completion (as defined in the EPC Contract), the Port shall require that no work under any subsequent construction contract commence unless and until certified copies of insurance policies substantially similar, in the judgment of the Independent Insurance Consultant, to the

The Trustee shall prepare annual statements that contain a statement in detail of the T-18 Revenue and other Pledged Revenue for every calendar year and shall contain a statement as of the end of such year showing the status of all funds and accounts held by the Trustee.

(g) *Amendments to the Terminal 18 Lease and any Subsequent Lease.* The Port and the Tenant may approve any amendment or supplement to the Terminal 18 Lease (or any Subsequent Lease) from time to time and, except as otherwise provided herein, without the consent or concurrence of (i) the Trustee or (ii) the Owner of any Bond or (iii) except as provided below, any Credit Facility Issuer for the following purposes:

(1) With the prior written consent of the 1999 Bond Insurer, to add covenants and agreements of the Port or the Tenant that are not contrary to or inconsistent with the covenants and agreements of the parties contained in the Terminal 18 Lease or in any Subsequent Lease;

(2) To add or substitute legal descriptions with respect to Additional Land and Contiguous Property as described in Sections 2.4 and 2.5 of the Terminal 18 Lease or any Subsequent Lease;

(3) To change existing exhibits to the Terminal 18 Lease to reflect Facility Component Completion of one or more Facility Components in accordance with the terms of the Terminal 18 Lease;

(4) With the prior written consent of the 1999 Bond Insurer, to cure any ambiguity or defect or inconsistent provision in the Terminal 18 Lease (or in any Subsequent Lease) or to insert such provisions clarifying matters or questions arising under the Terminal 18 Lease or any Subsequent Lease as are necessary or desirable to the parties; provided that such amendment or supplement does not materially and adversely affect the security for the payment of any Bonds or Reimbursement Amounts; or

(5) With the prior written consent of the 1999 Bond Insurer, to obtain from any Rating Agency a rating on any Series of Bonds or any portion thereof which is higher than the rating which would be assigned without such amendment or supplement; provided that such amendment or supplement does not materially and adversely affect the security for the payment of any Bonds or Reimbursement Amounts; or

(6) To modify Sections 4.8, 6.3 and 6.7(d) of the Terminal 18 Lease or substantially similar provisions of any Subsequent Lease provided that such modifications do not materially and adversely affect the security for the payment of any Bond or for the payment of any Reimbursement Amounts.

Except for amendments and supplements under 12(g)(1) through (6), no other amendment or supplement to the Terminal 18 Lease or any Subsequent Lease which affects the rights, duties, liabilities and immunities of the Trustee shall be effective upon the Trustee without its prior written consent or approval thereof; provided, that nothing herein shall affect the provisions of Sections 3(d) and (e) of the Subordination, Nondisturbance and Attornment Agreement between SSA, SSAT and the Trustee. Except as provided in clauses (1) through (6) of this Section 12(g), the Port shall not enter into any amendment of the Terminal 18 Lease or any amendment of any Subsequent Lease without the prior written approval of each Credit Facility Issuer and notice of any such requested amendment to the Terminal 18 Lease or to any Subsequent Lease shall be given to each Credit Facility Issuer (but not any Registered Owner) in the same manner as notices of amendments to Other Documents as provided in subsection 12(h)(4) below.

(h) *Amendments to Other Documents and Related Documents.*

(1) The Other Documents and Related Documents shall not be modified or amended in any respect subsequent to the initial issuance of the 1999 Bonds, except (i) with the prior written consent of the 1999 Bond Insurer and (ii) as provided in and in accordance with and subject to the provisions of this subsection (h). The Trustee shall not be obligated to enter into or to consent to any amendment of any Other Document or Related Document which affects the rights, duties, liabilities and immunities of the Trustee hereunder or thereunder and no such amendment to any Other Document or Related Document to which the Trustee is not a party or an assignee shall be effective against the Trustee to affect the rights, duties, liabilities and immunities of the Trustee hereunder or thereunder. The Trustee shall give written notice to each Credit Facility Issuer and each Rating Agency of any Supplemental Resolution and of any modification, alteration, amendment or supplement to the Terminal 18 Lease, any Subsequent Lease or any Other Document or Related Document to the extent it has actual written notice thereof.

(2) Without the consent of or notice to the Registered Owners but with the prior written consent of the 1999 Bond Insurer, the parties thereto may enter into modifications, alterations, amendments or supplements ("modifications") to the Other Documents and Related Documents, (a) as may be required by the provisions of such Other Document and Related Document, (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein, or (c) in connection with any other change therein.

Before any party shall enter into any modification to an Other Document or Related Document pursuant to this subsection (h), there shall have been delivered to the Trustee and the 1999 Bond Insurer an opinion or opinions of counsel acceptable to the 1999 Bond Insurer stating that such modification is authorized or permitted by this resolution and by such Other Document or Related Document, complies with the terms of such Other Document or Related Document, will, upon the execution and delivery thereof, be valid and binding upon the Port (in the case of a modification of the Track Agreements, the Crane Agreement, any Subsequent Crane Agreement, the Supplemental Crane Agreement, the Base Lease and the Lease Back) and all other parties to such Related Document or Other Document in accordance with its terms, and a Favorable Tax Opinion acceptable to the 1999 Bond Insurer.

(3) Except in the case of modifications referred to in subsection (h)(2), the Port shall not enter into any modification of any Other Document or Related Document to which it is a party or an assignee and no such Related Document or Other Document shall be amended without the written approval or consent of the 1999 Bond Insurer and (except in the case of modifications to the Supplemental Crane Agreement) prior to termination of the Lease Back and the Terminal 18 Lease the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, given and procured as provided in subsection (4) hereof. If at any time any party shall request the consent of the Trustee to any such proposed modification, the Trustee shall cause notice thereof to be given in the same manner as provided by subsection (4). Such notice, which shall be prepared by or on behalf of the Port (but not by the Trustee or the Registrar), shall briefly set forth the nature of such proposed modification and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Owners. The Port shall give notice to the Trustee of any proposed amendments to a Related Document or any Other Document of which the Port is aware.

(4) If the Trustee shall receive notice from a party to an Other Document or Related Document, requesting a modification to such Other Document or Related Document and requesting the approval of the Registered Owners, the Trustee shall cause notice of the proposed modification to be given to all Registered Owners and to the Credit Facility Issuers. Such notice, which shall be prepared by or on behalf of the Port (but not by the Trustee or the Registrar), shall briefly set forth the nature of the proposed modification and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Registered Owners.

(A) Within six months after the date of the giving of such notice, the parties may enter into such modification in substantially the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of the Registered Owners of not less than a majority in aggregate principal amount of Outstanding Bonds and of the 1999 Bond Insurer and (ii) an opinion or opinions of counsel (which also shall be delivered to and shall be acceptable to the 1999 Bond Insurer) stating that such modification is authorized or permitted by this resolution and by such Other Document or Related Document, complies with its respective terms, and, upon the execution and delivery thereof, will be valid and binding upon the Port (in the case of a modification of a Related Document or Other Document to which the Port is a party) and all other parties thereto in accordance with its terms, and (iii) a Favorable Tax Opinion acceptable to the 1999 Bond Insurer.

(B) If Registered Owners of not less than a majority in aggregate principal amount of Outstanding Bonds shall have consented to and approved the execution and delivery thereof as herein provided, no Registered Owner shall have any right to object to the execution and delivery of such modification, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain any party thereto from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 13. Additional Covenants; Options.

(a) *Additional Covenants of the Port Prior to Completion under the EPC Contract.*

(1) The Independent Engineer shall deliver copies of any Change Order that constitutes a Covered C-change to the Trustee, the Port and the 1999 Bond Insurer. Prior to the approval by the Independent Engineer of any Change Order that constitutes a Covered C-change and upon receipt by the Port and the Trustee of a certificate of the Independent Engineer that sets forth the estimated, total amount of any C-change Delay Cost, together with a copy of the proposed Change Order, if any, or other evidence of the amount of such C-change Delay Cost, the Port shall deposit the total amount of such C-change Delay Cost with the Trustee for deposit to the C-change Contingency Delay Subaccount.

(2) Prior to the approval by the Independent Engineer of any Change Order that constitutes a Covered C-change and upon receipt by the Port and the Trustee of a certificate of the Independent Engineer that sets forth the estimated, total amount of any C-change Cost, together with a copy of the proposed Change Order or other evidence of such C-change Cost, the Port shall pay the total amount of such C-change Costs to the Trustee for deposit to the C-change Contingency Cost Subaccount if and to the extent in the opinion of the Independent Engineer sufficient money is not then on deposit in the C-change Contingency Cost Subaccount to pay all C-change Costs then known to the Independent Engineer. Notwithstanding the foregoing, the Port may contract directly with the EPC Contractor to effect such Covered C-change, and may pay such EPC Contractor directly, if the EPC Contractor confirms to the Trustee and the Independent Engineer in writing that such contract and payment will not entitle the EPC Contractor to stop Work (as defined in the EPC Contract), to any claim of interference by the Port or to any other change in the Contract Price or in the Contract Time (as such term is defined in the EPC Contract). The Port may also effect such Covered C-change itself or pursuant to a separate construction contract, provided that the EPC Contractor confirms in writing to the Trustee and the Independent Engineer that work under such contract will not delay or otherwise interfere with the Work under the EPC Contract.

(3) Upon receipt of a certificate by the Port and the Trustee of the Independent Engineer, stating that a Port Covered Delay has or will occur (and the reason

therefor) and setting forth the estimated, total amount of any Port Covered Delay Cost, together with a copy of any proposed Change Order or other evidence of the amount of such Port Covered Delay Cost, the Port shall pay the amount of such Port Covered Delay Costs to the Trustee for deposit to the Project Contingency Delay Subaccount. The Port shall make additional deposits if the actual Port Covered Delay Cost is higher than such estimated cost as certified by the Independent Engineer and is not the obligation of the EPC Contractor.

(4) Upon receipt by the Port and the Trustee of a certificate of the Independent Engineer, stating that a Port Covered Cost has or will be incurred (and the reason therefor) and setting forth the estimated, total amount of any Port Covered Cost, together with a copy of any Change Order or other evidence of such Port Covered Cost, the Port shall pay to the Trustee the total amount of such Port Covered Costs for deposit to the Project Contingency Cost Subaccount; provided, however, that if the total amount of such Port Covered Costs, as estimated by the Independent Engineer, is less than 33.33% of the balance of uncommitted funds then on deposit in the Project Contingency Account-Series 1999C, the Port may pay such Port Covered Costs to the Trustee in installments as incurred, so long as such payments are made within two weeks after receipt by the Port of an invoice therefor.

(5) Upon a judicial determination of the invalidity of the selection of the Independent Engineer, the Independent Insurance Consultant, the EPC Contractor or the Trustee, the Port shall:

(A) select one of the following options:

(i) The Port shall undertake to complete the T-18 Project within the time certified by the Independent Engineer as of the date of such undertaking by the Port as the Projected Project Completion Date and shall pay any shortfalls in the costs thereof not provided by 1999 Bond proceeds; or

(ii) The Port shall enter into a contract substantially similar to the EPC Contract with terms acceptable to the 1999 Bond Insurer with a party acceptable to the 1999 Bond Insurer; or

(iii) The Port shall provide Debt Assumption-Type M or Full Defeasance; and

(B) make special payments during the period starting with the invalidity and ending with either (x) Project Completion or (y) Debt Assumption-Type M or Full Defeasance. If the Port selects (A)(i) or (A)(ii) above, final completion must occur within 38 months after the invalidity unless a longer period has been agreed to in writing by the 1999 Bond Insurer. If the Port selects (A)(iii) above, Debt Assumption-Type M or Full Defeasance must occur within 38 months after the invalidity unless a longer period has been agreed to in writing by the 1999 Bond Insurer.

(6) The Port hereby authorizes and directs the Trustee to enter into the Independent Engineer Contract with the Independent Engineer for services to be rendered by the Independent Engineer until the end of the year following Project Completion and any renewal or extension or substitute contract for an Independent Engineer, with prior written consent of the 1999 Bond Insurer. At the written request of the EPC Contractor and T-18 Co. (with the prior written consent of the 1999 Bond Insurer), or at the request or direction of the 1999 Bond Insurer, the Port may direct the Trustee to remove the Independent Engineer and to appoint a new Independent Engineer approved by the 1999 Bond Insurer. The Independent Engineer also may resign, upon 60 days' prior written notice to the Trustee, the Port and the 1999 Bond Insurer, as provided in the Independent Engineer Contract. Unless otherwise permitted by the 1999 Bond Insurer, the Independent Engineer, after providing notice of its resignation or after receipt of notification of its removal, shall continue to serve as Independent Engineer until a successor Independent Engineer is appointed, with the approval of the 1999 Bond Insurer, and accepts its appointment in writing. The Independent Engineer shall not be an agent of the Trustee for any purpose hereunder or under the Independent Engineer Contract.

(b) *Casualty Event.*

(1) *Identification of Options.* Upon the occurrence of any Casualty Event (x) prior to Substantial Completion (as defined in the EPC Contract) under the EPC Contract with respect to all or any portion of Terminal 18 other than the Bond Improvements or (y) following Substantial Completion under the EPC Contract or the earlier termination of the EPC Contract with respect to all of Terminal 18, the Port shall exercise one of the three following options:

(A) Option (1): the Port shall repair, replace, reconstruct and rebuild the damaged property so that the repaired facility is of reasonably comparable utility, provided that prior to the date of the Port's election of Option 1 the Independent Engineer confirms in a written report delivered to the Trustee and the 1999 Bond Insurer that the repair, replacement, reconstruction and rebuilding of the damaged property (the "rebuild") can reasonably be expected to be completed within 36 months after the date of the Port's election of Option 1;

(B) Option (2): the Port shall provide Debt Assumption-Type M; or

(C) Option (3): the Port shall establish an irrevocable escrow resulting in Full Defeasance.

If the Port exercises Option 2 or Option 3 or becomes obligated to perform Option 2 or Option 3 at any time in the future, the failure to perform either Option (2) or Option (3) shall constitute a Default, and the Trustee shall then be entitled, at the written direction of the 1999 Bond Insurer, to terminate the Lease Back as the remedy for such Default.

(2) *Required Actions by the Port Following a Casualty Event.* Upon the occurrence of a Casualty Event,

i. the Port shall give immediate written notice thereof to the Trustee and the 1999 Bond Insurer and make Special Payments on a monthly basis on the same date that Monthly Debt Service Deposits are due to the Trustee, commencing immediately;

ii. the Port shall decide whether or not to rebuild or to allow the Tenant to rebuild within 60 days after the occurrence of the Casualty Event; and

iii. the Port shall communicate its decision (whether or not to rebuild) promptly to the Trustee and the 1999 Bond Insurer by written notice.

(3) *No Election to Rebuild.* If, within 60 days following the occurrence of a Casualty Event, neither the Port nor the Tenant elects to rebuild or if the independent Engineer in its professional judgment determines that rebuilding cannot reasonably be expected to be completed within 36 months:

A. The Port shall make Special Payments to the Trustee monthly on the same date that Monthly Debt Service Deposits are due; and

B. The Port shall effect either Option (2) or Option (3) within two years after the occurrence of the Casualty Event.

If during such two-year period, the Port elects to rebuild but does not complete the rebuild before the end of the two-year period, the Port may, with the prior written consent of the 1999 Bond Insurer, utilize an additional six-month period for completion of the rebuild and postpone the deadline for completion of Option 2 or Option 3.

If the Port completes a rebuild of Terminal 18 (within the two-year period authorized herein, as such period may be extended with the consent of the 1999 Bond Insurer) and if the Tenant has exercised its option to reinstate the Terminal 18 Lease (or any Subsequent Lease) in accordance with the provisions of Section 7.1(c) of the Terminal 18 Lease (or any comparable provision of a Subsequent Lease), the Port shall no longer be obligated to exercise the Option (2) or Option (3).

If the Port completes such rebuild within the two-year period authorized herein, but the Tenant does not exercise its option to reinstate the Terminal 18 Lease (or Subsequent Lease), the Port shall no longer be obligated to effect Option 2 or Option 3 but shall continue to pay Special Payments through the end of the second year after the date such option to reinstate lapses.

(4) *Affirmative Election To Rebuild*. If, within the 60-day period, the Port or the Tenant does elect to rebuild:

A. The Port shall make Special Payments on a monthly basis on the same date that Monthly Debt Service Deposits are due to the Trustee until the rebuild is completed.

B. If the Port or the Tenant elects to rebuild or repair, the Port (or another party) shall be obligated to complete the rebuild within 36 months after the notice given to the 1999 Bond Insurer pursuant to Section 13(b)(2)—Required Actions by the Port Following a Casualty Event; provided, however, that if the rebuild is not completed within 36 months, the Port may utilize an additional six-month period for completion with the prior written consent of the 1999 Bond Insurer, which consent shall not be unreasonably withheld, and with the prior written consent of the 1999 Bond Insurer, any other extended period.

C. During the course of construction (prior to completion of the rebuild), the Port may, at any time, exercise Option (2) or Option (3).

(ii) In the event that Rent obligations of the Tenant under the Terminal 18 Lease or any Subsequent Lease abate or are reduced as a result of the condemnation, the Port shall pay Rent Differential to the Trustee on a monthly basis commencing upon any such reduction and continuing for as long as such reduction remains in effect (on the same date that Monthly Debt Service Deposits are due).

(d) *Rent Abatement Period.* Except as provided in subsection (c)(ii) above or in subsection (e) below, the Port shall make Special Payments, on a monthly basis on the same date that Monthly Debt Service Deposits are due, during any Rent Abatement Period. The Port shall notify the Trustee of the occurrence of any Rent Abatement Period.

(e) *Sections 2.9 and 9.13 of Terminal 18 Lease; Permanent Encumbrance; Drop Dead Date.* In the event that Rent obligations of the Tenant under the Terminal 18 Lease or any Subsequent Lease are reduced or terminated as a result of (i) the implementation of the provisions of Section 9.13 thereof (or any comparable provision under a Subsequent Lease), (ii) a Permanent Easement, (iii) a Permanent Encumbrance, (iv) any decrease in the Eagle Rate, or (v) failure by the Tenant to approve Total Facility Completion by the Drop Dead Date, the Port will pay Rent Differential to the Trustee on a monthly basis commencing upon any such reduction and continuing for as long as such reduction remains in effect (on the same dates that Monthly Debt Service Deposits are due) or, in the case of a termination referred to in clause (v), until all of the Bonds and all Reimbursement Amounts are paid in full or the Port effects Full Defeasance or Debt Assumption-Type M.

(f) *Supplemental Crane Agreement.* On the Closing Date, the Port and the Trustee shall, and the Trustee is hereby authorized and directed to, enter into the Supplemental Crane Agreement. No amendment to the Supplemental Crane Agreement shall be made without the prior written consent of each Bond Insurer.

(g) *Invalidity of Certain Documents.* No later than two years following a judicial determination of the invalidity of the Base Lease or any part thereof, the Lease Back, the Terminal 18 Lease, any Subsequent Lease or the Supplemental Crane Agreement or any part thereof, the Port shall select and complete Option (2) or Option (3) described in subsection (b) of this Section 13. Between such judicial determination and the Port's completion of Option (2) or Option (3), the Port shall make Special Payments as and when the same become due and payable.

(h) *Lease Default Event.* If a Lease Default Event has occurred and is continuing under the Terminal 18 Lease, or following a termination of the Terminal 18 Lease or Subsequent Lease because of the occurrence of a Lease Default Event, and so long as any Bonds are Outstanding or any Reimbursement Amounts are unpaid,

(i) the Port will not enter into a new lease or renew at the Port's option any existing agreement or lease with SSA, SSAT or a Subsequent Tenant (or with any affiliate of SSA, SSAT or a Subsequent Tenant) for facilities the predominant use of which is similar to the use made by SSA, SSAT or a Subsequent Tenant at Terminal 18 within three years prior to the time of the Lease Default Event, and

(ii) the Port will not lease similar container terminal or marine cargo handling facilities to any other party at a rental rate that is lower than Rent under the Terminal 18 Lease (or such Subsequent Lease).

Such covenant shall be in effect so long as any of the Bonds Outstanding or any Reimbursement Amounts are unpaid, unless (i) the Port or the Trustee has entered into a Subsequent Lease approved by the Port and the Bond Insurer; or (ii) the Tenant has assigned all of its rights and obligations under the Terminal 18 Lease to a party approved by the Port and the Bond Insurer; or (iii) the Tenant pays to the Trustee a lease breakage fee in an amount that, together with amounts then on deposit with the Trustee and (if such amounts are invested in non-callable U.S. Treasury obligations) investment income thereon, will be sufficient to pay when due all remaining installments of Rent.

(i) *Application of Rent Prepayments.* If the Port receives any prepayments of Rent under the Terminal 18 Lease, the Port shall use such prepayments for the purpose of defeasing all or a portion of the Bonds to the next upcoming date on which such Bonds mature or may be called for redemption prior to stated maturity.

(j) *Security Instrument.* Under the terms of the Terminal 18 Lease, the Tenant is required to deliver the Security Instrument as of the effective date of the Terminal 18 Lease (or any Subsequent Lease). The Trustee is hereby authorized and directed to draw upon the Security Instrument in the full amount available thereunder upon the occurrence of any of the following:

(i) a payment default under the Terminal 18 Lease or a Lease Default Event resulting in the termination of the Terminal 18 Lease or other Lease Default Events other than a Curable Default as defined in the paragraph immediately following these enumerated items, written notice of which has been given to the Trustee by the Port or the Bond Insurer;

(ii) receipt by the Trustee of written notice of the occurrence of any event of default under the reimbursement agreement or indemnity agreement with the issuer of such Security Instrument;

(iii) fifteen Business Days prior to the date of expiration or cancellation of the Security Instrument if an extension of the existing Security Instrument or a replacement Security Instrument is not delivered to the Trustee prior to such expiration date or cancellation date;

(iv) failure of the Trustee to receive a Security Instrument or an amendment thereto in the amount of any increased Security Requirement (or to receive a Security Instrument in the amount of any increase in the Security Requirement, in the case of more than one Security Instrument) within 45 days after the receipt by the Trustee of written notice that the Security Requirement has increased; and

(v) failure to receive a qualified Security Instrument within 90 days after receipt by the Trustee of written notice that the current rating on the long-term, unsecured senior debt (in the case of a bank) or on the claims-paying ability (in the case of an insurance company) of the issuer of the then effective Security Instrument is lower than "A" by S&P or "A2" by Moody's or that the current rating on the issuer of the then effective Security Instrument has been withdrawn by either Moody's or S&P.

Forty-five days prior to the expiration or cancellation of the Security Instrument, the Trustee shall give written notice of such pending expiration or cancellation to the Port and the 1999 Bond Insurer if an extension of the existing Security Instrument or a replacement Security Instrument has not been delivered to the Trustee.

Upon a breach of a covenant set forth in Section 6.1(a)(i) or Section 6.3 of the Terminal 18 Lease or any Subsequent Lease (each a "Curable Default"), a cure period of 180 days will be permitted during which cure period the Security Instrument will not be drawn upon, so long as Rent is timely paid to the Trustee. Following the expiration of the 180-day cure

period, if the Curable Default has not been fully cured, unless otherwise directed by the Bond Insurer, the Trustee shall draw upon the Security Instrument in an amount equal to the greater of 20% of the amount then available to be drawn under the Security Instrument or the amount required to cure the Curable Default. Money drawn under the Security Instrument shall be retained in the allocable Debt Service Reserve Account and shall not be returned to the issuer of the Security Instrument. The amount of such drawing shall, however, be credited against the amount of the Security Requirement then required to be provided by the Tenant.

Upon the occurrence of any of the events described in (j)(i) through (j)(v), except as provided above in connection with a Curable Default, the Trustee shall draw upon the Security Instrument in full and shall deposit an allocable amount of such drawing thereunder (based on the 1999 Bonds of each Series then Outstanding and any Completion Bonds) into each 1999 Debt Service Reserve Account. In the event that the Security Requirement is satisfied by a combination of cash and other bonds or letters of credit or a combination of the foregoing, the bonds and letters of credit shall be drawn upon before the cash is utilized. If the Trustee draws upon the Security Instrument pursuant to the terms of paragraphs 4(C) through (F) of Exhibit A to the Security Instrument, the Trustee shall deposit the amount received pursuant to such drawing pro rata in a separate subaccount (each a "subaccount") within each 1999 Debt Service Reserve Account, and the remaining provisions of this paragraph shall be applicable. The amount so drawn and deposited in each subaccount shall be invested by the Trustee in Permitted Investments upon the written direction of the Designated Port Representative delivered to the Trustee. If the Tenant provides cash, a direct draw letter of credit or other form of replacement Security Instrument (in form and substance approved in writing by the 1999 Bond Insurer, if the replacement is not deposited in the form of cash) in an amount equal to the Security Requirement within 45 days after the date of drawing by the Trustee on the Security Instrument (90 days in the case of a drawing pursuant to paragraph (F) of Exhibit A to the Security Instrument), the Trustee shall remit the balance on hand in each such subaccount (including interest accrued and earned thereon) to the issuer of the drawn upon Security Instrument or otherwise as stated in the Closing Memorandum.

If, prior to the termination of the Terminal 18 Lease, all Bonds and Reimbursement Amounts have been Fully Paid, the Security Requirement shall be delivered to the Port, and the composition and amount of the Security Requirement shall be within the discretion of the Port.

If (A) the Trustee (1) holds a surety bond as a component of the Security Requirement and (2) draws upon the surety bond as a result of the circumstances described in (i) or (ii) of this subparagraph (j), and (B) the issuer of the surety bond ("issuer") fails to pay the amount demanded on the date prescribed for payment in the surety bond, the Port shall, not later than six months following the date on which payment was due to be made by the issuer, deposit the deficient amount with the Trustee for allocable deposit as described above in each 1999 Debt Service Reserve Account. Upon any such payment, the Port shall have a prior claim to the amount of any later payment by the issuer and shall be fully subrogated to all the Trustee's right, title and interest with respect to the surety bond, including rights to payment thereunder. Until the issuer of the surety bond for the 1999 Bonds delivers an enforceability opinion with respect to the surety bond acceptable to the 1999 Bond Insurer, the reference to "(i) or (ii)" in the previous sentence shall be read to include "(i) through (v)."

(k) *Debt Assumption-Type V and Debt Assumption-Type M.* Whenever under this resolution the Port is required to provide Debt Assumption or is required to provide Debt Assumption or Full Defeasance and elects to provide Debt Assumption, the Port shall provide Debt Assumption-Type M. The Port, at all other times, shall have the option to provide Debt Assumption-Type V. The authorization of Debt Assumption-Type M or Debt Assumption-Type V shall be made by a Debt Assumption Resolution, which shall specify the additional terms and conditions of such Debt Assumption-Type M or Debt Assumption-Type V.

The Debt Assumption Resolution shall include a finding by the Commission that the conditions imposed by previously approved parity resolutions, if any, of the Commission as condition(s) precedent to the pledge of Port Revenue-Type M or Port Revenue-Type V, as the case may be, have been or will be satisfied prior to Debt Assumption-Type M or Debt Assumption-Type V, as the case may be.

Upon receipt by the Trustee and the Bond Insurer of an opinion of Bond Counsel acceptable to the 1999 Bond Insurer to the effect that the Debt Assumption Resolution has been duly adopted and is a legal, valid and binding resolution enforceable in accordance with its terms

(subject as to enforceability to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and to the exercise of judicial discretion in appropriate cases, and on the effective date of the Debt Assumption-Type M or Debt Assumption-Type V, the terms of (1) through (7) set forth as follows shall be effected.

(1) The Base Lease shall expire, and the Lease Back and Supplemental Crane Agreement shall terminate automatically.

(2) Except as otherwise provided by the Commission, the appointment of the Trustee shall terminate and, upon payment of all fees, expenses and any other amounts then due and owing to the Trustee, the Trustee shall assign to the Port all performance bonds, insurance policies, guaranties and Other Documents and Related Documents and deliver all money and investments then held to the Port (other than the Operating Reserve Fund, the Senior Payment Fund and the Project Fund, which shall be delivered as provided in Subsection (5) below) and thereafter the Trustee shall be fully discharged hereunder and under the Other Documents and Related Documents and shall have no further duty to any person or party hereunder or pursuant to any Other Document or Related Document.

(3) All Debt Service Reserve Accounts may be reduced to the lowest of:

(i) the maximum amount of regularly scheduled principal and interest payable in any year on such Bonds,

(ii) 10% of the initial principal amount of such Bonds, and

(iii) 125% of the average annual scheduled principal and interest payable on such Bonds,

with the balance thereof being disbursed as provided in such resolution subject to the receipt of a Favorable Opinion of Bond Counsel acceptable to the 1999 Bond Insurer.

(4) If the Debt Assumption Resolution provides that the Port shall observe the operating covenants (other than the rate covenant) of the Master Resolution or of a resolution substantially similar to the resolution under which the Port's Subordinate Lien Revenue Bonds, Series 1997 were issued, then the operating covenants of Sections 12 and 13 herein shall be of no further force and effect.

(5) The Operating Reserve Fund, the Project Fund and the Senior Payment Fund shall be terminated. The money in the Operating Reserve Fund and in the Senior Payment Fund shall

be distributed to the Port for its use, and the moneys in the Project Fund shall be transferred to a construction fund or, upon receipt by the Trustee of a Favorable Tax Opinion acceptable to the 1999 Bond Insurer, to another fund as provided in the Debt Assumption Resolution.

(6) Terminal 18 Revenue, Pledged Revenue, Port Revenue-Type M and Port Revenue-Type V may be held in any revenue fund of the Port, and disbursed in accordance with the order of priority specified in the resolution authorizing the Port Revenue-Type M or Port Revenue-Type V, as the case may be; provided, however, that payments to each Bond Insurer to reimburse such Bond Insurer for payments made with respect to principal of and interest on the Bonds shall be of equal lien to the lien of the Bonds on Port Revenue-Type V or Port Revenue-Type M and Pledged Port Revenue.

(7) The Bonds shall no longer be Special Facility Bonds as such term is defined in the Master Resolution but shall be payable and secured as provided in the Debt Assumption Resolution.

Prior to or following a Debt Assumption-Type M, the Port may authorize and issue obligations on a parity of lien with the pledge of Port Revenue-Type M ("Obligations"). The Registered Owners shall have the same rights, remedies and security with respect to Port Revenue-Type M as the owners of such Obligations. If no other Obligations are then outstanding, the Debt Assumption Resolution (providing for Debt Assumption-Type M) shall include (i) a covenant by the Port obligating the Port to deposit Port Revenue-Type M into a special fund for the benefit of the Registered Owners and the owners of any Obligations, (ii) a covenant that Port Revenue-Type M in each year shall be equal to at least one times annual Debt Service on the Outstanding Bonds and on any Obligations and (iii) a covenant that no additional Obligation may be issued on a parity therewith unless (A) the amount of Port Revenue-Type M in the preceding twelve months was at least one times the amount of annual Debt Service for any future twelve-month period on the outstanding Obligations and Outstanding Bonds and on the proposed additional Obligations or (B) the amount of Port Revenue-Type M projected by Consultant (who in making such projections may make adjustments then deemed reasonable by the Consultant) to be available in each of the five 12-month periods following the earlier of the 12-month period in which no capitalized interest is expected to be available to pay all or any portion of debt service on the outstanding Obligations and Outstanding Bonds or the date the improvements being financed with

the proceeds of such additional Obligations are first placed in service, is at least one times the amount of annual Debt Service on the Outstanding Bonds, Obligations and the proposed parity Obligations in each of such 12-month periods.

The remaining terms of the Debt Assumption Resolution shall be within the discretion of the Commission. So long as the Debt Assumption Resolution, in the written opinion of Bond Counsel delivered and addressed to the Trustee and to each Bond Insurer and acceptable to such Bond Insurer, complies with the terms of this section and is in accordance with the resolutions pledging such Port Revenue to any other outstanding bonds, none of the Registered Owners, the Trustee or any Bond Insurer shall have any right to consent to or to disapprove the provisions of a Debt Assumption Resolution.

(l) *Track Agreements.* The Port hereby covenants that it will not terminate any Track Agreement or Industrial Track Agreement (as such term is defined in the Track Agreements).

(m) *Reserve Deposit.* Unless the 1999 Bond Insurer notifies the Trustee and the Port in writing on or prior to the Deposit Date that the requirements of this subsection (m) have been waived, the Port shall cause to be deposited with the Trustee an amount equal to the Estimated Accumulation on the Deposit Date. The amount so received by the Trustee shall be deposited in the 1999A Debt Service Reserve Account, the 1999B Debt Service Reserve Account and the 1999C Debt Service Reserve Account in the same proportion as the initial deposits therein pursuant to the 1999 Reserve Deposit Allocation.

Section 14. Future Parity Bonds for Completion and Additional Bonds.

Following the issuance and delivery of the 1999 Bonds, the Port may, from time to time, issue additional obligations having a parity of lien on the Pledged Port Revenue ("Future Parity Bonds"), subject to the terms and conditions of this Section 14 and Section 15. Except with the prior written consent of the 1999 Bond Insurer or as otherwise permitted by Section 15, Future Parity Bonds may be issued only if (i) there is not then existing and continuing a Default under this resolution; and (ii) no amounts are then owed to the 1999 Bond Insurer or any other Credit Facility Issuer. Future Parity Bonds shall be authorized by resolution of the Commission. Such resolution shall incorporate by reference the operative covenants of this resolution.

(a) *Authorization of Completion Bonds.* Following the issuance and delivery of the 1999 Bonds, the Port may issue Future Parity Bonds for the purpose of paying any costs

that are within the original scope of work under the EPC Contract and for the purpose of capitalizing interest, paying costs of issuance and funding reserves. The maximum dollar amount of Completion Bonds that may be authorized pursuant to this paragraph (a) is equal to 10% of the aggregate initial principal amount of the 1999 Bonds.

The Supplemental Resolution providing for the issuance of such Completion Bonds shall provide either that withdrawals may be made from the 1999 Debt Service Reserve Account in accordance with Sections 11(c), 11(d), 11(e) and 11(f) to pay debt service on the Completion Bonds as well as on the 1999 Bonds or shall provide for the creation and funding of a separate Debt Service Reserve Account to secure such Completion Bonds. If such Supplemental Resolution provides for a separate Debt Service Reserve Account for the Completion Bonds, such Supplemental Resolution shall specify either that investment earnings on amounts then on deposit in such Debt Service Reserve Account shall be retained in such account or that such investment earnings shall be transferred (i) prior to Project Completion to the Project Fund or to the Debt Service Account and (ii) after Project Completion to the Debt Service Account.

(b) *Authorization of Additional Bonds.* Future Parity Bonds in the form of Additional Bonds may be issued to pay the costs of any capital improvements to be included on the Site, including the costs of completing the T-18 Projects, and the costs of completing, modifying or expanding the Off-Site Improvements and the costs of capitalizing reserves and debt service, the costs of obtaining any Qualified Insurance or Qualified Letter of Credit and issuance costs. As a condition precedent to the issuance and delivery of Additional Bonds, the Port shall deliver to the Trustee:

(i) a certificate executed by the Designated Port Representative confirming that Historic Revenues are at least equal to 150% of Debt Service for each year during the remaining term of the Outstanding Bonds and the Additional Bonds to be issued; or

(ii) (A) a certificate of the Trustee that to its actual knowledge there is no Lease Default Event and no Default under this resolution that remains uncured and that no withdrawal from any Debt Service Reserve Account (other than a withdrawal permitted by Section 11(f)(1) or Section 11(f)(2)) has been made during the prior 36 months, (B) a certificate of the Designated Port Representative or a finding by the Commission, that to the best of its/his/her knowledge, there is no Default under this resolution then remaining uncured nor has

there been any withdrawal from any Debt Service Reserve Account (other than a withdrawal permitted by Section 11(f)(1) or Section 11(f)(2)) during the prior 36 months and (C) a certificate of the Independent Engineer or a Consultant demonstrating that Adjusted Revenues are at least equal to 150% of Debt Service for each year during the remaining term of the Outstanding Bonds and the Additional Bonds to be issued. No Additional Bonds may be issued unless the Trustee receives written confirmation from S&P that the issuance of such Additional Bonds will not, in and of itself, cause S&P to reduce or to withdraw its then-current underlying rating on the Bonds then Outstanding under this resolution..

The Supplemental Resolution providing for the issuance of such Additional Bonds shall provide for the creation of a Debt Service Reserve Account and for a Debt Service Reserve Account Deposit to secure the payment of such Additional Bonds and shall provide either for the retention in such Debt Service Reserve Account of investment income earned on the balances therein or for the transfer of such investment income (i) to the Project Fund or to the Debt Service Account during any construction period and (ii) to the Debt Service Account after the end of such construction period.

Section 15. Future Parity Bonds - Refunding Bonds. The Port, by means of a Supplemental Resolution may issue Future Parity Bonds that are Refunding Bonds hereunder as follows:

(a) Refunding Bonds may be issued at any time for the purpose of refunding (including by purchase) Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), making deposits to a Debt Service Reserve Account, if any, for the Refunding Bonds, making payment for Qualified Insurance or a Qualified Letter of Credit and paying the expenses of issuing the Refunding Bonds upon compliance with the conditions set forth in Section 14(b). Such Refunding Bonds also may be issued without such compliance and without funding a Debt Service Reserve Account if the annual debt service on such Refunding Bonds in any year is not more than the annual debt service in any year on the Bonds to be refunded were such refunding not to occur.

(b) Refunding Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port the proceeds of which were used to pay the Costs of T-18 Projects, including amounts to pay principal thereof and redemption premium, if

any, and interest thereon to the date of redemption of such bonds (or purchase), payment for Qualified Insurance or a Qualified Letter of Credit, deposits to a Debt Service Reserve Account for such Refunding Bonds and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Refunding Bonds, the Port must comply with the conditions of Section 14(b) of this resolution.

(c) Refunding Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Bonds for the payment of which sufficient Pledged Revenue are not available without any requirement for compliance with the conditions of Section 14(b) and without funding a Debt Service Reserve Account;

(d) If the Port is required or elects to provide for a Debt Service Reserve Account for the Refunding Bonds, the Supplemental Resolution shall provide for a Debt Service Reserve Account Deposit and either that interest earnings on amounts on deposit in such Debt Service Reserve Account be retained therein or that such interest earnings be transferred to the Debt Service Account.

Section 16. Adoption of Supplemental Resolutions and Purposes Thereof Without Consent. The Port may adopt at any time and from time to time and without the consent or concurrence of the owner of any Bond but (except as provided in the last paragraph of this section) with the consent of the 1999 Bond Insurer, a resolution or resolutions amendatory or supplemental to this resolution or to any Supplemental Resolution for any one or more of the following purposes:

(a) To provide for the issuance of Future Parity Bonds in accordance with the terms hereof, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

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

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

effect; provided, however, that no such amendment shall restrict or eliminate the ability of the Port to issue Completion Bonds pursuant to Section 14(a) of this resolution;

(d) To surrender, or to delegate or assign to the Trustee (but not without the prior written consent of the Trustee) any right, power or privilege reserved to or conferred upon the Port by the terms of this resolution;

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

(f) To cure any ambiguity or defect or inconsistent provision in this resolution or to insert such provisions clarifying matters or questions arising under this resolution as are necessary or desirable; provided that such modifications shall not materially and adversely affect the security for the payment of any Bonds or Reimbursement Amounts or the rights of any Bond Insurer or the Registered Owners;

(g) To qualify this resolution under the Trust Indenture Act of 1939, as amended as long as there is no material adverse effect on the security for the payment of Bonds or Reimbursement Amounts or on the rights of the Registered Owners or the rights of any Bond Insurer;

(h) To obtain or maintain a rating with respect to any Series of Bonds as long as there is no material adverse effect on the security for the payment of Bonds or Reimbursement Amounts or the rights of any Bond Insurer; or

(i) To modify the provisions of this resolution to obtain from any Rating Agency a rating on any Series of Bonds or any portion thereof which is higher than the rating which would be assigned without such modification as long as there is no material adverse effect on the security for the payment of Bonds or Reimbursement Amounts or the rights of any Bond Insurer;

Notwithstanding anything in this Section 16 to the contrary, (i) except any amendment or supplement described in clause (a) of this Section 16 and any amendment or supplement to the provisions of Sections 8, 37 and 41, no resolution amending or supplementing this resolution or any Supplemental Resolution shall be adopted without the prior written consent of the 1999 Bond Insurer and (ii) without the specific consent of the Registered Owner of each Bond and

each Bond Insurer, no such resolution amending or supplementing the provisions hereof or of any Supplemental Resolution shall (1) permit the creation of a lien or charge on Pledged Port Revenue superior or prior to the payment of the Bonds; (2) reduce the percentage of Bonds the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby. No resolution amending or supplementing the provisions hereof or of any Supplemental Resolution shall change the date of payment of the principal of, premium, if any, or interest on any Bond, or reduce the principal amount, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Supplemental Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; and no such amendment shall change or modify any of the rights, duties, responsibilities or immunities of the Registrar or the Trustee without its prior written consent thereto.

Section 17. Adoption of Supplemental Resolutions and Purposes Thereof With Consent.

(a) *Amendments With Registered Owners Consent.* Subject to the provisions of Section 16, this resolution and any Supplemental Resolution may be amended from time to time by a Supplemental Resolution approved by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding and the 1999 Bond Insurer; provided, that (A) no amendment shall be made which affects the security of some but fewer than all of the Outstanding Bonds without the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds so affected, and (B) except as expressly authorized hereunder and subject to the provisions of the last paragraph of Section 16 hereof, no amendment shall be made which alters the interest rates, the maturity dates or interest payment dates of any Outstanding Bonds without the consent of the Registered Owners of all Outstanding Bonds affected thereby.

(b) *Amendments With Consent of Issuers of Credit Facilities.* Notwithstanding anything in Section 16 or in this Section 17 to the contrary, any amendment to this resolution and any Supplemental Resolution, other than as described in Section 16(a) or in an amendment or

supplement to Sections 8, 37 or 41 shall require the prior written consent of the 1999 Bond Insurer. A resolution authorizing the issuance of Future Parity Bonds may include a similar covenant with respect to another Credit Facility Issuer; provided, that such Credit Facility Issuer guarantees the payment when due of the scheduled debt service on at least 25% in aggregate principal amount of the Bonds Outstanding. A Supplemental Resolution authorizing the issuance of Future Parity Bonds to the extent not inconsistent with the terms of this resolution shall not be considered as an amendment to this resolution.

Section 18. Resolution and Laws a Contract with Bondowners. This resolution constitutes a contract for the benefit of the Registered Owners and the Bond Insurer and is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including RCW Ch. 39.46, as amended and supplemented, and Title 53 of the Revised Code of Washington, as amended and supplemented.

Section 19. Defaults. The Port hereby finds and determines that the collection, deposit and disbursement of Pledged Revenue are essential to the payment and security of the Bonds and the failure or refusal of the Port or any of its officers or agents to perform the covenants and obligations of this resolution will endanger the collection and application of Pledged Revenue and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section 19 are specified and adopted for the additional protection of the Owners from time to time of the Bonds and the Credit Facility Issuers. Any one or more of the following events shall constitute a "Default" under this resolution:

- (a) A failure to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;
- (b) A failure to make payments of any installment of interest on any Bonds when the same shall become due and payable;
- (c) Except as described in Section 19(a) or 19(b), the Port shall fail to pay any Special Payment or Rent Differential when due and such failure continues for ten days after such payment is due or, except as described in Section 19(a) or 19(b), the Port shall fail to make any other payment expressly required to be made by the Port under the terms of this resolution and such failure continues for 30 days after such payment is due;

(d) Except as otherwise provided in this Section 19, 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 60 days following written notice of such default given to the Port by the Trustee;

(e) A court of competent jurisdiction declares that the lien of this resolution on Pledged Revenue is not valid;

(f) A court of competent jurisdiction declares that the Base Lease, the Lease Back, the Terminal 18 Lease, any Subsequent Lease or the Supplemental Crane Agreement is not valid;

(g) Insolvency of the Port;

(h) A Lease Default Event has occurred and the Port has not commenced Curative Action and notified the Trustee that it has commenced Curative Action within 30 days following the occurrence of the Lease Default Event; or if Curative Action is commenced, the Port ceases to perform such Curative Action prior to the time the Lease Default Event is cured;

(i) A Lease Default Event continues beyond the period, not to exceed two years without consent of the 1999 Bond Insurer, during which Curative Action is undertaken;

(j) An assignment of the Terminal 18 Lease or a change in use of Terminal 18 contrary to the terms of the Terminal 18 Lease or the Lease Back without the prior written consent of the 1999 Bond Insurer occurs, whether or not the Port has approved of such assignment or change of use; or

(k) The Port has failed to perform any of its obligations under Section 7.2 of the Base Lease or under Section 2.1, 3, or 6 of the Supplemental Crane Agreement.

The Port will notify the Trustee and the 1999 Bond Insurer of the occurrence of each Default and Lease Default Event of which it is aware. In any event, if any Lease Default Event is cured to the satisfaction of the Trustee and the 1999 Bond Insurer and if no Default under this resolution and no additional Lease Default Event under the Terminal 18 Lease or any Subsequent Lease occurs for a period of three years thereafter (or during such other period as may be approved by the 1999 Bond Insurer), the option of the Port to exercise Curative Action upon the occurrence of any subsequent Lease Default Event shall be reinstated.

Each Bond Insurer shall have the right, in its sole discretion, to cure any Default, and the Trustee shall accept such cure; provided, that the Trustee shall be entitled to receive payment of its fees and expenses, including, without limitation, reasonable attorneys' fees incurred as a result of any such Default. Any payment by a Bond Insurer to cure a Default shall constitute a Reimbursement Amount, to the extent of payments for principal and interest on Bonds under clause (i) of the definition of Reimbursement Amount, and all other payments shall constitute Reimbursement Amounts repayable in accordance with Section 10(b) of this resolution.

In the event the Port determines to exercise Curative Action, the Port shall provide prompt written notice thereof to the Trustee, each Bond Insurer and the Tenant.

Nothing contained herein or in the Base Lease or the Lease Back shall require the Port to exercise Curative Action or to continue Curative Action for any specific period of time after commencement. The Port, at its option, may propose additional or alternative remedies acceptable to the 1999 Bond Insurer. Nothing contained herein shall affect the Port's obligations under Section 7 of the Base Lease.

If the Port is performing Curative Action following a Lease Default Event, such Lease Default Event shall not constitute a Default under this resolution, subject to the further limitations of this paragraph. Unless the 1999 Bond Insurer shall have agreed in writing to an extended period of time, Curative Action shall not forestall a Default under this resolution for a period of more than two years from the occurrence of a Lease Default Event or forestall any other Default (or the Trustee's right to exercise remedies thereupon) specified in this Section 19 or in Section 20. Following the expiration of such two-year period (or other extended period acceptable in writing to the 1999 Bond Insurer) or the failure by the Port to perform its obligations as described in Curative Action and the continuance of such failure for 10 days (in the case of a payment obligation) or 30 days (in the case of any other obligation), the Trustee may, with the consent of the 1999 Bond Insurer and shall upon the direction of the 1999 Bond Insurer declare a Default under this resolution and exercise all remedies hereunder.

Section 20. Remedies. The Trustee will notify each Credit Facility Issuer and the Port of each Default and of each Lease Default Event, in each case, of which it has actual notice. The Designated Port Representative also will deliver notice of such Default to the Commission. Upon receipt of indemnity and assurances to its satisfaction that its fees and expenses shall be

paid, the Trustee in its own name and as the trustee of an express trust, may take any or all of the following actions but only with the consent of or at the direction of the 1999 Bond Insurer:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners and each Credit Facility Issuer and require the Port to carry out any agreements with or for the benefit of the Registered Owners of Bonds or the Credit Facility Issuer and to perform its or their duties under this resolution;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Port to account as if it were the trustee of an express trust for the Registered Owners of Bonds;

(d) petition the court for the appointment of a receiver for Terminal 18 or file claims in any bankruptcy proceeding of the Port or the Tenant; or

(e) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of Bonds or the 1999 Bond Insurer; or

(f) enforce the liquidated damages provision of the Base Lease; provided, that any such enforcement action shall not require the consent or direction of the 1999 Bond Insurer; or

(g) terminate the Lease Back in accordance with its terms, subject to the limitation set forth in the following sentence.

Notwithstanding the foregoing, the remedy of terminating the Lease Back shall not be available to the Trustee at any time unless:

(i) Terminal 18 is not being maintained in accordance with the covenant set forth in Section 12(a) of this resolution; or

(ii) the Tenant is in default of its obligation to pay Rent under the Terminal 18 Lease or any Subsequent Lease; or

(iii) a payment default has occurred with respect to Senior Payments or the Bonds; or

(iv) the balance in the 1999 Debt Service Reserve Account is not replenished following a withdrawal therefrom in accordance with the requirements of this resolution; or

(v) the Terminal 18 Lease is amended in violation of Section 12(g) of this resolution; or

(vi) or two years have elapsed following the occurrence of a Default specified under Section 19(j) (during which two-year period the Port pays Rent Differential);

(vii) a Lease Default Event occurs as a result of SSA's or SSAT's assignment of the Terminal 18 Lease or change of use, in either case, not in compliance with the terms of the Terminal 18 Lease or of this resolution and the Port is not then paying Rent Differential and seeking the Bond Insurer's consent;

(viii) a default specified in Section 19(k) occurs; or

(ix) the Port has failed to perform in accordance with the terms of the last sentence of Section 13(b)(1) of this resolution.

Upon receipt of notice from the Trustee, the Port, at its option, may transfer any legally available revenues of the Port (in addition to the Pledged Revenues) to the Trustee for the payment of Special Payments, other fees and expenses of the Trustee and/or deposits to the Bond Fund or any other fund.

If the Tenant (or Subsequent Tenant) files a petition in bankruptcy (voluntary or involuntary), the Trustee shall have the right, at the direction of the 1999 Bond Insurer, to make appearances and file motions in such bankruptcy proceedings as deemed necessary to protect its claim upon Pledged Revenue.

Upon an admission of insolvency or a filing of a petition under Chapter 9 of the United States Bankruptcy Code with respect to the Port, the Port (i) immediately shall notify the Trustee and the 1999 Bond Insurer of the occurrence of such event; and (ii) upon receipt of indemnity and assurances to its satisfaction that its expenses shall be paid, the Trustee shall with the consent or at the direction of the 1999 Bond Insurer, to the extent permitted by law, in its own name and as the trustee of an express trust on behalf of the Registered Owners and the 1999 Bond Insurer, prosecute and defend the claims, if any, of the Registered Owners against the Port, including without limitation, claims of the Registered Owners and the 1999 Bond Insurer to Pledged Revenue, any Port Revenue-Type M and any Port Revenue-Type V.

Section 21. Application of Revenue and Other Funds After Default. If a Default shall occur and be continuing, all Pledged Revenue and any other funds then held or thereafter received by the Trustee under any of the provisions of this resolution shall be applied by the Trustee as follows and in the following order:

(a) To the payment of Senior Payments and of any expenses necessary in the opinion of the Trustee (with the consent of the 1999 Bond Insurer) to protect the interests of the Registered Owners of the Bonds and payment of reasonable fees and charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and in connection with the performance of its powers and duties under this resolution;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this resolution, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof first to Bonds and within such liens, ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof first to Bonds and within such liens, ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

(c) To the 1999 Bond Insurer to pay all Reimbursement Amounts;

(d) To the Debt Service Reserve Accounts and then to the Operating Reserve Fund if all Bonds have not been Fully Paid; and

(e) To the Port.

Section 22. Trustee to Represent Registered Owners. The Trustee is hereby irrevocably appointed (and the successive respective Registered Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as Trustee and true and lawful attorney-in-fact of the Registered Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Registered Owners under the provisions of the Bonds, this resolution and applicable provisions of any law. Upon the occurrence and continuance of a Default or other occasion giving rise to a right in the Trustee to represent the Registered Owners, the Trustee may with the consent of the 1999 Bond Insurer, and shall at the direction of the 1999 Bond Insurer, and upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding with the consent of the 1999 Bond Insurer, and in all cases upon being indemnified against anticipated expenses and liabilities to its satisfaction therefor (which indemnity is a condition precedent to its duties hereunder), shall, proceed to protect or enforce its rights or the rights of such Registered Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Registered Owners under this resolution, each resolution authorizing the issuance of Future Parity Bonds or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Pledged Revenue and other assets pledged under this resolution, pending such proceedings. All rights of action under this resolution or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Registered Owners of such Bonds and the 1999 Bond Insurer, subject to the provisions of this resolution.

Section 23. Registered Owners' Direction of Proceedings. Subject to the prior written consent of the 1999 Bond Insurer, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or

concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, upon indemnification satisfactory to the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of this resolution, and that the Trustee shall have the right to decline to follow any such direction which in the sole discretion of the Trustee would be unjustly prejudicial to Registered Owners not parties to such direction. The Trustee shall not be responsible for the propriety of or liable for the consequences of following such a direction given by the 1999 Bond Insurer or by the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding.

Section 24. Limitation on Registered Owners' Right to Sue. No Registered Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity for the protection or enforcement of any right or remedy under this resolution or any other applicable law unless the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, with the prior written consent of the 1999 Bond Insurer, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; and such Registered Owner or said Registered Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request; and the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Registered Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Registered Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this resolution or the rights of any other Registered Owners, or to enforce any right under this resolution or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Registered Owners of the Outstanding Bonds.

Section 25. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Registered Owners on account of any Default shall have been discontinued or abandoned for any reason or shall have been determined adversely or if any Default is cured, then in every such case the Port, the Trustee, the 1999 Bond Insurer and the Registered Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Port, the Trustee, the 1999 Bond Insurer and the Registered Owners shall continue as though no such proceedings had been taken.

Section 26. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Registered Owners of the Bonds or to the 1999 Bond Insurer is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 27. No Waiver of Default. No delay or omission of the Trustee or of any Registered Owner of the Bonds or of the 1999 Bond Insurer to exercise any right or power arising upon the occurrence of any Default including, but not limited to any right of the 1999 Bond Insurer to direct a termination of the Lease Back, shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this resolution to the Trustee or to the Registered Owners or to the 1999 Bond Insurer may be exercised from time to time and as often as may be deemed expedient.

Section 28. Duties, Immunities and Liabilities of Trustee; Co-Trustee.

(a) Chase Manhattan Trust Company, National Association is hereby appointed as the Trustee under this resolution. The Trustee shall execute a certificate accepting and agreeing to perform its duties and responsibilities under this resolution. The Trustee shall prepare and provide Trustee Reports to the Port and to the 1999 Bond Insurer on a monthly basis following the Closing Date. The Trustee is hereby authorized and directed to enter into the Base Lease, the Lease Back, the Assignment, the Guaranty, the Independent Engineer Contract, the Supplemental Crane Agreement, and the Subordination, Nondisturbance and Attornment Agreement between SSA, SSAT and the Trustee and to engage, at the direction of the 1999 Bond Insurer, the services of an Independent Engineer and an Independent Insurance Consultant.

(b) The Trustee shall, prior to a Port Payment Default of which the Trustee has actual notice or is deemed to have notice pursuant to Section 30(e) hereof, or prior to the Trustee's receipt of actual notice of the occurrence of any other Default, and after the curing of all Defaults which may have occurred, perform such duties and only such duties as are specifically imposed upon it as set forth in this resolution and no implied duties or responsibilities shall be read into this resolution against the Trustee. The Trustee shall, during the existence of any Port Payment Default of which the Trustee has actual notice or is deemed to have notice pursuant to Section 30(e) hereof, and during the existence of any other Default of which the Trustee has actual notice (which Default has not been cured) and during any period in which the Port is performing Curative Action, exercise such of the rights and powers vested in it by this resolution in accordance with the instructions of the 1999 Bond Insurer, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided that, if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity therefor satisfactory to it.

(c) Upon 30 days' advance written notice to the Trustee, the Port may unless a Port Payment Default or a Default shall have occurred and then be continuing, and upon written request of the 1999 Bond Insurer or, with the prior written consent of the 1999 Bond Insurer and upon the request of the EPC Contractor following any unexcused nonpayment by the Trustee of a Requisition approved by the Port, T-18 Co. and the Independent Engineer and submitted by the Port for payment in accordance with this resolution, shall, remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or, without the necessity of advance written notice, if at any time the Trustee shall cease to be eligible in accordance with subsection (f) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving

written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(d) The Trustee may at any time resign by giving written notice of such resignation to the Port and the 1999 Bond Insurer and by giving the Registered Owners notice of such resignation by first class mail at the addresses shown on the Bond Register. In order to discharge this obligation, the Trustee shall deliver a form of such notice to the Registrar with a request to distribute the same to Registered Owners. Upon receiving such notice of resignation, the Port shall promptly appoint a successor Trustee approved by the 1999 Bond Insurer by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(e) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, the 1999 Bond Insurer or any Registered Owner (on behalf of himself and all other Registered Owners) or the EPC Contractor, under the circumstances described in Section 28(c), may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this resolution shall signify its acceptance of such appointment by executing and delivering to the Port and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the request of the Port or the request of the successor Trustee, such predecessor Trustee shall, at the expense of the Port execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the rights, title and interest of such predecessor Trustee in and to any property held by it under this resolution and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth, subject to this Section 28. Upon

request of the successor Trustee, the Port shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder to the Registered Owners at the addresses shown on the Bond Register. The successor Trustee shall effect this notice by giving a form of notice to the Registrar with a request to mail such notice to the Registered Owners.

(f) The Trustee shall have no responsibility with respect to any information, statement or recital in the official statement or other disclosure material prepared or distributed with respect to the Bonds.

(g) The Trustee's rights to immunities, indemnity, and protection from liability hereunder and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of the Bonds or the discharge of this resolution.

(h) The Trustee is hereby authorized and directed to execute each of the Other Documents and Related Documents to which it is a party, subject to the Trustee's rights, protections and immunities hereunder, whether or not expressed in such Other Documents or Related Documents, to accept any collateral provided thereunder and further to perform all the duties and obligations ascribed to it thereunder. Whenever the terms of any Related Document provide that the Trustee is permitted to exercise rights and remedies at the direction of the Bond Insurer or the Independent Engineer, in each case for the benefit of Registered Owners and the Bond Insurer, the Trustee is authorized and directed to follow such direction.

(i) The Trustee may appoint a co-trustee or separate trustee hereunder, but only as necessary or desirable to enable the provisions of this resolution to be carried out without violating the laws of any jurisdiction (including, in particular, the law of the State) denying or restricting the right of banking corporations or associations to transact business as required of the Trustee hereunder.

(j) If the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every necessary and appropriate remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this

resolution to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vested in such separate or co-trustee, and shall run to and be enforceable by any of them to the extent deemed necessary and appropriate to the exercise thereof by such separate or co-trustee. Such separate or co-trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Port, the Trustee and the 1999 Bond Insurer.

(k) Should any instrument in writing from the Port be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Port. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee or successor to such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(l) The appointment of a co-trustee hereunder shall not in any way affect the Trustee's fiduciary duties and obligations hereunder.

Section 29. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or to which it may sell all or substantially all of its corporate trust business or any company resulting from any merger, conversion, consolidation or sale to which it shall be a party shall be the successor to such Trustee and Trustee's administration hereof without the necessity of executing or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 30. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds (other than in the Certificate of Authentication) shall be taken as statements of the Port (or the Registrar, in the case of the Certificate of Authentication), and the Trustee shall have no responsibility for the correctness of the same or for the validity or sufficiency of this resolution or any security thereunder or for the Bonds, or any representations therein including without limitation the Certificate of Authentication. The Trustee shall incur no responsibility in respect of any such documents, other

than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. in all cases subject to the terms of Section 28, this Section 30, Section 31 and Section 33. The Trustee shall not be liable in connection with the performance of its duties or exercise of discretion hereunder or under any Related Documents or Other Documents, except for its own negligence or willful misconduct. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any attorney appointed with due care. None of the Port, any Tenant, the Independent Engineer or the Independent Insurance Consultant shall be deemed an agent of the Trustee for any purpose, and the Trustee shall not be responsible for the compliance by the Port, by any Tenant or by the Independent Engineer or the Independent Insurance Consultant with its duties under, or the compliance by any other party with, this resolution, the Other Documents, the Related Documents or the Terminal 18 Lease in connection with the transactions contemplated herein or therein. The Trustee shall not be accountable for the use or application by the Port of the Bonds or the proceeds thereof or of any moneys paid to the Port or any other person pursuant to the terms of this resolution. The Trustee may become the Registered Owner of Bonds as principal with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners, whether or not such committee shall represent the Registered Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) Subject to the rights of the 1999 Bond Insurer to direct and control, so long as the 1999 Bond Insurer is not then in default of its obligations under the terms of the Bond Insurance Policy to pay a claim duly presented under the Bond Insurance Policy (provided that all rights of the Bond Insurer shall be restored upon the cure of any such default), the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Registered Owners of not less than 25% in aggregate

principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this resolution.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this resolution.

(e) The Trustee shall not be deemed to have knowledge or actual notice of any default, Default or Port Payment Default (other than the Defaults described in Section 19(a) and (b) hereof) unless it shall have written notice thereof at the address specified by the Trustee in accordance with Section 34 herein; provided that the Trustee shall be deemed to have notice of (i) any failure by the Trustee to receive any payment of Rent in accordance with the most recent rent schedule provided by the Port to the Trustee; (ii) any failure by the Trustee to receive any deposit required under any Independent Engineer's Certificate delivered to the Trustee in connection with a Covered C-change, Port Covered Cost, or Port Covered Delay Cost; (iii) a failure by the Tenant to deliver any Security Instrument or amendment thereto and required by this resolution. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for filing, maintaining or continuing the priority of any financing statement.

(f) The permissive right of the Trustee to perform acts under this resolution shall not be construed as a duty. The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts conferred hereunder or otherwise in respect of the premises.

Section 31. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, Requisition, consent, order, certificate, direction, report, opinion, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, but the Trustee shall examine the evidence furnished to it in order to determine whether or not such evidence conforms to the requirements of this resolution; provided, that notwithstanding anything to the contrary contained herein, the Trustee

may conclusively rely and shall be fully protected in relying upon any Requisitions or Independent Engineer's Certificates, without independent verification or investigation of any representations or warranties contained therein or of any underlying facts and circumstances, so long as such Requisitions or Independent Engineer's Certificates are in the form required under this resolution. At the expense of the Port, the Trustee may consult with counsel, engineers or accountants who may but not need be counsel, engineers or accountants employed by the Port, with regard to legal questions concerning interpretation of this resolution or otherwise, and the opinion or advice of such counsel, engineers or accountants shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this resolution the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Port, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this resolution in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 32. Preservation and Inspection of Documents. All documents maintained by the Trustee under the provisions of this resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of Credit Facility Issuers, the Port, the Tenant and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions with reasonable prior notice.

Section 33. Compensation and Indemnification. The Trustee shall be entitled to receive compensation from the Port for the services of the Trustee and rendered under or pursuant to this resolution, which compensation shall be determined in accordance with the written fee schedule of the Trustee furnished to the Port by the Trustee in its written proposal to the Port, as the same may be amended from time to time by agreement of the parties, or as of the date of appointment of any successor Trustee (or which compensation, in the absence of any such written fee schedule, shall be reasonable compensation), and also all expenses, charges, legal and

consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this resolution in accordance with the fee agreement between the Port and the Trustee (or which fees expenses and charges, in the absence of any such fee agreement, shall be reasonable).

To the extent permitted by applicable law, the Port agrees to indemnify and hold harmless the Trustee and its directors, officers, officials, employees and agents (the "Indemnified Parties") from and against any and all losses, claims, damages, liabilities, taxes or expenses, of every conceivable kind, character and nature whatsoever including, but not limited to, losses, claims, damages, liabilities, fines, penalties or expenses, including out of pocket incidental expenses and legal fees ("Losses") arising out of, resulting from or any way connected with (1) the Site or with respect to the Port's capital improvements project with respect thereto contemplated under this resolution (the "Project") or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, the Site or the Project or any part thereof; (2) the issuance of the Bonds and the carrying out of any of the transactions contemplated by this resolution, any Related Document, any Other Document or any other document or agreement pursuant to which the Project is accomplished (collectively, the "Documents") (including, without limitation, following any instructions or other directions upon which the Trustee is entitled to rely under the terms of this resolution or any other Documents); (3) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any offering statement or other offering document utilized in connection with the sale of the Bonds; (4) activities on the Site or any other real property owned or leased by the Port and located adjacent to the Site which directly or indirectly results in the Site becoming contaminated with Hazardous Substances; or (5) the alteration, reconstruction, repair, clean-up or detoxification of Hazardous Substances from, and the preparation and implementation of any closure, remedial or other required plans with respect to the Site, the costs and expenses relating to which the Port shall be solely responsible for, as between the Port and the Trustee. The Port further agrees, to the extent permitted by law, to pay or to reimburse the Trustee and its respective directors, officers, employees and agents for any and all costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or

otherwise in connection with any such losses, claims, damages, liabilities or actions. The Indemnified Parties shall give the Port written notice of any such losses, claims, damages, liabilities, expenses or actions of which they receive actual knowledge, but their failure to do so shall not relieve the Port of its obligations under this Section 33. Notwithstanding anything to the contrary contained herein, the Port shall not be obligated to indemnify or defend the Trustee against Losses adjudicated to have been caused by or contributed to by (but only to the extent of the Trustee's contribution) or resulting from the negligence or willful misconduct of the Trustee.

The Trustee shall be under no obligation to institute any suit, to take any proceeding under this resolution, to enter any appearance or in any way defend in any suit in which it may be named as defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, unless and until it shall have reasonable grounds for believing that prompt repayment of all costs and expenses, outlays and counsel fees and other reasonable disbursements in connection therewith, and adequate indemnity against all risk and liability, is reasonably assured to it; provided that the Trustee shall not be entitled to seek indemnity under the circumstances described in Section 10 or Section 42 or prior to drawing under any Security Instrument or prior to making any claim under any Credit Facility. However, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed or indemnified by the Registered Owners requesting such action, if any, or by the Port in all other cases for all fees, costs, and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such liability or disbursement is adjudicated to have resulted from the negligence or willful misconduct of the Trustee. If the Registered Owners or the Port, as appropriate, shall fail to make such reimbursement or indemnification, the Trustee may reimburse itself from any money in its possession under the provisions of this resolution (other than proceeds of any Bond Insurance Policy or of draws under any other Credit Facility), subject only to the prior lien of the Bonds for the payment of the principal thereof and the premium (if any) and interest thereon and to the right of each Bond Insurer to reimbursement for payments of regularly scheduled principal and interest made on the Bonds pursuant to its Bond Insurance

Policy and interest thereon. Nothing herein shall affect the priority of the Trustee's right to payment and reimbursement pursuant to Section 10, Section 21 or this Section 33.

None of the provisions contained in this resolution shall require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that prompt payment of fees or repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notwithstanding anything to the contrary contained herein or in any Other Document or Related Document, the Trustee's rights, protections and immunities, including without limitation, the Trustee's rights to compensation and indemnification, under this resolution shall be extended to the Trustee under each Other Document or Related Document.

Section 34. Notices. Any notice to or demand upon the following parties under this resolution shall be given by certified mail, return receipt requested, as set forth below, or to such other addresses as may from time to time be furnished, effective upon the receipt of notice thereof given as provided for in this Section 34.

If to the Port:	Port of Seattle 2711 Alaskan Way Pier 69 P.O. Box 1209 Seattle, WA 98111 Attention: Director of Finance and Budget
If to the Trustee:	Chase Manhattan Trust Company, National Association c/o Chase National Corporate Services, Inc. 1301 Fifth Avenue, Suite 3410 Seattle, WA 98101 Attention: Corporate Trust Division
If to the Registrar:	The Bank of New York 101 Barclay Street, 21W New York, NY 10286 Attention: Corporate Trust Administration
If to the 1999 Bond Insurer:	MBIA Insurance Corporation 113 King Street Armonk, New York 10504 Attention: Insured Portfolio Management (with manner of delivery of notice as specified in Section 42(c)(E))

The fact and date of the execution by any person of any request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any

jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The registered ownership of Bonds shall be proved by the Bond Register held by the Registrar.

Any request, consent, or other instrument or writing of the Registered Owner of any Bond shall bind every future Registered Owner of the same Bond and the Registered Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Port in accordance therewith or reliance thereon.

Section 35. Defeasance. In the event that money and/or Escrow Securities maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient without any reinvestment thereof (assuming the due and punctual payment of the principal of and interest on such Escrow Securities) to redeem and retire part or all of any Bonds (including Reimbursement Amounts in the event that a Credit Facility has been drawn upon to make any payment on such Bonds) in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar and the conditions described in (a), (b), (c), (d), (e) and (f) below are also satisfied and if such Bonds are Fully Paid, then no further payments need be made into the Debt Service Account or any subaccount therein for the payment of the principal of, premium, if any, and interest on the Bonds so provided for and such Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the Port except as described below.

(a) Escrow Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such securities.

(b) If any Bond is to be redeemed prior to its respective maturity, either

(i) the Trustee shall receive evidence that notice of such redemption has been given by the Registrar in accordance with the provisions of this resolution or the Supplemental Resolution pursuant to which such Bonds were issued and such Bonds or

(ii) the Port shall have conferred to the Registrar, with a copy to the Trustee irrevocable instructions to give such notice on behalf of the Port.

(c) The Trustee and the 1999 Bond Insurer shall receive a Favorable Tax Opinion acceptable to the 1999 Bond Insurer and an opinion of Bond Counsel acceptable to the 1999 Bond Insurer and to the effect that following the establishment of such trust, the Bonds defeased thereby shall no longer be considered Outstanding under the terms of this resolution.

(d) The Trustee and the 1999 Bond Insurer shall receive a report acceptable to the 1999 Bond Insurer from a firm of nationally recognized certified public accountants or such other independent certified public accountant or other consultant as may be acceptable to the Trustee and the 1999 Bond Insurer stating in effect that the principal of and interest on the Escrow Securities in such trust, without reinvestment following the initial deposit of Escrow Securities, together with the cash (if any) initially deposited therein, will be sufficient to make the required payments from such trust to pay all principal of, interest and premium, if any on the Bonds (and Reimbursement Amounts) being defeased.

(e) In the case of the 1999 Bonds, the Trustee shall receive an opinion of counsel or other confirmation acceptable to the Trustee, the 1999 Bond Insurer and each Rating Agency that maintains a rating with respect to the 1999 Bonds to the effect that upon the occurrence of an Act of Bankruptcy with respect to the Port or the Tenant, money and investments in such trust will not be recoverable from the Trustee or the Registered Owners of the 1999 Bonds under provisions of the United States Bankruptcy Code relating to voidable preferences or any similar provision of any applicable bankruptcy, insolvency, reorganization or similar law then in effect. The defeasance provided for herein shall not be effective unless or until the funds on deposit in the escrow shall not, in the opinion of such counsel, be recoverable as voidable preference payments.

(f) All Reimbursement Amounts and all fees and expenses of the Trustee then due are paid in full.

Section 36. Tax Covenants; Rebate Fund. 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 Bonds (other than any Bonds the interest on which was intended to be includable in the gross income of the owners thereof for federal income tax purposes) 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 such Bonds. The Port shall comply with its covenants set forth in the Arbitrage Certificate.

If the Trustee receives amounts or instructions to transfer amounts on deposit in any of the funds hereunder for the payment of Rebateable Arbitrage, determined in accordance with the Arbitrage Certificate, the Trustee shall establish a Rebate Fund and deposit such amounts therein. The Trustee shall withdraw such amounts to pay Rebateable Arbitrage required to be paid to the United States of America in accordance with the Arbitrage Certificate but shall have no duty to determine Rebateable Arbitrage.

Section 37. Lost, Stolen, Mutilated or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Bond or Bonds of like Series, interest rate, maturity, date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the Port in connection therewith and upon his/her surrendering the mutilated Bond or filing with the Port evidence satisfactory to the Port that such 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 38. Forms of 1999 Bonds and Registration Certificate.

(a) *1999A Bonds.* The 1999A Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal office of the Fiscal Agency of the State of Washington in Seattle, Washington, or New York, New York.

The Insurer, in consideration of the payment of the premium and subject to the terms of the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Port of Seattle, Washington (the "Issuer") to the Fiscal Agency of the State of Washington, or its successor (the "Paying Agent"), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a

mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

§
Port of Seattle
Special Facility Revenue Bonds
(Terminal 18 Project), Series 1999A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one Business Day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
PORT OF SEATTLE
SPECIAL FACILITY REVENUE BOND
(TERMINAL 18 PROJECT), SERIES 1999A

Maturity Date:

CUSIP No. _____

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, 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 Seattle Special Facility Revenue Bond Account" (the "Debt Service Account") created by Resolution No. 3321, as amended, of the Port Commission (the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Debt Service Account from October 28, 1999, 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 days of each March and September, beginning on March 1, 2000. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$59,740,000 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 additions and improvements to its properties and facilities. Simultaneously herewith, the Port is issuing additional series of special facility revenue bonds, Series 1999B, in the aggregate principal amount of \$87,605,000 and Series 1999C, in the aggregate principal amount of \$70,080,000 (collectively, together with the Series 1999A Bonds, the "1999 Bonds").

The bonds of this issue shall be subject to optional redemption in advance of their scheduled maturity on and after March 1, 2010 in whole or in part on any date at the following prices, expressed as a percentage of the principal amount, plus accrued interest to the date of redemption.

<u>Redemption Dates (all dates are inclusive)</u>	<u>Redemption Prices</u>
March 1, 2010 through February 28, 2011	101.0%
March 1, 2011 and thereafter	100.0

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on September 1, 2029 shall be redeemed by the Port on September 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Year	Principal Amount
2026	\$ 5,660,000
2027	15,615,000
2028	20,020,000
2029*	18,445,000

* Maturity

The bonds of this series are not private activity bonds. The bonds of this series 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.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

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 and the Bond Resolution.

The Port has conveyed, pledged, encumbered and granted all of its right, title and interest in Pledged Port Revenue, all special funds and accounts created under the Bond Resolution, all Pledged Port Revenue therein and any right, title and interest, if any, that it may have in all Pledged Other Revenue and Pledged Other Revenue on deposit in such special funds and accounts. As provided in the foregoing sentence, the Bonds shall be payable from and secured by a lien on Pledged Revenue.

The Port does hereby bind itself to set aside from Pledged Revenue in the manner described in the Bond Resolution the various amounts required by the Bond Resolution to be paid into and maintained in said accounts, all within the times provided by said Bond Resolution.

Said amounts so pledged are hereby declared to be a prior lien and charge upon the Pledged Port Revenue superior to all other charges of any kind or nature whatsoever except for the prior claim of Senior Payments and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of, premium, if any, and interest on the Series 1999B Bonds and the Series 1999C Bonds issued in accordance with the provisions of the Bond Resolution.

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 and the bonds of this issue are 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 Seattle 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 imprinted hereon as of the 28th day of October, 1999.

PORT OF SEATTLE

By _____ /s/ _____
President, Port Commission

ATTEST:

_____/s/_____
Secretary, Port Commission

King County Comptroller's Reference No. _____

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Special Facility Revenue Bonds (Terminal 18 Project), Series 1999A of the Port of Seattle dated October 28, 1999.

WASHINGTON STATE FISCAL
AGENCY, Registrar

By _____
Authorized Signer

In the event any 1999A Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this resolution.

(b) *1999B Bonds.* The 1999B Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal office of the Fiscal Agency of the State of Washington in Seattle, Washington, or New York, New York.

The Insurer, in consideration of the payment of the premium and subject to the terms of the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Port of Seattle, Washington (the "Issuer") to the Fiscal Agency of the State of Washington, or its successor (the "Paying Agent"), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is

subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

§ _____
Port of Seattle
Special Facility Revenue Bonds
(Terminal 18 Project), Series 1999B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one Business Day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
 PORT OF SEATTLE
 SPECIAL FACILITY REVENUE BOND
 (TERMINAL 18 PROJECT), SERIES 1999B

Maturity Date:

CUSIP No. _____

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, 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 Seattle Special Facility Revenue Bond Account" (the "Debt Service Account") created by Resolution No. 3321, as amended, of the Port Commission (the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Debt Service Account from October 28, 1999, 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 days of each March and September, beginning on March 1, 2000. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$87,605,000 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 additions and improvements to its properties and facilities. Simultaneously herewith, the Port is issuing additional series of special facility revenue bonds, Series 1999A, in the aggregate principal amount of \$59,740,000 and Series 1999C, in the aggregate principal amount of \$70,080,000 (collectively, together with the Series 1999B Bonds, the "1999 Bonds").

The bonds of this issue shall be subject to optional redemption in advance of their scheduled maturity on and after March 1, 2010 in whole or in part on any date at the following prices, expressed as a percentage of the principal amount, plus accrued interest to the date of redemption.

Redemption Dates (all dates are inclusive)	Redemption Prices
March 1, 2010 through February 28, 2011	101.0%
March 1, 2011 and thereafter	100.0

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on September 1, 2020 shall be redeemed by the Port on September 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Year	Principal Amount
2017	\$ 2,765,000
2018	4,840,000
2019	5,145,000
2020*	5,475,000

• Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on September 1, 2026 shall be redeemed by the Port on September 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Year	Principal Amount
2021	\$ 7,155,000
2022	7,625,000
2023	10,675,000
2024	11,365,000
2025	12,105,000
2026*	9,010,000

• Maturity

The bonds of this series are private activity bonds. The bonds of this series 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.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

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 and the Bond Resolution.

The Port has conveyed, pledged, encumbered and granted all of its right, title and interest in Pledged Port Revenue, all special funds and accounts created under the Bond Resolution, all Pledged Port Revenue therein and any right, title and interest, if any, that it may have in all Pledged Other Revenue and Pledged Other Revenue on deposit in such special funds and accounts. As provided in the foregoing sentence, the Bonds shall be payable from and secured by a lien on Pledged Revenue.

The Port does hereby bind itself to set aside from Pledged Revenue in the manner described in the Bond Resolution the various amounts required by the Bond Resolution to be paid into and maintained in said accounts, all within the times provided by said Bond Resolution.

Said amounts so pledged are hereby declared to be a prior lien and charge upon the Pledged Port Revenue superior to all other charges of any kind or nature whatsoever except for the prior claim of Senior Payments and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of, premium, if any, and interest on the Series 1999A Bonds and the Series 1999C Bonds issued in accordance with the provisions of the Bond Resolution.

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.

such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

§ _____
Port of Seattle
Special Facility Revenue Bonds
(Terminal 18 Project), Series 1999C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one Business Day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
PORT OF SEATTLE
SPECIAL FACILITY REVENUE BOND
(TERMINAL 18 PROJECT), SERIES 1999C

Maturity Date:

CUSIP No. _____

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, 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 Seattle Special Facility Revenue Bond Account" (the "Debt Service Account") created by Resolution No. 33231, as amended, of the Port Commission (the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Debt Service Account from October 28, 1999, 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 days of each March and September, beginning on March 1, 2000. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$70,080,000 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 additions and improvements to its properties and facilities. Simultaneously herewith, the Port is issuing additional series of special facility revenue bonds, Series 1999A, in the aggregate principal amount of \$59,740,000 and Series 1999B, in the aggregate principal amount of \$87,605,000 (collectively, together with the Series 1999C Bonds, the "1999 Bonds").

The bonds of this issue shall be subject to optional redemption in advance of their scheduled maturity on and after March 1, 2010 in whole or in part on any date at the following prices, expressed as a percentage of the principal amount, plus accrued interest to the date of redemption.

Redemption Dates (all dates are inclusive)	Redemption Prices
March 1, 2010 through February 28, 2011	101%
March 1, 2011 and thereafter	100

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on September 1, 2020 shall be redeemed by the Port on September 1 of the

following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Year	Principal Amount
2017	\$ 1,345,000
2018	2,325,000
2019	2,475,000
2020*	2,630,000

* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on September 1, 2029 shall be redeemed by the Port on September 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Year	Principal Amount
2021	\$ 3,430,000
2022	3,645,000
2023	5,075,000
2024	5,395,000
2025	5,730,000
2026	6,915,000
2027	7,350,000
2028	9,420,000
2029*	8,675,000

* Maturity

The bonds of this series are private activity bonds. The bonds of this series 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.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

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 and the Bond Resolution.

The Port has conveyed, pledged, encumbered and granted all of its right, title and interest in Pledged Port Revenue, all special funds and accounts created under the Bond Resolution, all Pledged Port Revenue therein and any right, title and interest, if any, that it may have in all Pledged Other Revenue and Pledged Other Revenue on deposit in such special funds and accounts. As provided in the foregoing sentence, the Bonds shall be payable from and secured by a lien on Pledged Revenue.

The Port does hereby bind itself to set aside from Pledged Revenue in the manner described in the Bond Resolution the various amounts required by the Bond Resolution to be paid into and maintained in said accounts, all within the times provided by said Bond Resolution.

Said amounts so pledged are hereby declared to be a prior lien and charge upon the Pledged Port Revenue superior to all other charges of any kind or nature whatsoever except for the prior claim of Senior Payments and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of, premium, if any, and interest on the

Series 1999A Bonds and the Series 1999B Bonds issued in accordance with the provisions of the Bond Resolution.

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 and the bonds of this issue are 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 Seattle 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 imprinted hereon as of the 28th day of October, 1999.

PORT OF SEATTLE

By _____ /s/
President, Port Commission

ATTEST:

_____/s/
Secretary, Port Commission

King County Comptroller's Reference No. _____

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Special Facility Revenue Bonds (Terminal 18 Project), Series 1999C of the Port of Seattle dated October 28, 1999.

WASHINGTON STATE FISCAL
AGENCY, Registrar

By _____
Authorized Signer

Section 39. Execution. The 1999 Bonds 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 shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such 1999 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar or the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of

Authentication shall be conclusive evidence that the 1999 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers of the Port who shall have executed the 1999 Bonds shall cease to be such officer or officers of the Port before the 1999 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such 1999 Bonds 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. Any 1999 Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such 1999 Bond shall be the proper officers of the Port although at the original date of such 1999 Bond any such person shall not have been such officer.

Section 40. Sale of 1999 Bonds. The 1999A Bonds and the 1999B Bonds shall be issued and delivered by negotiated sale to Goldman, Sachs & Co. (the "Underwriter") under the terms of an Extended Forward Delivery Bond Purchase Contract, dated March 5, 1999, and the 1999C Bonds shall be sold by negotiated sale to the Underwriter under the terms of a Bond Purchase Contract, dated as of this date (together, the "Bond Purchase Contract"). Upon the adoption of this resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the 1999 Bonds to the Underwriter thereof to purchase the 1999 Bond Insurance Policy and further to execute the Bond Purchase Contract and all closing certificates and documents required to effect the closing and delivery of the 1999 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) (both as defined in the Bond Purchase Contract) relating to the issuance and sale of the 1999 Bonds and the distribution of the Official Statement pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 41. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Certificate providing for an undertaking by the Port to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 42. Bond Insurance Policy; Provisions Relating to 1999 Bond Insurer.

(a) *Acceptance of Insurance.* In accordance with the offer of Underwriter to purchase the 1999 Bonds, the Port hereby approves the commitment of the 1999 Bond Insurer to provide a bond insurance policy or policies guaranteeing the payment when due of regularly scheduled principal of and interest on the 1999 Bonds (the "1999 Bond Insurance Policy"). The Port further authorizes and directs all proper officers, agents, attorneys and employees of the Port to cooperate with the 1999 Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the Port as shall be necessary or advisable in providing for the Bond Insurance Policy.

(b) *Payments Under the Bond Insurance Policy.*

(1) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the 1999 Bonds, the Trustee has not received sufficient money to pay all principal of and interest on the 1999 Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the 1999 Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(2) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the 1999 Bond Insurer or its designee.

(3) In addition, if the Trustee has notice that any Registered Owner of a 1999 Bond has been required to disgorge payments of principal or interest on the 1999 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Registered Owner of a 1999 Bond within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the 1999 Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(4) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act for Owners of the 1999 Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the 1999 Bonds, the Trustee shall (x) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the 1999 Bond Insurer as agent for such owners in any legal proceeding related to the payment of such interest and an assignment to the 1999 Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the 1999 Bond Insurer, (y) receive as designee of the respective owners (and not as Trustee) in accordance with the tenor of the 1999 Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (z) disburse the same to such respective owners; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the 1999 Bonds, the Trustee shall (A) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the 1999 Bond Insurer as agent for such owner in any legal proceeding relating to the payment of such principal and an assignment to the 1999 Bond Insurer of any of the 1999 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (B) receive as designee of the respective owners (and not as Trustee) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (C) disburse the same to such owner.

(5) Payments with respect to claims for interest on and principal of 1999 Bonds disbursed by the Trustee from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Port with respect to such 1999 Bonds, and the 1999 Bond Insurer shall become the owner of such unpaid 1999 Bonds and claims for the payment of interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(6) Irrespective of whether any such assignment is executed and delivered, the Port and the Trustee hereby agree for the benefit of the 1999 Bond Insurer that:

(i) They recognize that to the extent the 1999 Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee or the Registrar), on account of principal of or interest on the 1999 Bonds, the 1999 Bond Insurer will be subrogated to the rights of such Registered Owners to receive the amount of such principal and interest from the Port, with interest thereon as provided and solely from the sources stated in this resolution and the 1999 Bonds; and

(ii) They will accordingly pay to the 1999 Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this resolution and the 1999 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 1999 Bonds to owners, and will otherwise treat the 1999 Bond Insurer as the owner of such rights to the amount of such principal and interest.

(c) *Rights of 1999 Bond Insurer.*

(A) In connection with the issuance of Future Parity Bonds, the Port shall deliver to the 1999 Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Future Parity Bonds.

(B) The 1999 Bond Insurer shall receive copies of the Port's audited financial statements and annual budget.

(C) Copies of any amendments made to the documents executed in connection with the issuance of the 1999 Bonds which are consented to by the 1999 Bond Insurer shall be sent to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.

(D) The 1999 Bond Insurer shall receive notice of the resignation or renewal of the Registrar and/or the Trustee and the appointment of a successor Registrar or Trustee, other than the designated state fiscal agent.

(E) Any notices required to be given by any party under this resolution shall also be given to the 1999 Bond Insurer and sent by registered or certified mail addressed to:

MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Insured Portfolio Management-PCF.

(F) Anything herein to the contrary notwithstanding, but nevertheless subject to the provisions of Section 16 of this resolution, if the Bond Insurance Policy is in effect with respect to the 1999 Bonds and provided that the 1999 Bond Insurer is not then in default of its obligations under the terms of the Bond Insurance Policy to pay a claim duly presented under such Bond Insurance Policy (provided that all rights of the Bond Insurer shall be restored upon the cure of any such default), the 1999 Bond Insurer shall be deemed to be the sole Registered Owner of all 1999 Bonds for all purposes (including, without limitation, the granting of all approvals, consents, waivers, authorizations, directions, instructions, requests and the institution of any action required or permitted to be obtained, given or made under this resolution, and the Registered Owners shall have no independent right to grant, give or make or withhold such approvals, consents, waivers, authorizations, directions, instructions or requests or to institute any such action), provided that nothing in this Section 42 shall impair the rights of the Registered Owners of the 1999 Bonds to receive all payments due under the 1999 Bonds at the times and in the amounts originally specified in this resolution and its rights with respect to Supplemental Resolutions affecting payment dates, payment amounts and redemption provisions. The 1999 Bond Insurer shall have the exclusive right to exercise or direct the exercise of remedies on behalf of the Registered Owners of the 1999 Bonds in accordance with the terms of this resolution following a Default.

(G) While the Bond Insurance Policy is in effect, the Trustee will furnish the 1999 Bond Insurer with such information as it may reasonably request regarding the 1999 Bonds, as appears from the books and records under its custody and control, or as otherwise known to it. The Trustee will permit the 1999 Bond Insurer to have access to and make copies of all such books and records at any reasonable time.

(H) While the Bond Insurance Policy is in effect, the Port agrees to permit the 1999 Bond Insurer to examine, visit and inspect, at any reasonable time, upon reasonable notice, the property constituting the projects financed or refinanced with the net proceeds of the 1999 Bonds (such right of entry to be limited to the rights of entry permitted under the Terminal 18 Lease and any Subsequent Lease), and its facilities (but only to the extent

that the Port retains access to such facilities), and any accounts, books, records and documents of the Port that are subject to public disclosure as the 1999 Bond Insurer may reasonably request. The Port's chief financial officer shall, at the reasonable request of the 1999 Bond Insurer, discuss its financial matters with the 1999 Bond Insurer and provide the 1999 Bond Insurer with copies of any documents that are reasonably requested by the 1999 Bond Insurer or its designee and have a material financial effect on it.

(I) The 1999 Bond Insurer shall be notified by the Trustee and the Port (i) immediately upon the occurrence of a default by the Tenant to pay Rent and of any Default and of any event that with notice and/or with the lapse of time could become a Default, and (ii) of any redemption of 1999 Bonds at the same time that the Registered Owners of the 1999 Bonds to be redeemed are notified, provided that the Trustee shall have such duty to notify the 1999 Bond Insurer of only those Defaults or other events of which the Trustee has actual notice. All notices, reports, statements, schedules and certificates to be delivered to or by the Trustee, or to a holder of a 1999 Bond or available from the Trustee at the request of the Registered Owners of the 1999 Bonds shall also be provided by the Trustee to the 1999 Bond Insurer. In addition, all opinions required by this resolution to be delivered to or by the Trustee, or to a Registered Owner of the 1999 Bonds shall also be addressed to the 1999 Bond Insurer.

(J) This resolution shall constitute a contract for the benefit of the Registered Owners and the 1999 Bond Insurer, and the Registered Owners and the 1999 Bond Insurer shall be entitled to enforce the provisions hereof. Notwithstanding the foregoing, the rights granted to the 1999 Bond Insurer to give consents or approvals or to direct remedies hereunder shall not be in effect during any period in which the Bond Insurer is then in default of its obligation under the terms of the Bond Insurance Policy to pay a claim duly presented, provided that all rights of the Bond Insurer shall be restored upon the cure of any such default. Notwithstanding the foregoing, the obligation to pay Reimbursement Amounts shall not be discharged or altered, and the 1999 Bond Insurer may exercise rights as a Registered Owner to the extent it is the Registered Owner of any Bond.

(K) The 1999 Bond Insurer shall be paid all costs and expenses, including legal fees, in connection with any consent, waiver or approval.

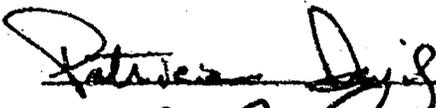
(L) All approvals, consents or waivers of the 1999 Bond Insurer hereunder shall be in writing. Unless otherwise expressly provided for herein, all approvals, consents and waivers of the 1999 Bond Insurer, shall be in the 1999 Bond Insurer's sole discretion.

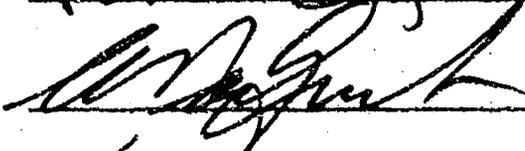
(M) The Port shall not enter into any swap, hedge agreement or other derivative that requires or that could require any payment from Pledged Port Revenue without the prior written consent of the 1999 Bond Insurer.

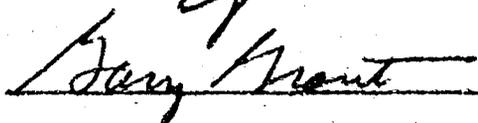
Section 43. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Bonds issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 21st day of October, 1999, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PORT OF SEATTLE







Commissioners

APPENDIX A

DEFINITIONS, RULES OF CONSTRUCTION AND DEFINITION AMENDMENTS

Part I. Definitions

Except as otherwise defined elsewhere in the Base Lease, the Lease Back, the Development Agreement, the Subordination Agreements, the Terminal 18 Lease, the Resolution, the Crane Agreement and the Supplemental Crane Agreement (each as defined below), the following words, terms and phrases shall have the following meanings, unless the context or use indicates another meaning or intent:

Act means Titles 39 and 53 of the Revised Code of Washington, as amended from time to time.

Act of Bankruptcy means, as used in the Resolution, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

Actual Cost or Actual Costs means:

(1) In the case of a Bond Improvement, the cost provided by the EPC Contractor and agreed upon by the Port and the Lessee, plus applicable Washington State sales tax. In the event the Port and the Lessee are unable to agree upon such Actual Cost, the matter shall be resolved by arbitration pursuant to Section 9.8 of the Terminal 18 Lease.

(2) In the case of a Port Improvement, all costs for construction, outside services, management, and overhead relating to any such Port Improvement with respect to the completed construction project contemplated by the Terminal 18 Lease. These costs are more fully described as follows:

(a) Construction costs consist of amounts paid under construction contracts and change orders, taxes payable by the Port in connection with the construction activities described in the Terminal 18 Lease, and permit acquisition costs.

(b) Outside services, which consist of design services relating to the construction called for under the Terminal 18 Lease.

(c) Management and overhead costs which consist of Port engineering (prorated overhead), construction management, and project management.

Costs of outside services, management, and overhead described in 2(b) and 2(c) above are fixed at 15% of the construction costs specified in item 2(a) of this definition, above.

Additional Bonds means Bonds, the proceeds of which will be used in whole or in part to pay Costs of T-18 Projects or to refund Bonds or other indebtedness of the Port not previously issued as Bonds, all for the purposes and under the conditions specified in Section 14(b) of the Resolution.

Additional Future Improvements Rent means the additional Rent that may become payable for Improvements agreed to after the date of the Terminal 18 Lease as set forth in Section 4.5 of the Terminal 18 Lease.

Additional Land means additional acreage identified as GATX Land on Exhibit A-1 to the Terminal 18 Lease and the Radio Tower Area legally described in Exhibit A-9 to the Terminal 18 Lease.

Adjusted Revenues means T-18 Revenue minus Senior Payments and minus Special Improvements Rent Without a Prepayment Covenant, as each of the foregoing is projected by the Consultant to be received in each year during the remaining term of the Bonds including any Additional Bonds then proposed to be delivered.

Annual Disclosure Report has the meaning given such term in the Continuing Disclosure Certificate authorized to be executed pursuant to Section 41 of the Resolution.

Approved Application for Payment means an application for payment from the EPC Contractor approved in writing by T-18 Co. and by the Independent Engineer.

Arbitrage Certificate means the certificate of that name executed and delivered by the Port on the Closing Date.

Assignment means the Assignment and Pledge Agreement, dated as of the Closing Date, under which the EPC Contract, the Contract Documents (as defined in the EPC Contract) and the other Related Documents (other than the Assignment and the Independent Engineer Contract) are assigned for security purposes to the Trustee.

Base Lease means the Base Lease, dated as of October 28, 1999, between the Port and the State of Washington acting by and through the Port, as lessor, and the Trustee, as lessee, as such Base Lease may be amended from time to time in accordance with the Resolution.

Base Rent means the amount of rent payable annually by the Trustee to the Port under the Base Lease.

Basic Land and Improvements Rent means the Rent payable in accordance with Section 4.2 of the Terminal 18 Lease.

Basic Land and Improvements Rent Rate has the meaning set forth in Section 4.2(b) of the Terminal 18 Lease.

Beneficial Use or Beneficially Usable prior to Total Facility Completion means when (i) a particular Facility Component (or, with the consent of the Port and the approval of the Independent Engineer, a portion of a Facility Component) is used or operated by the Lessee for its intended purpose at the Site or (ii) a particular Facility Component has been substantially completed in accordance with the EPC Contract, in the case of Facility Components that are Bond Improvements, or to Port Plans and Specifications, in the case of Facility Components that are Port Improvements (except in each case for any minor items contained on a punch list that is agreed to by T-18 Co. and the EPC Contractor or by the Lessee and the Port, as applicable); provided that in the case described in (ii) above, there is adequate access to the Facility Component with minimal disruption to overall operations, and the Facility Component can be operated in a fashion that does not require additional labor, overtime or equipment beyond what would otherwise normally be required.

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 intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port and acceptable to the 1999 Bond Insurer for any purpose under the Resolution applicable to the use of that term.

Bond Fund means the Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project) Bond Fund, established pursuant to Section 11 of the Resolution.

Bond Improvements means those Improvements identified in Exhibit C to the Terminal 18 Lease to be constructed pursuant to the EPC Contract.

Bond Insurance Policy means the financial guaranty insurance policy or policies guaranteeing the payment when due of regularly scheduled principal of and interest on the Bonds of a Series, issued by a Bond Insurer.

Bond Insurer means the 1999 Bond Insurer and any other insurer of scheduled payments of the principal of and interest on the Bonds of one or more Series.

Bond Purchase Contract means, together, (i) the Extended Forward Delivery Bond Purchase Contract, dated March 5, 1999, between the Port and the Underwriter, and (ii) the Bond Purchase Contract, dated as of the date of the Resolution between the Port and the Underwriter, relating to the 1999C Bonds.

Bond Register means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Bond or nominee of such owner and the principal amount and number of Bonds held by each owner or nominee.

Bonds means the bonds, notes or other evidences of indebtedness issued from time to time in Series pursuant to and under authority of Sections 3, 4, 14, or 15 of the Resolution.

Business Day means any day other than a Saturday, a Sunday or a day that is a Port holiday or that is a day on which banks in Seattle, Washington, New York, New York or in the city in which the Trustee has its main corporate trust office, are authorized or required to close.

Capitalized Debt Service Account means, collectively, the Capitalized Debt Service Account-Series 1999A, the Capitalized Debt Service Account-Series 1999B and the Capitalized Debt Service Account-Series 1999C and any capitalized interest account established in connection with the issuance of Completion Bonds or Additional Bonds.

Capitalized Debt Service Account-Series 1999A means the account of that name maintained within the Project Fund pursuant to Section 9(a) of the Resolution.

Capitalized Debt Service Account-Series 1999B means the account of that name maintained within the Project Fund pursuant to Section 9(a) of the Resolution.

Capitalized Debt Service Account-Series 1999C means the account of that name maintained within the Project Fund pursuant to Section 9(a) of the Resolution.

Casualty Event means the destruction or damage by fire or other casualty of all or a substantial portion of the Site and any buildings or structures thereon, including the Cranes (to such an extent that the damaged or destroyed property cannot be repaired or replaced within one hundred eighty (180) days, as confirmed by the Independent Engineer), occurring otherwise than as a result of an Excluded Risk.

C-change means

(a) any modification requested by the Tenant in writing after the date of the Terminal 18 Lease, which (i) in the case of a Bond Improvement results in a Change Order that affects the Contract Price or (ii) in the case of a Port Improvement, by mutual agreement or arbitration affects the estimated Actual Cost of such Port Improvement, or of any other Facility Component, at the time of the request and/or affects the Scheduled Total Facility Completion Date for Total Facility Completion and

(b) any Prior Modification identified as a "Change" on Exhibit C or Exhibit G to the Terminal 18 Lease.

C-change Contingency Account-Series 1999C means the account of that name established pursuant to Section 9(a) of the Resolution.

C-change Contingency Cost Subaccount means the subaccount of that name established in the C-change Contingency Account-Series 1999C pursuant to Section 9(a) of the Resolution.

C-change Contingency Delay Subaccount means the subaccount of that name established in the C-change Contingency Account-Series 1999C pursuant to Section 9(a) of the Resolution.

C-change Cost means the increase in the Contract Price occurring as a result of a Covered C-change.

C-change Delay means the time period during which projected Project Completion is extended or delayed as a result of a Covered C-change.

C-change Delay Cost means the amount projected by a Consultant or by the Independent Engineer to be required during a C-change Delay to make the deposits and payments set forth in Section 10(b)(1)-(3) of the Resolution that are projected to accrue during such C-change Delay.

Change Order when used in connection with Bond Improvements, has the meaning assigned thereto in the EPC Contract and when used in connection with Port Improvements, means a written direction from the Port to a contractor to effect the modification set forth in such direction.

Closing Date means the date on which a Series of Bonds is issued and delivered to the original purchasers.

Closing Memorandum means the certificate of the Designated Port Representative delivered on the Closing Date identifying the initial disbursement of 1999 Bond proceeds.

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

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

Completion Bonds means Future Parity Bonds issued pursuant to Section 14(a) of the Resolution.

Completion Certificate means the certificate of the Designated Port Representative with the written approval of T-18 Co., the Tenant, the Independent Engineer and the EPC Contractor (in the form attached to the Resolution as Exhibit F) specifying Project Completion and delivered to the Trustee.

Computation Date means the date selected by the Port to make arbitrage rebate computations.

Conceptual Documents has the meaning set forth in the EPC Contract.

Confirmation Letter means a written determination by the Port, confirmed by the Crane Consultant, that:

(a) the useful life of the replacement Crane(s) is not shorter than the useful life of the Crane or Cranes being replaced or, in the case of a reduction in the number of Cranes at Terminal 18, the average useful life of the Cranes that will remain on the Site after the reduction will not be shorter than the average useful life of the Cranes prior to the reduction;

(b) the throughput capacity of the Cranes at Terminal 18 (calculated as the number of TEUs of containerized cargo the Cranes are expected to handle under peak expected operating conditions, assuming the same number of qualified operators) will be adequate to provide good customer service to existing customers and those anticipated in the foreseeable future, i.e., a five (5) year period. The determination must take into account (i) modernity; (ii) capacity; (iii) number of Cranes located at Terminal 18; (iv) vessel schedule; (v) vessel cargo exchanges; (vi) vessel size; and (vii) capacity of Terminal 18 and the supporting transportation infrastructure.

(c) the expected annual costs of operating and maintaining the replacement Crane(s) or the remaining Cranes, in the case of a reduction in the number of Cranes, will not be materially greater, relative to the level of productivity of such replacement Crane(s) or remaining Cranes, than the annual maintenance costs of the Cranes prior to such replacement or reduction.

Construction Management Agreement means the Construction Management Agreement dated as of October 28, 1999, among the Port, SSA, SSAT and T-18 Co., and any supplements and amendments thereto permitted thereby and by the Resolution.

Consultant means at any time an independent consultant or consultant firm nationally recognized in marine terminal matters or an engineer or engineering firm or other expert appointed by the Port, with the consent of the 1999 Bond Insurer, to perform the duties of the Consultant as required by the Resolution. The term Consultant shall also include an independent certified public accountant or public accounting firm appointed by the Port to make such calculation or to provide such certificate or an independent nationally recognized financial advisor or firm of financial advisors appointed by the Port, with the consent of the 1999 Bond Insurer, for purposes of making calculations required by the Resolution.

Container Terminals means all Port-owned terminals which regularly serve ocean-going container ships, and which also handle only incidental or minor amounts of non-containerized cargo.

Container Yard means the property identified as the "container yard" in Exhibit A-1 to the Terminal 18 Lease.

Container Yard Rate or **CYR** has the meaning set forth in Section 4.2(c) of the Terminal 18 Lease.

Container Yard Standards means consistent with the level of development and improvement existing in areas occupied by the Lessee for which the Lessee is paying Rent.

Contiguous Property means the property located in King County, Washington and described in Exhibit D to the Terminal 18 Lease, or, under certain circumstances, other real property agreed to by the Port and SSA that the Port may from time to time acquire and make available under the Terminal 18 Lease for container terminal use, and which is added by amendment executed by the Port and SSA to Exhibit D or A-3 to the Terminal 18 Lease.

Contract Price has the meaning given such term in the EPC Contract.

Contract Time has the meaning given such term in the EPC Contract.

Cost Difference means the difference between (i) the Actual Cost of constructing the Existing IY Facilities and the Expansion IY Facilities and (ii) Actual Costs for the equivalent Terminal 5 intermodal yard facilities described in Section 5.9 of the Terminal 18 Lease. At the time the IY Facilities Upgrade is constructed or financed, the amount of such difference shall be reduced by the value of replacement container handling equipment the Lessee would otherwise have been required to purchase.

Cost of Delay means any cost, including without limitation, the amount of Rent foregone by the Port, and any expenses and charges incurred by the Port because of delay.

Costs of T-18 Projects means all costs paid or incurred in connection with the acquisition, design and construction of capital additions, improvements and betterments to and extensions of the T-18 Project, including, but not limited to dredging and other pier and channel improvements related to the maintenance and operation of T-18, 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 Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses, including planning, permitting and design expenses, incident and properly allocable to the acquisition and construction of said improvements or to acquiring and preparing the site thereof 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.

Co-Trustee means any co-trustee appointed hereunder pursuant to Section 28 of the Resolution.

Counsel means the General Counsel to the Port, in the case of Counsel to the Port; Port Bond Counsel; or any other firm of attorneys admitted to practice law in the State of Washington and not objected to by the Bond Insurer.

Covered C-change means (a) any modification requested by the Tenant in writing after the date of the Terminal 18 Lease to the scope or specifications of a Facility Component, which (i) in the case of a Bond Improvement results in a Change Order that affects the Contract Price, the Contract Time and/or the Scheduled Total Facility Completion Date or (ii) in the case of a Port Improvement, by mutual agreement or arbitration affects the estimated Actual Cost of such Port Improvement, or of any other Facility Component, at the time of the request and/or affects the Scheduled Total Facility Completion Date for Total Facility Completion and (b) any Prior Modification identified as a "Change" on Exhibit C or Exhibit G to the Terminal 18 Lease.

Crane Account means the account of that name established within the Operating Reserve Fund pursuant to Section 11(i)(1) of the Resolution.

Crane Agreement means the Crane Agreement among the Port and SSA and SSAT, jointly and severally, dated the date of the Terminal 18 Lease, and any amendments and supplements thereto not prohibited by the Resolution.

Crane Consultant means an independent crane expert (which may be the Independent Engineer) appointed by the Port in accordance with Section 2.3 of the Crane Agreement.

Cranes means (i) the following preferentially assigned container cranes owned by the Port: crane nos. 36, 37, 51, 52, 53, 70, 71, 72 and 73 and (ii) other container cranes owned by the Port that may be added by written agreement of the parties to the Crane Agreement or to the Supplemental Crane Agreement, as applicable, and any substitute by the Port or by the Tenant for any of the foregoing as agreed in writing by the parties and as permitted by the Crane Agreement or the Supplemental Crane Agreement, as applicable.

Credit Facility means a Bond Insurance Policy, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment or provide funds for the payment of financial obligations of the Port, including but not limited to payment of the principal of, interest on or purchase price of Bonds, including the 1999 Bond Insurance Policy.

Credit Facility Issuer means the issuer of any Credit Facility with respect to the Bonds and shall include the 1999 Bond Insurer and any other Bond Insurer.

Curable Default (i), as used in or with respect to the Terminal 18 Lease, has the meaning set forth in Section 4.7(d) of the Terminal 18 Lease and (ii), as used in the Resolution, has the meaning set forth in Section 13(j) of the Resolution.

Curative Action means :

(a) if a Lease Default Event has occurred as a result of a failure by the Tenant to pay Rent in accordance with the terms of the Terminal 18 Lease or Subsequent Lease, the Port pays an amount on or before the 25th day (or the preceding Business Day if the 25th day is not a Business Day) of each month to the Trustee for deposit into the T-18 Revenue Fund, which amount shall be sufficient together with other T-18 Revenue on deposit in the T-18 Revenue Fund as of such day to make the payments described in Section 10(b)(1) through (6) of the Resolution;

(b) upon the occurrence of a Lease Default Event occurring as a result of a failure to pay Rent, the Port takes all actions that the Port (within its own discretion) deems appropriate to collect the maximum amount of scheduled Rent when due from the Tenant;

(c) in the event that the Terminal 18 Lease is terminated for any reason, the Port uses its best efforts to secure a Subsequent Tenant reasonably acceptable to the 1999 Bond Insurer and to enter into a Subsequent Lease and a Subsequent Crane Agreement having terms substantially similar to the terms of the Terminal 18 Lease and the Crane Agreement, respectively, and in the case of the Subsequent Lease, reasonably acceptable to the 1999 Bond Insurer; *provided, however*, that the 1999 Bond Insurer shall not withhold or delay its approval

of a Subsequent Lease so long as rent under the Subsequent Lease is at least equal to Rent under the Terminal 18 Lease and so long as the other terms of the Subsequent Lease are substantially the same as the terms of the Terminal 18 Lease (or if certain obligations are not included in the Subsequent Lease, the Port agrees in writing with the Trustee and the 1999 Bond Insurer, and confirms such agreement in a resolution, to perform the obligations not included in the Subsequent Lease) and provided, further, the approval of a Subsequent Tenant (but not the Subsequent Lease) shall be wholly within the reasonable discretion of the Port so long as the Subsequent Tenant is a shipping line or terminal operator having an annual volume of TEUs in the top 20 world-wide (as confirmed by the Consultant); and

(d) if a Lease Default Event has occurred for any reason, the Port maintains Terminal 18 or causes Terminal 18 to be maintained and provides written assurance to the Trustee and the 1999 Bond Insurer, satisfactory to the 1999 Bond Insurer, that the Port will continue to maintain or to cause Terminal 18 to be maintained in accordance with the covenants of Section 12(a) of the Resolution.

Debt Assumption means Debt Assumption-Type M or Debt Assumption-Type V.

Debt Assumption Resolution means the resolution of the Commission adopted pursuant to Section 13(k) of the Resolution to provide for Debt Assumption.

Debt Assumption-Type M means the irrevocable pledge of Port Revenue-Type M.

Debt Assumption-Type V means the irrevocable pledge of Port Revenue-Type V.

Debt Service means the annual aggregate of all Monthly Debt Service Deposits (net of capitalized interest) on all outstanding Bonds (including any proposed Additional Bonds, Completion Bonds and Refunding Bonds).

Debt Service Account means the special fund established by Section 11(a) of the Resolution for the purpose of paying the principal of, interest on and redemption price, if any, of Bonds.

Debt Service Reserve Account means, collectively, the 1999 Debt Service Reserve Account, which secures the 1999 Bonds and any Completion Bonds, and any other debt service reserve account established for Additional Bonds or Refunding Bonds of one or more Series.

Debt Service Reserve Account Deposit means:

- (a) for the 1999 Bonds and any Completion Bonds, the 1999 Reserve Deposit; and
- (b) for any Additional Bonds and Refunding Bonds, the least of:
 - (i) the maximum amount of regularly scheduled principal and interest payable in any year on such Additional Bonds or Refunding Bonds,
 - (ii) 10% of the initial principal amount of such Additional Bonds or Refunding Bonds, and
 - (iii) 125% of the average annual scheduled principal and interest payable on such Additional Bonds or Refunding Bonds.

Default, when used in the Resolution, means any of the events specified as a Default in Section 19 of the Resolution and, when used in or with respect to the Terminal 18 Lease, means any of the events specified in Section 8.1 of the Terminal 18 Lease and, when used in or with respect to the Crane Agreement, means any of the events specified in Section 18 of the Crane Agreement.

Defeasance Amount means the lesser of (i) the balance on hand in the Project Contingency Cost Subaccount on the date shown in the Completion Certificate as the date of Project Completion and (ii) the Estimated Accumulation.

Deposit Date means the date shown as the "Deposit Date" in the Closing Memorandum.

Designated Port Project Representative means the Manager of the Marine Capital Improvement Program of the Port, or such other person as may be directed from time to time by the Executive Director of the Port, delivered to the Trustee.

Designated Port Representative means the Executive Director, the chief financial officer, director of finance and budget of the Port or such other person as may be directed from time to time by resolution of the Commission, delivered to the Trustee, and any designee of any such Designated Port Representative identified in writing to the Trustee by such Designated Port Representative.

Designated T-18 Co. Representative means the President of T-18 Co. or such other person as may be designated from time to time by resolution of T-18 Co., delivered to the Trustee.

Discharge occurs on the date that all amounts due under the terms of a 1999 Bond are actually and unconditionally due if cash is available at the place of payment, and no interest accrues with respect to such 1999 Bond after such date.

DNR means the Washington State Department of Natural Resources.

Drawings and Specifications has the meaning given that term in the EPC Contract.

Drop Dead Date means September 1, 2005 plus the number of days, if any, by which the Scheduled Total Facility Completion Date has been extended as a result of changes requested or caused by the Tenant, including, but not limited to, C-changes.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors as depository for the 1999 Bonds pursuant to Section 8 of the Resolution.

Eagle Lease means Terminal 5 Lease No. L-1648, as amended through the Sixth Amendment, between the Port and American President Lines, Ltd., as assigned to Eagle Marine Services Ltd.

Eagle Rate has the meaning set forth in Section 4.2(b) of the Terminal 18 Lease as supplemented by Exhibit B-3 to the Terminal 18 Lease.

Easement Use means the exercise by the Port of its easement rights under the Terminal 18 Lease or the exercise by DNR of its easement rights under the Port Management Agreement in a manner that (i) blocks access to the Site during business hours, or (ii) deprives the Tenant of the use of a "Substantial Portion" of the Site for any period during business hours; or (iii) deprives the Tenant of the use of any portion of the Site for a continuous period of thirty (30) days or more.

EPC Contract means the Standard Form of Agreement Between T-18 Co. and Design/Builder on the Basis of a Stipulated Price, between the EPC Contractor and T-18 Co., and any amendments and supplements thereto permitted thereby and by the Resolution hereby and any other engineering, procurement and construction contract substituted therefor in accordance with the Resolution.

EPC Contractor means Morrison Knudsen Corporation, an Ohio corporation, its permitted successors and assigns, and following any invalidity or early termination of the EPC Contract, the contractor under any other engineering, procurement and construction contract substituted therefor in accordance with the Resolution.

Escrow Securities means noncallable direct obligations of or obligations the full and timely payment of which is guaranteed by the United States of America.

Estimated Accumulation means the dollar amount shown as the "Estimated Accumulation" in the Closing Memorandum.

Excluded Risks means the risks listed in the closing certificate executed by the Independent Insurance Consultant attached to the Resolution.

Existing Class I Railroads means The Burlington Northern and Santa Fe Railway Company and the Union Pacific Railroad Company.

Existing GATX Preferential Use Area means the berth and apron areas designated by the Port as of the date of the Terminal 18 Lease for preferential use by GATX, as described in Section 2.3(a)(i) of the Terminal 18 Lease and depicted in Exhibit A-5 of the Terminal 18 Lease.

Existing Intermodal Yard means the area identified as the "existing intermodal yard" in Exhibit A-1 to the Terminal 18 Lease.

Existing IY Facilities means all Improvements constructed or installed in, on or under, attached to or otherwise located in or upon the Existing Intermodal Yard as of the date of the T-18 Lease.

Existing Preferential Use Area means the Existing GATX Preferential Use Area or the PM Ag Preferential Use Area.

Existing Site means, collectively, the real property located in King County, Washington and described in Exhibit A-2 to the Terminal 18 Lease and all existing Improvements thereon (including the Existing IY Facilities), together with the 6,150 lineal feet (less the GATX Preferential Use Area described in Exhibit A-5 to the Terminal 18 Lease and the PM Ag Preferential Use Area described in Exhibit A-7 to the Terminal 18 Lease) of preferentially assigned non-exclusive apron area (described in Exhibit A-2 and shown on Exhibit A-1 to the Terminal 18 Lease) on a vessel-by-vessel basis (not exceeding five consecutive days).

Expansion IY Facilities means Improvements to the Existing IY Facilities that are described in Parts I.E. and I.F.1 of Exhibit C attached to the Terminal 18 Lease.

Expansion Site means the real property located in King County, Washington, and described in Exhibit A-3 to the Terminal 18 Lease.

Facility Component means any individual facility or Improvement described as a "Facility Component" in Exhibit C to the Terminal 18 Lease, as such Exhibit may be amended from time to time in accordance with the Terminal 18 Lease and the Resolution.

Facility Component Completion means the point in time when any individual Facility Component is determined by the Lessee, to be Beneficially Usable and in compliance with the Drawings and Specifications or the Port Plans and Specifications, as applicable, except for any minor items contained on a punch list which is mutually agreed to by both parties. The date of a Facility Component Completion shall be five (5) Business Days after the date written notice of Facility Component Completion is received by the Lessee and the Independent Engineer from the Port, in the case of a Port Improvement, or from the EPC Contractor in the case of a Bond Improvement, unless the Lessee or the Independent Engineer disagrees that Facility Component Completion has been achieved, in which case the date of Facility Component Completion shall be determined in accordance with Section 9.8 of the Terminal 18 Lease. Notwithstanding the foregoing (i) in the event the Port or the EPC Contractor, as the case may be, does not within such five (5)-Business Day period receive from the Lessee or the Independent Engineer a written list of the Lessee's or the Independent Engineer's objections to Facility Component Completion, Facility Component Completion shall be deemed to have occurred with respect to such Facility Component on the fifth Business Day after the date the Lessee and the Independent Engineer received notice from the Port or from the EPC Contractor as described above; and (ii) should an event occur during the construction period that, after Facility Component Completion and prior to Total Facility Completion, causes the Lessee to lose Beneficial Use of any Facility Component, the Lessee shall promptly notify the Port in writing, stating the details of the event and shall direct the EPC Contractor (if prior to the date of Project Completion) or the Port, as the case may be, to rectify the same within five (5) Business Days or such longer period as the Port and the Lessee may agree in writing. Should the situation not be resolved within such five-Business Day period or within such longer period as the Port, the Independent Engineer and the Lessee may agree in writing, the Facility Component shall be deemed not to have achieved Facility Component Completion for the period commencing on the date the Port receives the

Lessee's written notice of loss of Beneficial Use and ending on the date the Lessee first regains Beneficial Use of the Facility Component.

Favorable Opinion of Bond Counsel means, with respect to any action, a written legal opinion of Bond Counsel addressed to the Trustee and to each Bond Insurer and acceptable to each Bond Insurer, to the effect that such action is permitted under the laws of the State and under applicable resolutions of the Commission, including the Resolution, and will not impair the exclusion of interest on a Bond from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Bond).

Favorable Tax Opinion means a written opinion of Bond Counsel addressed to the Trustee and to each Bond Insurer and acceptable to each Bond Insurer, to the effect that the proposed action, together with any other changes with respect to the Bonds made or to be made in connection with such action, will not impair the exclusion of interest on a Bond from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Bond).

Final Design means (i) in the case of a Bond Improvement, the Drawings and Specifications as defined in the EPC Contract and (ii) in the case of a Port Improvement, the contract documents, including detailed costs estimates and drawings and specifications that represent a level of detail equivalent to one hundred percent (100%) completion of the design necessary to construct or improve all of the Facility Components required for Total Facility Completion in a good workmanlike manner.

Fitch IBCA means Fitch IBCA, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term **Fitch IBCA** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Port by notice to Trustee and approved by the 1999 Bond Insurer.

Force Majeure (i) when used in the Terminal 18 Lease, means any act of God (other than ordinary storms or inclement weather), earthquake, hurricane, lightning, floods, landslides or other acts of overwhelming force, explosions, fires, riots, insurrections, sabotage, blockages, embargoes, epidemics or labor strikes or strife, including lockouts; or (ii) when used in or with respect to the EPC Contract, has the meaning set forth in Section 11.02 of the EPC Contract.

Foundation has the meaning set forth in Section 6.1(a) of the Terminal 18 Lease.

Full Defeasance occurs when all Bonds are deemed Fully Paid.

Fully Paid. A Bond shall be deemed Fully Paid if a trust for the payment of such Bond has been established in accordance with Section 35 of the Resolution, and, further with respect to a Bond secured by a Bond Insurance Policy, all Reimbursement Amounts have been paid.

Future Charges has the meaning set forth in Section 8.2(b) of the Terminal 18 Lease.

Future Parity Bonds means Additional Bonds, Completion Bonds and Refunding Bonds issued in the future (after the issuance of the 1999 Bonds) as Bonds pursuant to Section 14 or Section 15 of the Resolution.

GAAP means applicable generally accepted accounting principles as in effect from time to time.

GATX means GATX Terminals Corporation, a Delaware corporation, and its successors and assigns.

GATX Acreage means GATX Land and the GATX Preferential Use Area.

GATX Agreement means the agreement dated August 11, 1975, providing for the right of GATX to use the GATX Land.

GATX Land means approximately 1.5 acres of real property located on Harbor Island in King County, Washington located within the Site and described on Exhibit A-4 to the Terminal 18 Lease, which land may be used by GATX from time to time pursuant to the terms of its agreement with the Port for equipment storage as of the date of the Terminal 18 Lease.

GATX Preferential Use Agreement means the Agreement of Purchase and Sale between the Port and GATX, dated December 15, 1993, which created the Existing GATX Preferential Use Area and the Proposed GATX Preferential Use Area.

GATX Preferential Use Area means the Existing GATX Preferential Use Area or, after GATX relocates, the Proposed GATX Preferential Use Area.

GATX Secondary Use Area has the meaning set forth in Section 2.6(c) of the Terminal 18 Lease.

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

Guaranty means the Guaranty Agreement from Morrison Knudsen Corporation, a Delaware corporation, to T-18 Co. and the Trustee.

Hazardous Substances when used in the Terminal 18 Lease or the Resolution, has the meaning set forth in Section 6.8 of the Terminal 18 Lease.

Historic Revenues means T-18 Revenues minus Senior Payments for any consecutive 12-month period during the 30 months preceding the delivery of the certificate of the Designated Port Representative pursuant to Section 14(b)(i) of the Resolution.

IHI Cranes means the three IHI cranes, Cranes 51, 52 and 53 owned by the Port.

Improvements means, collectively, all buildings, structures, facilities, paving, pavements, grading, drainage, fencing, gates, landscaping, irrigation systems, lighting, lighting switching systems, fire alarm systems, security systems, emergency notification systems, conduits, cables, telecommunication systems, waterlines, fire hydrants, electrical distribution systems, sanitary sewers, storm sewers, sprinkler systems, reefer plugs, plug outlets, parking stalls, oil separation facilities, tanks, dispensers, fire extinguishing equipment, spill containment amenities, signage, flag poles, dredging, fendering systems, mechanical, heating, ventilation, air conditioning and electrical systems, rail tracks, rail switches and rail connections, vehicle overpasses, surface street traffic revisions and improvements, traffic signals and sidewalks (but excluding any Lessee Improvements), constructed or installed or to be constructed or installed in, on or under, attached to, or otherwise located in or upon, the Site; and all off-Site Bond Improvements and Port Improvements that serve the Site.

Independent Engineer means the independent engineer appointed by the Trustee at the direction of the 1999 Bond Insurer, initially Black and Veatch Corporation, its successors and assigns.

Independent Engineer's Certificate means any certification by the Independent Engineer of which the Trustee has actual notice in the form of a certificate of the Independent Engineer delivered to the Trustee and meeting the requirements of the Resolution.

Independent Engineer Contract means the contract between the Independent Engineer and the Trustee, the terms of which have been approved by the 1999 Bond Insurer.

Independent Insurance Consultant means any independent insurance consultant appointed by the Trustee at the direction of the 1999 Bond Insurer, initially Robert Wilkinson.

Insolvency means (a) the commencement by SSA, SSAT or any Tenant of a voluntary case or other proceeding by SSA, SSAT or any Tenant seeking a judgment of bankruptcy or insolvency of SSA, SSAT or any Tenant or protection from its creditors; (b) the commencement against SSA, SSAT or any Tenant of an involuntary case or other proceeding seeking a judgment of insolvency or bankruptcy; (c) the appointment of a receiver or similar official for the property

of SSA in any proceeding brought by or against SSA, SSAT or any Tenant; (d) SSA's, SSAT's or any Tenant's making an assignment for the benefit of creditors or admitting in writing its inability generally to pay its debts when due; or (e) the commencement of any proceeding to foreclose any mortgage or other lien (other than a mechanics' lien being contested in good faith and for which a bond has been posted or reserves created to the extent required by or in accordance with GAAP) on SSA's, SSAT's or any Tenant's interest in the Site or on any personal property kept or maintained on the Site by SSA, SSAT or any Tenant.

Insurance Policies means the insurance policies delivered to the Trustee by the EPC Contractor in accordance with the EPC Contract and any insurance policies delivered to T-18 Co. and assigned and delivered to the Trustee by T-18 Co. pursuant to the Assignment and any insurance policies required to be delivered by a contractor pursuant to Section 12(b) of the Resolution.

Intermodal Lift means the loading or unloading of a single container to or from a rail car at the IY Facilities.

Intermodal Yard or IY means, collectively, the areas identified as the Existing IY Yard and the Expansion IY Yard in Exhibit A-1 to the Terminal 18 Lease.

Intermodal Yard Facilities Rent or IY Facilities Rent means the Rent (other than Basic Land and Improvements Rent and other than IY Facility Charges) payable in connection with the IY Facilities as set forth in Section 4.2(e) of the Terminal 18 Lease.

Intermodal Yard Facility Charge or IY Facility Charge means the charge per Intermodal Lift or, in the case of non-containerized cargo, the charge per individual rail car assessed against a railroad company utilizing the IY Facilities.

IY Facilities means the Existing IY Facilities and the Expansion IY Facilities identified in Exhibit C to the Terminal 18 Lease, as well as other improvements, modifications and C-changes thereto agreed to by the Port and the Lessee in accordance with the Terminal 18 Lease.

IY Facilities Upgrade means the future Improvements added to the IY Facilities as described in Section 5.9 of the Terminal 18 Lease.

Law or Regulation, when used in Section 6.8 of the Terminal 18 Lease, has the meaning set forth in Section 6.8(a) of the Terminal 18 Lease.

Lease Back means the Leaseback, dated as of October 28, 1999, between the Trustee and the Port and any supplements and amendments thereto permitted thereby and by the Resolution.

Lease Default Event means:

(A) the occurrence of any of the Defaults specified in Section 8.1(i), (ii), (vi) and (vii) of the Terminal 18 Lease (or comparable provisions of any Subsequent Lease);

(B) a payment Default by the Lessee under the Crane Agreement or a payment default by the Subsequent Tenant under any Subsequent Crane Agreement;

(C) delivery of written notice by the Port to the Tenant and the Trustee that a Default specified under Section 8.1(iii) or (v) of the Terminal 18 Lease (or comparable provisions of any Subsequent Lease) has occurred; or

(D) the delivery by the Port of written notice to the Tenant that the Terminal 18 Lease (or Subsequent Lease) is being terminated pursuant to Section 8.2 of the Terminal 18 Lease or any comparable provision of any Subsequent Lease.

Lessee means SSA, SSAT and any subtenant of either of the foregoing from time to time under the Terminal 18 Lease.

Lessee Improvements means, collectively, the maintenance and repair building and all furniture, furnishings and trade fixtures (in each case that can be removed without injury to the

Site and any Improvements thereon) and all equipment (including container cranes obtained by SSA or SSAT at no cost to the Port in accordance with the Crane Agreement) and all inventory and other personal property, in each case acquired by SSA or SSAT at its own expense and located on the Site.

Lessee's Pro Rata Share means the percentage of the cost of each Special Improvement paid for by the Lessee through pre-paid Special Improvements Rent or for which the Lessee applied gain-sharing credit.

Lessee's Special Improvement Value has the meaning given that term in Section 7.3(a) of the Terminal 18 Lease.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

Master Plan means the July 16, 1996 plan indicating improvements to be made, including building types and sizes, improvement location, and any other information necessary for the commencement of Conceptual Design (as defined in the T-18 Lease).

Master Resolution means Resolution No. 3059 of the Commission, adopted on February 2, 1990 and most recently amended by Resolution No. 3241, adopted on April 8, 1997, as such resolution may be further amended from time to time in accordance therewith.

Minimum IV Facilities Charge has the meaning set forth in Section 4.2(g) of the Terminal 18 Lease.

Mitigation Damages has the meaning set forth in Section 8.2(a) of the Terminal 18 Lease.

Monthly Debt Service Deposit means an approximately equal amount to be deposited monthly from the T-18 Revenue Fund into the Debt Service Account taking into account amounts then on deposit in the Debt Service Account and the number of months prior to the next Payment Date, such that the amount of funds projected to be on hand in the Debt Service Account on the next succeeding Payment Date shall be sufficient to pay the principal of, premium, if any, and interest on Bonds then coming due, on the assumption that the Monthly Debt Service Deposit with respect to interest and with respect to principal shall be made in each month commencing with the later of (i) the month preceding the date of issuance of Bonds or (ii) the month preceding the month in which capitalized debt service is no longer available for deposit in the Debt Service Account.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, the term **Moody's** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch IBCA) designated by the Port by written notice to the Trustee and approved by the 1999 Bond Insurer.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

1999 Bond Insurance Policy means the financial guaranty insurance policy or policies guaranteeing the payment when due of regularly scheduled principal of and interest on the 1999 Bonds, issued by the 1999 Bond Insurer.

1999 Bond Insurer means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York, and shall include any successors.

1999 Bonds means, collectively, the 1999A Bonds, the 1999B Bonds and the 1999C Bonds.

1999 Debt Service Reserve Account means, collectively, the 1999A Debt Service Reserve Account, the 1999B Debt Service Reserve Account and the 1999C Debt Service Reserve Account.

1999 Reserve Deposit means the amount to be deposited to the 1999 Debt Service Reserve Account from proceeds of the 1999 Bonds, as shown in the Closing Memorandum.

1999 Reserve Deposit Allocation means the portion of the 1999 Reserve Deposit allocated in the Closing Memorandum on the Closing Date among the 1999 Bonds of each Series in accordance with the initial principal amount of each Series of 1999 Bonds.

1999A Bonds means the Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project), Series 1999A issued pursuant to the Resolution.

1999A Debt Service Reserve Account means the special account of that name established pursuant to Section 11(a) of the Resolution.

1999B Bonds means the Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project), Series 1999B, issued pursuant to the Resolution.

1999B Debt Service Reserve Account means the special account of that name established pursuant to Section 11(a) of the Resolution.

1999C Bonds means the Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project), Series 1999C, issued pursuant to the Resolution.

1999C Debt Service Reserve Account means the special account of that name established pursuant to Section 11(a) of the Resolution.

Net Proceeds, when used with reference to the 1999 Bonds of a Series, means the principal amount of such 1999 Bonds, plus original issue premium, if any, and less original issue discount, if any, and less the proceeds of the 1999 Bonds deposited in the 1999 Debt Service Reserve Account to satisfy the portion of the 1999 Reserve Deposit allocable to a particular Series of 1999 Bonds and less the premium for the 1999 Bond Insurance Policy.

Net Revenues has the meaning given such term in the Master Resolution.

NRMSIR means a nationally recognized municipal securities information repository for purposes of the Rule.

Off-Site Improvements means the overpass, the other off-premises improvements identified in Part II of Exhibit C to the Terminal 18 Lease, dredging and any other improvements, additions, renovations or changes on property not owned or controlled by the Port or the Tenant.

Operating Reserve Fund means the fund of that name established pursuant to Section 11(i) of the Resolution.

Operating Reserve Requirement means, initially, the sum set forth in the Closing Memorandum and thereafter such other amount as may be established by the Port in its discretion, with written notice to the Trustee to be an amount not less than the total of (i) the cost of maintaining Cranes in idle state for three years as determined by the Crane Consultant and (ii) two years of Senior Payments; provided, however, that the Bond Insurer may direct the Trustee, upon 60 days' prior written notice, to retain a Consultant for the purpose of establishing the Operating Reserve Requirement (in an amount estimated to be no less than two years of Senior Payments plus the cost of maintaining Cranes in idle state for three years as determined by the Crane Consultant).

Other Documents mean the Track Agreements, the Crane Agreement, any Subsequent Crane Agreement, the Supplemental Crane Agreement, the Base Lease and the Lease Back.

Outside Design Services means design services to be provided in connection with Improvements, other than design services provided or to be provided by the EPC Contractor pursuant to the EPC Contract.

Outstanding in connection with Bonds means, as of the time in question, all Bonds authenticated and delivered by the Port, except:

(a) Bonds theretofore cancelled or required to be cancelled pursuant to the terms of the resolution authorizing their issuance;

(b) Bonds which are deemed to have been paid in accordance with the terms of the resolution authorizing their issuance; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered in accordance with the terms of the resolution authorizing their issuance;

provided that Bonds paid by a Bond Insurer shall be deemed to remain Outstanding until such Bonds have been Fully Paid.

Owners means the Registered Owners of the Bonds.

Payment Bond means the payment bond or payment bonds delivered and/or assigned to the Trustee in accordance with the EPC Contract and any additional or substitute payment bonds required to be delivered in accordance with the EPC Contract.

Payment Date means (i) for the 1999 Bonds, each March 1 and September 1, commencing on March 1, 2000 and (ii) for the Bonds of any other Series, the dates specified in a Supplemental Resolution as dates for the payment of interest on such Bonds.

Performance Bond means the performance bond issued pursuant to the EPC Contract to T-18 Co. and assigned to the Trustee pursuant to the Assignment, and any substitute or additional performance bond delivered in accordance with the EPC Contract.

Permanent Easement means, when used in the Resolution, the exercise by the Port of its rights pursuant to Section 2.9(a) of the Terminal 18 Lease (or any similar provision of a Subsequent Lease) or the consent by the Port to any easement requested by the State pursuant to the Port Management Agreement, in either case resulting in substantial deprivation of the Tenant's beneficial use or occupancy of any portion of the Site for a period of two years or more.

Permanent Encumbrance means, when used in the Resolution, with respect to Terminal 18 any Permitted Encumbrance as described in (a) or (b) of the definition thereof, which results in substantial deprivation of the Tenant's beneficial use or occupancy of any portion of the Site for a period of two years or more.

Permitted Encumbrances means, when used in the Resolution,:

(a) those encumbrances shown on Schedule B to the Title Insurance Policy;

(b) with respect to the portions of Terminal 18 that are subject to the Port Management Agreement, only those encumbrances that are permitted under the Port Management Agreement;

(c) liens for taxes or assessments which are not delinquent or unpaid; or

(d) the Terminal 18 Lease, any Subsequent Lease, the Base Lease and the Lease Back.

Permitted Exceptions means, when used in the Terminal 18 Lease, the exceptions to title shown on Exhibit H to the Terminal 18 Lease.

Permitted Investments means and includes any of the following obligations, including those offered by the Trustee or any affiliate of the Trustee and/or for which the Trustee or its affiliate receives a management or advisory fee, where applicable, to the extent the same are at the time legal for investment of funds of the Port under applicable law, as such legality is determined by the Port (but not by the Trustee):

(a) Cash;

(b) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself and if the principal portion of such security is not callable by the issuer):

(1) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership.

(2) Farmers Home Administration (FmHA) (now known as the United States of America, acting through the Department of Agriculture): Certificates of beneficial ownership.

(3) Federal Financing Bank.

(4) Federal Housing Administration Debentures (FHA).

(5) General Services Administration: Participation certificates.

(6) Government National Mortgage Association (GNMA or "Ginnie Mae"): GNMA - guaranteed mortgage-backed bonds and GNMA - guaranteed pass-through obligations approved by the 1999 Bond Insurer in writing.

(7) United States Maritime Administration: Guaranteed Title XI financing.

(8) United States Department of Housing and Urban Development (HUD): Project Notes, Local Authority Bonds, New Communities Debentures, United States Government guaranteed debentures, United States Public Housing Notes and Bonds, and United States government guaranteed public housing notes and bonds.

(9) Resolution Funding Corporation (REFCORP) interest strips.

(d) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself and if the principal portion of such security is not callable by the issuer):

(1) Federal Home Loan Banks (FHL Banks) Senior debt obligations

(2) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") Participation Certificates and Senior debt obligations

(3) Federal National Mortgage Association (FNMA or "Fannie Mae") Senior debt obligations

(4) Student Loan Marketing Association (SLMA or "Sallie Mae") Senior debt obligations

(5) Resolution Funding Corporation (REFCORP) obligations

(6) Farm Credit System Consolidated system-wide bonds and notes.

(e) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m, and if rated by Moody's, rated Aaa, Aa1 or Aa2;

(f) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(g) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(h) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements acceptable to the 1999 Bond Insurer;

(i) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P;

(j) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(k) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better; by Moody's and "A-1" or "A" or better by S&P.

(l) Repurchase agreements for 30 days or less must meet the following criteria. Repurchase agreements which exceed 30 days must be acceptable to the 1999 Bond Insurer.

(i) Repurchase agreements must be among the Port, the Trustee and a dealer bank or securities firm that is

(A) a primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by S&P and "A2" or better by Moody's, or

(B) a bank rated "A" or better by S&P and "A2" or better by Moody's.

(ii) The written repurchase agreement must include the following:

(A) Securities which are acceptable for transfer are:

(i) obligations of the United States of America, or

(ii) federal agencies backed by the full faith and credit of the United States of America (and FNMA & FHLMC).

(B) The term of the repurchase agreement may be up to 30 days;

(C) The collateral must be delivered to the Port, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities); and

(D) The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Port to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Port, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(iii) A legal opinion which must be delivered to the Port to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds.

(m) With the prior written consent of the 1999 Bond Insurer, any Washington county or State-administered pool investment fund in which in connection with the Bonds the Port is statutorily authorized to invest will be deemed a Permitted Investment.

Pledged Other Revenue means:

- (a) payments received by the Trustee as delay damages, and
- (b) all payments with respect to Terminal 18 received by the Trustee pursuant to the EPC Contract and/or the Guaranty, including but not limited to, Performance Bond payments, Guaranty payments, letter of credit payments and insurance proceeds;
- (c) Supplemental Crane Revenue received by the Trustee; and
- (d) income from all investment of the foregoing and the proceeds thereof.

Pledged Port Revenue means:

- (a) T-18 Revenue,
- (b) payments received by the Trustee under the Security Instrument, and
- (c) money and investments held in the following funds (excluding therefrom Pledged Other Revenue) the T-18 Revenue Fund, the Project Fund, the 1999 Debt Service Reserve Account (in respect of the 1999 Bonds and any Completion Bonds), each additional Debt Service Reserve Account (in respect of the Bonds secured thereby), the Debt Service Account and the Operating Reserve Fund.

Pledged Revenue means Pledged Port Revenue and Pledged Other Revenue.

PM Ag means PM Ag Products, Inc., a California corporation, and its successors and assigns.

PM Ag Preferential Use Agreement means the agreement dated July 23, 1996, as amended, that created the PM Ag Preferential Use Area.

PM Ag Preferential Use Area means the area designated for preferential use by PM Ag, as described in Exhibit A-7 to the Terminal 18 Lease as of the date of the Terminal 18 Lease.

PM Ag Secondary Use Area means PM Ag's secondary right to use for working molasses vessels up to 300 feet of berth north of the PM Ag Preferential Use Area (for a total berth length of up to 700 feet including the PM Ag Preferential Use Area).

Port means the Port of Seattle, 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 Bond Counsel means the law firm of Preston Gates & Ellis LLP or such other firm as may be appointed by the Port.

Port Bonds means the Port of Seattle, Washington Revenue Bonds, Series 1990A, 1990B and 1990C, Port of Seattle, Washington Revenue Bonds, Series 1992B, Port of Seattle, Washington Revenue Bonds, Series 1993A, Port of Seattle, Washington, Revenue Refunding Bonds, Series 1994A, Port of Seattle, Washington Subordinate Lien Revenue Bonds, Series 1997A and 1997B, the Port of Seattle, Washington Subordinate Lien Revenue Notes (Commercial Paper), Series 1997A, 1997B, 1997C and 1997D and bonds issued to refund the foregoing or any other obligations issued by the Port to finance any improvements at Terminal 18.

Port Covered Costs means, when used in the Resolution, any increase in the Contract Price (other than a C-change Cost or a C-change Delay Cost) identified and certified by the Independent Engineer as being:

- (i) requested by the Port, or
- (ii) the result of any interference by the Port or any delay in Project Completion due to a failure by the Port to perform the duties ascribed to it under the Terminal 18 Lease, the EPC Contract, the Construction Management Agreement or any Track Agreement, or
- (iii) the result of a Port Covered Delay, or
- (iv) incurred as a result of the implementation of the terms of the Track Agreements, but only to the extent that such increase is not an obligation of the EPC Contractor under the terms of the EPC Contract.

Port Covered Delay means a delay (other than a C-change Delay) in projected Project Completion identified and certified by the Independent Engineer to be the result of

- (i) a change requested by the Port or the result of any interference by the Port or any failure by the Port to perform the duties ascribed to it under the Terminal 18 Lease, the EPC Contract, the Construction Management Agreement or any of the Track Agreements;
- (ii) the impositions required by the other parties to the Track Agreements pursuant to the terms of the Track Agreements;
- (iii) the failure by T-18 Co. to process applications for payment in a timely manner;
- (iv) delay, interference or disruption by T-18 Co. under Section 11.02.C of the General Conditions to the EPC Contract.
- (v) the failure by the Tenant or T-18 Co. or their successors or assigns to give their written approval of Project Completion upon a certification by the Independent Engineer of Substantial Completion as such term is defined in the EPC Contract; or
- (vi) the failure by the EPC Contractor to obtain an increase in the amount of its Performance Bond or in the amount of its Payment Bond following a change order as required by the EPC Contract.

Port Covered Delay Cost means the amount projected by a Consultant or by the Independent Engineer to be required during a Port Covered Delay to make the payments and transfers set forth in Section 10(b)(1)-(3) of the Resolution.

Port-Financed Changes means, in each case to the extent such changes, interests or costs are, or are required to be, financed, provided or paid directly by the Port: (i) any changes to, or Port interests in, Improvements or repairs requested by the Lessee or required under the Terminal 18 Lease; (ii) the Port's interests in any additional property and/or improvements thereon added to the Site after the date thereof; (iii) any costs (including, without limitation, any Cost of Delay) of an Improvement that exceed the Actual Cost of such Improvement or any cost of a change or a Covered C-change; and (iv) any environmental remediation which the Port is obligated to effect at the Site after the date of the Terminal 18 Lease.

Port Improvements means those Improvements, including Off-Site Improvements, listed in Exhibit C to the Terminal 18 Lease, to be constructed, performed or acquired by the Port, and any Port-Financed Changes.

Port Management Agreement means the Port Management Agreement, with an effective date of November 1, 1997, between the Port and the Department of Natural Resources of the State of Washington, as amended and supplemented from time to time in accordance with its terms.

Port Payment Default means a failure by the Port to pay any financial obligation of the Port at the time and in the amount required by any term of the Resolution or pursuant to the Base Lease.

Port Plans and Specifications means the plans and specifications for the Port Improvements provided to the Lessee and the Independent Engineer, as such plans and specifications may be amended from time to time.

Port Revenue-Type M means Net Revenues (as such term is defined in the Master Resolution), on a parity with or subject only to the claim and lien thereon of the Port's Senior Lien Parity Bonds then outstanding under the Master Resolution.

Port Revenue-Type V means revenue of a type and in an amount sufficient to obtain a rating (underlying) on the Outstanding Bonds of at least A3 from Moody's and A- from S&P.

Preferential Use Areas means the GATX Preferential Use Area and the PM Ag Preferential Use Area.

Prior Modifications means C-changes agreed to after the date of the T-18 Lease and prior to the date of the Terminal 18 Lease.

Project Account-Series 1999A means the account of that name maintained pursuant to Section 9(a) of the Resolution.

Project Account-Series 1999B means the account of that name maintained pursuant to Section 9(a) of the Resolution.

Project Account-Series 1999C means the account of that name maintained pursuant to Section 9(a) of the Resolution.

Project Completion means final completion under the EPC Contract and Facility Component Completion for all Facility Components required for Total Facility Completion other than the apron and dredging. Project Completion shall be evidenced by and deemed to occur on the date specified in the Completion Certificate.

Project Contingency Account-Series 1999C means the account of that name established pursuant to Section 9(a) of the Resolution.

Project Contingency Cost Subaccount means the subaccount of that name within the Project Contingency Account-Series 1999C established pursuant to Section 9(a) of the Resolution.

Project Contingency Delay Subaccount means the subaccount of that name within the Project Contingency Account-Series 1999C established pursuant to Section 9(a) of the Resolution.

Project Fund means the fund of that name, established pursuant to Section 9 of the Resolution, into which, *inter alia*, the Net Proceeds of the 1999 Bonds will be deposited.

Project Representative means the authorized representative of the Port or of the Lessee as applicable.

Projected Project Completion Date means the date on which Project Completion is expected to be achieved, (April 9, 2002, as of the Closing Date), as such date may be adjusted from time to time, with prompt written notice thereof to the Trustee and the 1999 Bond Insurer, in accordance with the EPC Contract and certified by the Independent Engineer on the Closing Date and as of the date of each change in the Contract Time under the EPC Contract and as of the date of each change in the Scheduled Total Facility Completion Date under the Terminal 18 Lease.

Proposed GATX Preferential Use Area has the meaning set forth in Section 2.3(a) of the Terminal 18 Lease.

Pro-Rata Rent Credit means a reduction in Rent equal to the proportionate reduction in the Site available to the Tenant.

Qualified Insurance means any non-cancellable municipal bond insurance policy or surety bond having a term at least equal to the term of the Series of Bonds secured by the Debt Service Reserve Account to which such bond insurance policy or surety bond is to be credited, approved in writing by the 1999 Bond Insurer, issued by any insurance company, approved in writing by the 1999 Bond Insurer and 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) which insurance company, as of the time of issuance of such policy or surety bond, is rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims-paying ability or (ii) by issuing its policies 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 naming the Trustee as beneficiary, approved in writing by the 1999 Bond Insurer, with a minimum term prior to the final maturity date of Bonds of five years, issued by a financial institution approved in writing by the 1999 Bond Insurer, 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. If a Qualified Letter of Credit may expire or be terminated in accordance with its terms prior to the stated maturity of any Bonds to be secured by the Debt Service Reserve Account to which such letter of credit is to be credited, the letter of credit shall provide that (unless the Qualified Letter of Credit is replaced with cash, Qualified Insurance or another Qualified Letter of Credit) it may be drawn upon in full prior to its expiration or termination for deposit into the applicable Debt Service Reserve Account in accordance with the provisions of Section 11(c), 11(d) or 11(e) of the Resolution.

Radio Tower Area is the area legally described on Exhibit A-9 to the Terminal 18 Lease.

Rating Agencies means Moody's if Moody's is then maintaining a rating on any Series of the Bonds; S&P if S&P is then maintaining a rating on any Series of the Bonds; and/or Fitch IBCA if Fitch IBCA is then maintaining a rating on any Series of the Bonds.

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.

Rebatable Arbitrage means the payment obligations of the Port calculated as provided in the Arbitrage Certificate.

Rebate Fund means the fund of that name maintained and funded pursuant to Sections 10 and 36 of the Resolution.

Refunding Bonds means Bonds, the proceeds of which will be used to refund Bonds of another Series.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Registrar means, collectively, the fiscal agency of the State of Washington in Seattle, Washington, and New York, New York, appointed by the Treasurer for the purposes of registering and authenticating the Bonds, maintaining the Bond Register and effecting transfer of ownership of the Bonds. The term "Registrar" shall include any successor to the fiscal agency, if any, hereafter appointed by the Treasurer.

Reimbursement Amounts means (i) all amounts paid by the 1999 Bond Insurer under the 1999 Bond Insurance Policy, plus (ii) interest thereon from the date of any such payment until reimbursed at the rate on the applicable 1999 Bonds and (iii) reasonable costs and expenses of the 1999 Bond Insurer incurred in connection with any curative or remedial or enforcement action arising out of or relating to the Resolution, the Terminal 18 Lease, any Subsequent Lease, the Other Documents, the Related Documents and/or the 1999 Bonds (including, without

limitation, reasonable fees and expenses of attorneys, consultants, managers, brokers and auditors and reasonable costs of investigation and all costs and expenses incurred by the 1999 Bond Insurer in connection with the operation and maintenance of Terminal 18 after any Default). The term Reimbursement Amounts may be expanded in any resolution authorizing the issuance of Future Parity Bonds to include similar amounts due to a Bond Insurer or to another Credit Facility Issuer that guarantees the payment when due of the principal of and interest on such Future Parity Bonds.

Reinstatement Term means the number of days that were remaining in the term of the Terminal 18 Lease on the date it was terminated pursuant to Section 7.1 of the Terminal 18 Lease, including any extension.

Related Documents means the EPC Contract, the Assignment, the Performance Bond, the Payment Bond, the Guaranty, the Construction Management Agreement, the Independent Engineer Contract, the Insurance Policies and any Subsequent Lease.

Remaining Balance means the dollar amount on hand in the T-18 Revenue Fund (excluding (i) prepayments of Rent by a Tenant, (ii) proceeds of delayed opening insurance, (iii) proceeds of any business interruption insurance, (iv) payments made under performance bonds, including the Performance Bond, (v) insurance proceeds, (vi) liquidated damage payments and payments made under the Guaranty, (vii) C-change Delay Costs, (viii) Port Covered Delay Costs, (ix) the proceeds of draws under the Security Instrument, and (x) payments under the Guaranty) following the transfers required by Section 10(b)(1) through (8) of the Resolution).

Rent means the rent payable under the Terminal 18 Lease, including all Basic Land and Improvements Rent, IY Facilities Rent, IY Facilities Charges, additional Rent payable in lieu of IY Facilities Charges, Special Improvements Rent, Rent payable for Contiguous Property under Section 2.4(a) and/or 2.4(c) of the Terminal 18 Lease, and Additional Future Improvements Rent.

Rent Abatement, for the purposes of the Resolution, means a reduction in Rent occurring as a result of

- (i) casualty or a Casualty Event,
- (ii) the existence of a Permitted Encumbrance as defined in (a) or (b) of the definition thereof,
- (iii) the Port's exercise of its rights, or the Port's failure to perform its obligations, under the Terminal 18 Lease (or any Subsequent Lease) or any of the Track Agreements, or
- (iv) the State's exercise of its rights under the Port Management Agreement,

if as a result of any of the foregoing the Tenant's obligation to pay Rent under the Terminal 18 Lease (or any Subsequent Lease) will be reduced or abate in whole or in part.

Rent Abatement Period, as used in the Resolution, means the time period during which there is Rent Abatement.

Rental Deficiency has the meaning set forth in Section 8.2(c) of the Terminal 18 Lease.

Rent Differential means the dollar amount necessary, together with other receipts of Terminal 18 Revenues and additional revenue received under the Terminal 18 Lease, to cover Debt Service by a factor of 1.5.

Required Terms has the meaning set forth in Section 7.2(b)(2) of the Base Lease.

Requisition means any requisition delivered to the Trustee pursuant to Section 9 of the Resolution substantially in the form of Exhibit A to the Resolution.

Reserve Deficiency means the amount of any withdrawal from a Debt Service Reserve Account, together with interest on the amount of any such withdrawal from the date of such withdrawal until satisfied, at the yield on the remaining investments in such Debt Service Reserve Account during the period of the deficiency, other than withdrawals permitted by Sections 11(f)(1) and 11(f)(2) of the Resolution, plus 1/6 of the amount of any deficiency created in such Debt Service Reserve Account as a result of (i) the insolvency of the issuer of Qualified Insurance or a Qualified Letter of Credit or (ii) the termination or expiration of any Qualified Letter of Credit, together with interest on the amount of any such withdrawal from the date of such withdrawal until satisfied, at the yield on the remaining investments in such Debt Service Reserve Account during the period of the deficiency.

Resolution means Resolution No. 3321, as amended, adopted by the Commission on October 21, 1999 and any amendments and supplements thereto permitted thereby.

Rule means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **S&P** shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch IBCA) designated by the Port by written notice to the Trustee and approved by the 1999 Bond Insurer.

Savings Pool has the meaning set forth in Section 4.4 of the Terminal 18 Lease.

Scheduled Total Facility Completion Date means the later of February 25, 2002, the expected date for Substantial Completion (as defined in the EPC Contract) of the EPC Contract (as may be adjusted pursuant to the EPC Contract for reasons other than changes requested or caused by the Tenant) or the actual date of completion of "interim dredging", as described in Exhibit "C".

SEC means the Securities and Exchange Commission.

Security Instrument means, collectively, cash or one or more irrevocable, multiple draw, letter(s) of credit or surety bond(s) in an aggregate amount equal to the Security Requirement, the drawings or claims under which are, as of any date, subject only to the condition that a proper draw certificate or claim be presented and to no other condition, issued by one or more banks or insurance companies, in each case whose unsecured, long-term senior debt (in the case of a bank) or whose claims-paying ability (in the case of an insurance company) is rated at least "A2" by Moody's and at least "A" by S&P. Each letter of credit or surety bond comprising the Security Instrument either (i) shall have an initial term of not less than two years and shall have an evergreen renewal provision (with not less than 180 days' notice of nonrenewal), or (ii) shall have a term that ends not earlier than five days after the final maturity date of the Bonds and shall not be subject to termination without at least 180 days prior written notice. Each letter of credit or surety bond shall provide for automatic increases in face amount as the amount of the Security Requirement increases and shall be payable solely to the Trustee in accordance with Section 13(j) of the Resolution.

Security Requirement means an aggregate face amount equal to 98% of the sum of (i) the maximum amount of Rent (other than Special Improvements Rent) and other payments scheduled to be paid in the immediately succeeding six-month period under the Terminal 18 Lease (or any Subsequent Lease), plus (ii) the first six months of Special Improvements Rent. The amount of the initial Security Requirement shall be specified in the Closing Memorandum. The Port shall promptly notify the Trustee and the Tenant in writing of each change in the dollar amount of the Security Requirement.

Senior Lien Parity Bonds means any bonds issued by the Port under a "Series Resolution" (as defined in the Master Resolution) and pursuant to the Master Resolution which provides that such bonds shall be on a parity of lien with other series of Senior Lien Parity Bonds, as provided in the Master Resolution.

Senior Payment Fund means the fund of that name established pursuant to Section 11(j) of the Resolution.

Senior Payments means:

(a) Base Rent, if any is due after netting the payment due under the Lease Back;

(b) Trustee's (i) fees; and (ii) expenses; provided that so long as the 1999 Bond Insurer is not in default under the 1999 Bond Insurance Policy, any such expenses payable as Senior Payments hereunder shall not exceed \$50,000 per year, together with any additional expenses approved by the 1999 Bond Insurer, and provided further, that such \$50,000 per year limit shall not apply in the event payment of principal and interest on the Bonds is insured by any other Bond Insurer; and provided further, the Trustee's expenses shall be payable as Senior Payments and shall not be subject to approval of any Bond Insurer other than the 1999 Bond Insurer; and

(c) fees and reasonable out-of-pocket expenses of the Independent Insurance Consultant and the Independent Engineer prior to Project Completion, fees and reasonable out-of-pocket expenses incurred by the Independent Insurance Consultant and the Independent Engineer after Project Completion, but only to the extent that such fees and expenses after Project Completion have been approved by the 1999 Bond Insurer.

Senior Payment Reserve Account means the account of that name established within the Operating Reserve Fund pursuant to Section 11(i)(1) of the Resolution.

Series means any separate series of Bonds issued pursuant to the Resolution or pursuant to a Supplemental Resolution adopted in accordance with the Resolution.

SID has the meaning set forth in the Continuing Disclosure Certificate executed pursuant to Section 41 of the Resolution.

Site means the Existing Site, the Expansion Site and any real property the legal description of which is added to Exhibit A of the Terminal 18 Lease after the date of the Terminal 18 Lease, by amendment executed by the Port and the Lease.

Site-Related Tax Amount has the meaning set forth in Section 3.1 of the Base Lease.

Special Improvement or Special Improvements means any one or more of the existing Special Improvements identified in Exhibit B-1 to the Terminal 18 Lease, any one or more of the Facility Components specified as "Special" in Exhibit C to the Terminal 18 Lease and any additional Improvements for which Special Improvement Rent is or will be paid under the Terminal 18 Lease, including without limitation any one or more of the C-changes to Special Improvements (other than the vehicle overpass) and any one or more of the C-changes to Standard Improvements (if such C-change or C-changes to a Standard Improvement result in an increase in the Actual Cost of such Standard Improvement as provided in Section 4.3 of the Terminal 18 Lease).

Special Improvements Rent means Rent on the Special Improvements, as distinct from Basic Land and Improvements Rent, IY Facilities Rent and IY Facilities Charges, as set forth in Sections 4.4 and 4.5 of the Terminal 18 Lease.

Special Improvements Rent Without a Prepayment Covenant, when used in the Resolution, means Special Improvements Rent (as defined in the Terminal 18 Lease or in any Subsequent Lease) which is subject to prepayment at the option of the Tenant, with or without a penalty and for which a Tenant has not agreed in writing to waive irrevocably its right to prepay such Special Improvements Rent.

Special Payments means a monthly deposit to the T-18 Revenue Fund by or on behalf of the Port in an amount sufficient, together with T-18 Revenue then on deposit in the T-18 Revenue Fund to make the payments required under Section 10(b)(1) through (3) and, if required, monthly deposits to the Operating Reserve Fund.

SSA means Stevedoring Services of America, Inc., a Washington corporation, and shall include its successors and assigns as and to the extent permitted under the Terminal 18 Lease.

SSAT means SSA Terminals, LLC, a Delaware limited liability company, and shall include its successors and assigns as and to the extent permitted under the Terminal 18 Lease.

Standard Improvements means the standard container terminal improvements identified as **Standard** in Exhibit C to the Terminal 18 Lease, whether existing or to be constructed.

Star Crane means the Star crane, Crane 36 owned by the Port.

State means the State of Washington.

Subordination Agreements means, together, the Subordination, Nondisturbance and Attornment Agreement between the Trustee and the Lessee and the Subordination, Nondisturbance and Novation Agreement between the Lessee and the Port and the State of Washington acting by and through the Port, each dated as of October 28, 1999.

Subsequent Crane Agreement means any agreement approved by the Bond Insurer (other than the Supplemental Crane Agreement) between the Port and a Subsequent Tenant concerning the provision and use and maintenance of the Cranes, and any amendments and supplements thereto, provided that no consent of the Bond Insurer is required so long as the Subsequent Crane Agreement incorporates Sections 2, 7, 18, 20, 21 and 22 of the Crane Agreement and that the Subsequent Crane Agreement includes no provisions that are inconsistent with or invalidate the Supplemental Crane Agreement.

Subsequent Lease means any lease (other than the Base Lease, the Terminal 18 Lease and the Lease Back) by the Port (or by the Trustee at the direction of the Bond Insurer if the Lease Back has been terminated) of all or any portion of Terminal 18 with a Subsequent Tenant, having terms substantially similar to the terms of the Terminal 18 Lease, satisfying the requirements of the Base Lease and reasonably acceptable to the 1999 Bond Insurer; provided, however, that the 1999 Bond Insurer shall not withhold or delay its approval of a Subsequent Lease so long as rent under the Subsequent Lease is at least equal to Rent under the Terminal 18 Lease and so long as the other terms of the Subsequent Lease are substantially the same as the terms of the Terminal 18 Lease (or if certain obligations are not included in the Subsequent Lease, the Port agrees in writing with the Trustee and the Bond Insurer, and confirms such agreement by resolution to perform the obligations not included in the Subsequent Lease).

Subsequent Tenant means any individual, corporation or other person, entering into a Subsequent Lease with the Port (or with the Trustee, if the Lease Back and the Terminal 18 Lease have been terminated). Except as provided in the definition of Curative Action, each Subsequent Tenant shall be approved in writing by the Port (unless the Lease Back has been terminated) and by the 1999 Bond Insurer.

Substantial Portion, when used in connection with an Easement Use, means any portion of the Site that the Tenant reasonably believes is essential to serve the then-current requirements of the Tenant's terminal operations.

Supplemental Crane Agreement means the Supplemental Crane Agreement, dated as of October 28, 1999, between the Port and the Trustee and any amendments and supplements thereto approved by the 1999 Bond Insurer.

Supplemental Crane Revenue means revenues (other than taxes), if any, received by the Trustee from the operation or leasing of the Cranes provided to the Trustee by the Port under the Supplemental Crane Agreement.

Supplemental Resolution means any resolution adopted by the Commission amending or supplementing the Resolution in accordance with the provisions of Section 16 or Section 17, as applicable, of the Resolution, including any resolution adopted by the Commission in connection with the issuance of Completion Bonds, Additional Bonds or Refunding Bonds.

Tenant means (i) SSA and SSAT, jointly and severally, or (ii) any Subsequent Tenant.

Terminal 5 means the container terminal and marine cargo handling facility referred to in the Eagle Lease, as amended and supplemented.

Terminal 18 or T-18 means the Site and the on-Site Improvements.

Terminal 18 Drawings and Specifications means the drawings and specifications identified in the Contract Documents (as defined in the EPC Contract).

Terminal 18 Lease means the Terminal 18 Lease, dated as of October 28, 1999, between the Port, the State of Washington acting by and through the Port, SSA and SSAT, as the same may be amended in accordance with its terms and in accordance with the terms hereof.

Termination Deficiency has the meaning set forth in Section 8.2(b) of the Terminal 18 Lease.

Title Insurance Policy means the lender's policy of title insurance issued by Chicago Title Insurance Company (ALTA form) approved by the 1999 Bond Insurer and delivered to the Trustee on the Closing Date.

T-18 Co. means Terminal 18 Development Company, Inc., a Washington corporation.

T-18 Lease means the Terminal 18 Lease, dated as of December 18, 1996, between the Port and SSA.

T-18 Project or T-18 Projects means the improvements, additions and betterments described in Exhibit C to the Terminal 18 Lease.

T-18 Revenue means all revenue received by the Port from time to time from the ownership and operation of Terminal 18 and following any termination of the Lease Back, all revenue received by the Trustee from operations at Terminal 18, including Rent, and any investment income with respect thereto including proceeds thereof, all of which are pledged to payment of the Bonds and Reimbursement Amounts. The term T-18 Revenue shall not include any money paid to the Trustee by the Port pursuant to the Base Lease, any money payable to the Port under the Supplemental Crane Agreement or any money payable to the Port under the Crane Agreement or any Subsequent Crane Agreement and shall not include any rent paid by tenants (other than SSA and SSAT) occupying Terminal 18 as of the Closing Date for the 1999 Bonds and, prior to any termination of the Lease Back, shall not include any dockage, wharfage or similar fees.

T-18 Revenue Fund means the special account established pursuant to Section 10 of the Resolution into which all T-18 Revenue shall be deposited.

TEU means a twenty-foot equivalent unit.

Total Facility Completion or TFC means when:

(i) all Facility Components identified in Exhibit C to the Terminal 18 Lease as necessary for TFC have achieved Facility Component Completion and

(ii) written notice has been given to the Lessee, the Port and the 1999 Bond Insurer by the Independent Engineer confirming Facility Component Completion of all Facility Components listed in Exhibit C to the Terminal 18 Lease as required for TFC and certifying full compliance with all Terminal 18 Plans and Specifications and all Port Plans and Specifications required by or arising out of the EPC Contract and the Terminal 18 Lease. The Lessee shall have six (6) Business Days after delivery of such written notice to inspect any Facility Component and to determine, in its sole opinion, whether Total Facility Completion has occurred. In the event the Lessee determines that Total Facility Completion has not occurred, the Lessee shall, within six Business Days after delivery of such written notice, provide the Port, the Independent Engineer and the 1999 Bond Insurer with written notice to the effect that Total Facility Completion has not occurred and specifying the incomplete items. Any dispute as to whether Total Facility Completion has occurred, if not resolved by the Independent Engineer, may be resolved in accordance with the arbitration provisions of Section 9.8 of the Terminal 18 Lease. Notwithstanding the foregoing, the Lessee may immediately take steps to cause the EPC

Contractor to remedy the Lessee's objections or may direct the Port to remedy the Lessee's objections (in accordance with any directions the Lessee may include in its notice), whether or not an arbitration is pending; provided that should arbitration find that the Lessee's objections were not warranted, the date of Total Facility Completion shall be the date theretofore certified by the Independent Engineer as the date of Total Facility Completion. Within a reasonable time following Total Facility Completion, the Port shall supply the Lessee, the 1999 Bond Insurer and the Trustee with a single rental schedule that specifies all Rent, including all Special Improvements Rent, that will become due from the Lessee.

Track Agreements means, collectively, the Rail Facilities Lease and Real Property License; the Memorandum of Agreement Between The Burlington Northern and Santa Fe Railway Company, the Union Pacific Railroad Company and the Port of Seattle; the Assignment of Railroad Franchise; and the Indemnity Agreement, each between the Existing Class I Railroads and the Port; the Rail Facilities Lease and Real Property License, between the Union Pacific Railroad Company and the Port; and Ordinance No. 118994 and Ordinance No. 118993, each enacted by the City Council of the City of Seattle on May 11, 1998.

Trustee means Chase Manhattan Trust Company, National Association and shall include any corporate successor thereto.

Trustee Reports means statements of all receipts and disbursements made by the Trustee during each month, fund balances as of the end of each month, investments made, sold, transferred and receipts therefrom, all with respect to moneys and investments held by the Trustee under the Resolution.

Treasurer means the King County Finance Department, as *ex officio* treasurer of the Port, or any successor to the functions of the Treasurer.

Underwriter means Goldman, Sachs & Co. and its permitted assigns

Part II. Rules of Construction.

For all purposes of a the Resolution, the Terminal 18 Lease or any Related Document or Other Document to which this Appendix A is attached and in which this Appendix A is incorporated by reference, except as otherwise expressly provided or unless the context otherwise requires:

(i) the terms defined in this Appendix A shall include the plural as well as the singular;

(ii) except as otherwise expressly provided, all accounting terms shall be interpreted in accordance with, or by application of, GAAP applied on a consistent basis;

(iii) all references in the Resolution, the Terminal 18 Lease, the Related Document or Other Document as applicable (including the exhibits, appendices and schedules thereto) to designated "Articles," "Sections," "Exhibits" and other subdivisions and attachments are to the designated Articles, Sections, Exhibits and other subdivisions of and attachments to the Resolution, the Terminal 18 Lease, the Related Document or Other Document as applicable;

(iv) the words "herein," "hereof" and "hereunder" and other words of similar import in the Resolution, the Terminal 18 Lease, the Related Document or Other Document as applicable refer to such document as a whole and not to any particular Article, Section, Exhibit or attachment or subdivision and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the particular document;

(v) unless the context clearly indicates to the contrary, pronouns having a masculine or feminine gender shall be deemed to include the other gender;

(vi) unless otherwise expressly specified, any agreement, contract or document defined or referred to in the Resolution, the Terminal 18 Lease, the Related Document or Other Document as applicable shall mean such agreement, contract or document as in effect as of the date hereof, as the same may thereafter be amended, supplemented or otherwise modified from time to time in accordance therewith and, if applicable, with the terms of the Resolution and shall

include any agreement, contract or document in substitution or replacement of any of the foregoing entered into in accordance with the terms of the Resolution, if applicable;

(vii) except as otherwise provided in the Resolution, the Terminal 18 Lease, the Related Document or Other Document as applicable, any reference to a party to such document shall include such party's permitted successors and assigns in accordance with the terms of such document and, if applicable, the Resolution;

(viii) unless the context clearly requires otherwise, references to "applicable law," including references to any "Law" or "Regulation" shall include applicable laws and regulations and Laws and Regulations as in effect at each, every and any of the times in question, including any amendments, replacements, supplements, extension, modifications, consolidations, restatements, revisions or reenactments thereto or thereof, and whether or not in effect at the date of the Resolution, the Terminal 18 Lease, the Related Document or the Other Document as applicable;

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

(x) any headings preceding the text of the several articles and Sections of the Resolution, the Terminal 18 Lease, the Related Document or the Other Document, 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 the Resolution, the Terminal 18 Lease, the Related Document or the Other Document, as applicable, nor shall they affect its meaning, construction or effect;

(xi) 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, respectively, 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;

(xii) all references herein to "counsel fees," "attorney fees" or the like include, without limitation, fees and disbursements of in-house or outside counsel, whether or not suit is instituted, and include fees and disbursements preparatory to and during trial and appeal and in any bankruptcy or arbitration proceeding;

(xiii) every certificate and every opinion of counsel or Favorable Opinion of Bond Counsel with respect to compliance with a condition or covenant provided for in the Resolution shall include a statement that the person making such certificate or opinion has read such covenant or condition and the definitions relating thereto, a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether such covenant or condition has been complied with; and a statement whether, in the opinion of the signers, such condition or covenant has been complied with;

(xiv) any certificate made or given by a Designated Port Representative or by a Consultant, Insurance Consultant, Independent Engineer or other person may be based, insofar as it relates to legal matters, upon an opinion of counsel or Favorable Opinion of Bond Counsel, unless such person knows that such opinion is based upon facts or assumptions which are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous. Any such certificate or opinion of counsel or Favorable Opinion of Bond Counsel may be based, insofar as it relates to factual matters and/or information about such matters which is in the possession of the Port, T-18 Co. or any other person, upon a supporting certificate of an officer or officers of the Port, T-18 Co. or any other person, unless the signer knows that the supporting certificate with respect to the matters upon which his certificate or such opinion may be based is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous;

(xv) the capitalized terms used in the EPC Contract have the meanings as set forth in the EPC Contract and not as set forth in this appendix; and

(xvi) the Resolution is to be liberally construed to effect its overall purpose and the security interest to be granted thereunder.

Part III. Definition Amendments

No amendments may be made to this Appendix A without the prior written consent of the 1999 Bond Insurer for so long as the Bonds remain Outstanding or any Reimbursement Amounts remain unpaid.

SCHEDULE 1

**DESIGNATION OF PRINCIPAL AMOUNTS, MATURITIES,
INTEREST RATES, AND REDEMPTION PROVISIONS**

**\$59,740,000
PORT OF SEATTLE SPECIAL FACILITY REVENUE BONDS
(TERMINAL 18 PROJECT), SERIES 1999A
(Non-AMT)**

\$59,740,000 6.00% Term Bonds due September 1, 2029 to yield 6.17%

**\$87,605,000
PORT OF SEATTLE SPECIAL FACILITY REVENUE BONDS
(TERMINAL 18 PROJECT), SERIES 1999B
(AMT)**

\$11,445,000 Serial Bonds

Due September 1	Principal Amount	Interest Rate	Yield
2008	\$ 635,000	5.250%	5.35%
2009	670,000	5.250	5.45
2010	865,000	5.375	5.55
2011	1,085,000	5.500	5.65
2012	1,145,000	5.650	5.75
2013	1,295,000	5.750	5.85
2014	1,380,000	5.750	5.94
2015	1,780,000	6.000	6.02
2016	2,590,000	6.000	6.07

**\$18,225,000 6.00% Term Bonds due September 1, 2020 to yield 6.20%
\$57,935,000 6.25% Term Bonds due September 1, 2026 to yield 6.28%**

**\$70,080,000
PORT OF SEATTLE SPECIAL FACILITY REVENUE BONDS
(TERMINAL 18 PROJECT), SERIES 1999C
(AMT)**

\$5,670,000 Serial Bonds

Due September 1	Principal Amount	Interest Rate	Yield
2008	\$ 325,000	5.250%	5.35%
2009	340,000	5.250	5.45
2010	435,000	5.375	5.55
2011	540,000	5.500	5.65
2012	570,000	5.650	5.75
2013	640,000	5.750	5.85
2014	685,000	5.750	5.94
2015	875,000	6.000	6.02
2016	1,260,000	6.000	6.07

\$8,775,000 6.00% Term Bonds due September 1, 2020 to yield 6.20%
 \$55,635,000 6.00% Term Bonds due September 1, 2029 to yield 6.27%

OPTIONAL REDEMPTION OF THE SERIES 1999C BONDS

Series 1999C Bonds. The Series 1999C Bonds that are stated to mature after September 1, 2010 are subject to redemption at the option of the Port on and after March 1, 2010 as a whole or in part at any time, with the series and maturities to be selected by the Port, during the respective periods described below, from any moneys that may be provided for such purpose. The Series 1999C Bonds so redeemed are to be redeemed at the redemption prices (expressed as percentages of the principal amount thereof) set forth in the table below, plus interest accrued to the date fixed for redemption.

<u>Series 1999C Bonds</u>	
Redemption Period (Both Dates Inclusive)	Redemption Price
March 1, 2010 through February 28, 2011	101%
March 1, 2011 and thereafter	100

MANDATORY SINKING FUND REDEMPTION

Series 1999A Bonds. The Series 1999A Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption, and without premium, on September 1 of the following years in the following principal amounts:

Series 1999A Term Bonds Due September 1, 2029

Year	Principal Amount
2026	\$ 5,660,000
2027	15,615,000
2028	20,020,000
2029*	18,445,000

* Final maturity.

Series 1999B Bonds. The Series 1999B Bonds stated to mature in 2020 and 2026 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption, and without premium, on September 1 of the following years in the following principal amounts:

Series 1999B Term Bonds Due September 1, 2020

Year	Principal Amount
2017	\$ 2,765,000
2018	4,840,000
2019	5,145,000
2020*	5,475,000

* Final maturity.

Series 1999B Term Bonds Due September 1, 2026

<u>Year</u>	<u>Principal Amount</u>
2021	\$ 7,155,000
2022	7,625,000
2023	10,675,000
2024	11,365,000
2025	12,105,000
2026*	9,010,000

* Final maturity.

Series 1999C Bonds. The Series 1999C Bonds stated to mature in 2019, 2024 and 2029 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption, and without premium, on September 1 of the following years in the following principal amounts

Series 1999C Term Bonds Due September 1, 2020

<u>Year</u>	<u>Principal Amount</u>
2017	\$ 1,345,000
2018	2,325,000
2019	2,475,000
2020*	2,630,000

* Final maturity.

Series 1999C Term Bonds Due September 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2021	\$ 3,430,000
2022	3,645,000
2023	5,075,000
2024	5,395,000
2025	5,730,000
2026	6,915,000
2027	7,350,000
2028	9,420,000
2029*	8,675,000

* Final maturity.

SCHEDULE A

**TERMINAL 18
LIST OF BOND IMPROVEMENTS
GOVERNMENTAL**

Off-Terminal (City Owned improvements) referred in Exhibit C to the Terminal 18 Lease or required by permits issued with respect to the T-18 Project.

Dredging

SCHEDULE B

**TERMINAL 18
LIST OF BOND IMPROVEMENTS
PRIVATE ACTIVITY**

The following described Bond Improvements, described with more particularity in Exhibit C to the Terminal 18 Lease:

1. On-Terminal Pavement
2. On-Terminal Buildings, including Transit Shed/Wharf Upgrade, Steel Frame (CEM, M&R Building Additions, Wood Frame (Marine Tower).
3. Port Railroad Trackage
4. On-Terminal Utilities
5. Demolition
6. Off-Terminal Railroad Trackage
7. Off-Terminal Improvements (other than those owned by the City)

EXHIBIT A
REQUISITION CERTIFICATE

TO: Chase Manhattan Trust Company, National Association, as Trustee

SUBJECT: Resolution No. 3321, as amended, of the Port of Seattle regarding
Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project),
Series 1999A (the "1999A Bonds")
Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project),
Series 1999B (the "1999B Bonds")
Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project),
Series 1999C (the "1999C Bonds")
(the 1999A Bonds, the 1999B Bonds and the 1999C Bonds,
collectively, the "Bonds")

(Capitalized terms used in this Requisition Certificate, to the extent not otherwise defined, have the meanings given such terms in Resolution No. 3321, as amended (the "Resolution")).

Trustee shall pay requisitions only if each section ❶ through ❸, as applicable, has been completed and signed as shown below. If no payment is requested pursuant to ❶, then ❶ need not be completed and signed. If no payment is requested pursuant to ❷, then ❷ need not be completed and signed. If no payment is requested pursuant to ❸, then ❸ need not be completed and signed.

❶

Aggregate Dollar Amount of Requisition: _____ (see ❷ H.)

Payable to: _____
(complete and attach additional sheets if there are multiple payees)

_____ Pay by wire:
Wiring Instructions:
Account No.: _____

_____ Pay by check:
Delivery Instructions:
Send to: _____

②

The disbursements requested by this Requisition Certificate shall be made in the following amounts from the following designated Accounts or Subaccounts:

- A.\$ _____ to be paid from the Project Account-Series 1999A
(= the sum of ①B, plus ①B, plus ①B);
- B.\$ _____ to be paid from the Project Account-Series 1999B
(= the sum of ①C, plus ①C, plus ①C);
- C.\$ _____ to be paid from the Project Account-Series 1999C;
(= the sum of ①D, plus ①D, plus ①D);
- D.\$ _____ to be paid from the Project Contingency Cost Subaccount within the
Project Contingency Account – Series 1999C (see ①F),
- E.\$ _____ to be paid from the C-change Contingency Cost Subaccount in the
C-change Contingency Account-Series 1999C (see ①G),
- F.\$ _____ to be paid from _____ Subaccount
- G.\$ _____ to be paid from _____ Subaccount
(F. and G., if any, are subaccounts are created pursuant to Section 9(a) of
the Resolution).
- H.\$ _____ **Total dollar amount to be disbursed (the sum of A. through G.)
Must be equal to aggregate disbursement requested in ①**

By _____
Designated Port Project Representative
Dated: _____

③

If any portion of the amount requested pursuant to this Requisition Certificate is to be disbursed to pay costs of issuance of the Bonds, this subsection ③ must be completed.

The undersigned does hereby represent, warrant and certify under the Resolution that:

- A. The expenditures for which moneys are requested have not been included in any previous Requisition Certificate.
- B. \$ _____ represents proper costs of issuance of the 1999A Bonds to be paid or reimbursed from the Project Account-Series 1999A.
- C. \$ _____ represents proper costs of issuance of the 1999B Bonds to be paid or reimbursed from the Project Account-Series 1999B.
- D. \$ _____ represents proper costs of issuance of the 1999C Bonds to be paid or reimbursed from the Project Account-Series 1999C.
- E. The aggregate dollar amount of costs of issuance to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999A, when added to the amount disbursed pursuant to previous Requisition Certificates does not exceed the dollar amount of costs of issuance to be paid from the proceeds of the 1999A Bonds, as shown in the Section ___ of the Closing Memorandum.
- F. The aggregate dollar amount of costs of issuance to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999B, when added to the amount disbursed pursuant to previous Requisition Certificates does not exceed the dollar amount of costs of issuance to be paid from the proceeds of the 1999B Bonds, as shown in the Section ___ of the Closing Memorandum.
- G. The aggregate dollar amount of costs of issuance to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999C, when added to the amount disbursed pursuant to previous Requisition Certificates does not exceed the dollar amount of costs of issuance to be paid from the proceeds of the 1999C Bonds, as shown in Section ___ of the Closing Memorandum.

By _____
Designated Port Project Representative

Dated: _____

④

If any portion of the amount requested pursuant to this Requisition Certificate is to be disbursed at the direction of the Designated Port Project Representative (without the approval of the Independent Engineer and Designated T-18 Co. Representative) to pay certain costs of the T-18 Project specified in the Closing Memorandum, other than costs of issuance, this subsection ④ must be completed.

The undersigned does hereby represent, warrant and certify under the Resolution that:

- A. The expenditures for which moneys are requested have not been included in any previous Requisition Certificate.
- B. \$ _____ represents proper costs of the T-18 Project to be paid from the Project Account-Series 1999A.
- C. \$ _____ represents proper costs of the T-18 Project to be paid from the Project Account-Series 1999B.
- D. \$ _____ represents proper costs of the T-18 Project to be paid from the Project Account-Series 1999C.
- E. The aggregate dollar amount of costs of the T-18 Project to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999A, when added to the amount disbursed therefrom pursuant to previous Requisition Certificates does not exceed the dollar amount of such costs to be paid from the proceeds of the 1999A Bonds, as shown in Section ___ of the Closing Memorandum.
- F. The aggregate dollar amount of costs of the T-18 Project to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999B, when added to the amount disbursed therefrom pursuant to previous Requisition Certificates does not exceed the dollar amount of such costs to be paid from the proceeds of the 1999B Bonds, as shown in Section ___ of the Closing Memorandum.
- G. The aggregate dollar amount of costs of the T-18 Project to be paid pursuant to this Requisition Certificate from the Project Account-Series 1999C, when added to the amount disbursed therefrom pursuant to previous Requisition Certificates does not exceed the dollar amount of such costs to be paid from the proceeds of the 1999C Bonds, as shown in Section ___ of the Closing Memorandum.
- H. The amounts requested to be paid pursuant to this subsection ④ shall not be used to pay Port Covered Costs, Port Covered Delay Costs, C-change Costs or C-change Delay Costs.
- I. This Requisition is not being delivered to pay a portion of the Contract Price.

By _____
Designated Port Project Representative

Dated: _____

5

If any portion of the amount requested pursuant to this Requisition Certificate is to be disbursed to pay the cost of Bond Improvements (excluding costs described in 2 and 3 above), this subsection 5 must be completed and signed by the Designated Port Project Representative and approved by the Independent Engineer and the Designated T-18 Co. Representative).

The undersigned Designated Port Project Representative does hereby represent, warrant and certify under the Resolution that:

- A. The expenditures for which moneys are requested have not been included in any previous Requisition Certificate.
- B. \$_____ represent proper costs of the Bond Improvements identified on Schedule A to the Resolution and shall be paid from the Project Account-Series 1999A.
- C. \$_____ represent proper costs of the Bond Improvements identified on Schedule A and/or Schedule B to the Resolution and shall be paid from the Project Account-Series 1999B.
- D. \$_____ represent proper costs of the Bond Improvements identified on Schedule A to the Resolution (and the balance on hand in the Project Account-Series 1999A is not sufficient to pay such costs) or Schedule B to the Resolution, and such costs shall be paid from the Project Account-Series 1999C.
- E. The amounts requested to be paid pursuant to subsections 5(B), (C) or (D) shall not be used to pay Port Covered Costs, Port Covered Delay Costs, C-change Costs or C-change Delay Costs.
- F. \$_____ represent (a) proper costs of the Bond Improvements identified on Schedule A to the Resolution (and the balance on hand in the Project Account-Series 1999A and the Project Account-Series 1999B is not sufficient to pay such costs) or Schedule B to the Resolution (and the balance on hand in the Project Account-Series 1999B is not sufficient to pay such costs) or (b) Port Covered Costs, and such costs shall be paid from the Project Contingency Cost Subaccount within the Project Contingency Account-Series 1999C.
- G. \$_____ represent C-change Costs and such costs shall be paid from the C-change Contingency Cost Subaccount within the C-change Contingency Account-Series 1999C.

By _____
Designated Port Project Representative
Dated: _____

AMOUNT REQUESTED APPROVED IN ACCORDANCE WITH THE RESOLUTION, THE TERMINAL 18 LEASE, THE EPC CONTRACT AND THE CONSTRUCTION MANAGEMENT CONTRACT:

(H or I below must be completed for disbursements requested under this subsection 6).

- H. _____ This Requisition is being delivered to pay a portion of the Contract Price, an Approved Application for Payment is attached.
- I. _____ This Requisition is not being delivered to pay a portion of the Contract Price.

By _____
Independent Engineer

By _____
Designated T-18 Co. Representative

Dated: _____

Dated: _____

EXHIBIT B
COMPLETION CERTIFICATE

I, _____, DO HEREBY CERTIFY that Project Completion, as defined in Resolution No. 3321, has occurred or shall be deemed to have occurred as of _____.

DATED this _____ day of _____, _____.

Designated Port Representative

APPROVED IN ACCORDANCE WITH THE RESOLUTION, THE TERMINAL 18 LEASE, THE EPC CONTRACT AND THE CONSTRUCTION MANAGEMENT CONTRACT:

Independent Engineer

EPC Contractor (as to final completion under the EPC Contract)

TERMINAL 18 DEVELOPMENT COMPANY, INC.

By: _____
Title: _____

SSA TERMINALS, LLC

By: _____
Title: _____

STEVEDORING SERVICES OF AMERICA, INC.

By: _____
Title: _____

**EXHIBIT C
FINAL DISBURSEMENT CERTIFICATE**

TO: Chase Manhattan Trust Company, National Association, as Trustee

FROM: Designated Port Project Representative

SUBJECT: Resolution No. 3321, as amended, of the Port of Seattle regarding Port of Seattle Special Facility Revenue Bonds (Terminal 18 Project), Series 1999A, Series 1999B and Series 1999C (the "Bonds")

This represents Requisition Certificate No. _____ in the total amount of \$ _____ for payment of costs of the T-18 Project, after Trustee receipt of the Completion Certificate.

Amount of Requisition: _____

Payable to: _____

Account No.: _____

Amount to be retained in the Project Fund: _____

The undersigned does hereby represent, warrant and certify under the Resolution that:

1. The expenditures for which moneys are requested hereby represent proper costs (other than Port Covered Costs, Port Covered Delay Costs, C-change Costs and C-change Delay Costs) of the T-18 Project, have not been included in a previous Requisition Certificate and are payable from the Project Fund.

2. The moneys requested hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Port for payment of costs of issuance or proper costs of the T-18 Project.

3. No more than two percent of the proceeds of the 1999B Bonds or the 1999C Bonds have been, or will be upon payment under this Requisition, used to pay costs of issuance of the 1999B Bonds or 1999C Bonds, and substantially all (at least 95%) of the sum of the payment herein requested and all other payments from the proceeds of the 1999B Bonds or 1999C Bonds heretofore made have been used, as required under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations and rulings issued thereunder, to finance Qualified Costs (as defined in the Arbitrage Certificate) of the acquisition, construction and equipping for the Bond Improvements, and no substantial part of the sum of the payment herein requested and all other payments from the proceeds of the 1999C Bonds heretofore made has been or will be used, directly or indirectly, as working capital or to finance inventory.

Terms capitalized herein have the meanings specified in the Resolution.

Executed this ___ day of _____, 19__.

By _____
Designated Port Project Representative