

RESOLUTION NO. 3353, AS AMENDED

A RESOLUTION of the Port Commission of the Port of Seattle, amending Resolution No. 3276, as amended, with respect to certain definitions and requirements applicable to the Port's subordinate lien revenue bonds.

Prepared by:

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

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RESOLUTION NO. 3353, AS AMENDED

A RESOLUTION of the Port Commission of the Port of Seattle, amending Resolution No. 3276, as amended, with respect to certain definitions and requirements applicable to the Port's subordinate lien revenue bonds.

WHEREAS, on March 25, 1997, the Port of Seattle, Washington (the "Port") adopted Resolution No. 3238, as amended (the "1997 First Resolution"), authorizing the issuance of its Subordinate Lien Revenue Bonds, Series 1997 (the "1997 First Series"); and

WHEREAS, on November 11, 1997, the Port adopted Resolution No. 3255, as amended (the "1997 Second Resolution"), authorizing the issuance of its Subordinate Lien Revenue Notes (Commercial Paper) in the principal amount of not to exceed \$100,000,000 (the "1997 Second Series") on a parity with the 1997 First Series; and

WHEREAS, on May 7, 1998, the Port adopted Resolution No. 3276, as amended (the "1998 Resolution"), authorizing the issuance of its Subordinate Lien Revenue Refunding Bonds, 1998 (the "1998 Series") on a parity with the 1997 First Series and the 1997 Second Series; and

WHEREAS, Section 25 of the 1998 Resolution permits the Port to supplement or amend the 1998 Resolution with the consent of the issuer of the Credit Facility securing the 1998 Series, which issuer is deemed to be the sole Registered Owner of the 1998 Series for the purpose of consenting to amendments under Section 25; and

WHEREAS, it is necessary and desirable to amend certain definitions and requirements in the 1998 Resolution; and

WHEREAS, the Port has determined that the requisite consents will be received and the requisite conditions will be met;

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

Section 1. Definition of "Available Revenue." The following definition in Section 1(a) of the 1998 Resolution is hereby deleted in its entirety:

"Available Revenue" means the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 7 of this resolution. Notwithstanding the foregoing, the Port may elect to include other receipts (e.g., passenger facility charges) at any time as additional security for any one or more series of Subordinate Lien Parity Bonds.

The following definition is hereby added to Section 1.01 of the 1998 Resolution:

"Available Revenue" means the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 7 of this resolution. Notwithstanding the foregoing, the Port may adopt a resolution obligating and binding the Port to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of other receipts (not previously included in Gross Revenue) at any time as additional security for any one or more series of Subordinate Lien Parity Bonds; provided that the Port has also obligated and bound itself to set aside and pay such receipts for the benefit of Permitted Prior Lien Bonds.

Section 2. Definition of "Debt Service." The following definition in Section 1(a) of the 1998 Resolution is hereby deleted in its entirety:

"Debt Service" means, for any period of time,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Subordinate Lien Resolution authorizing their issuance, the principal amount thereof equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Subordinate Lien Parity Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Subordinate Lien Parity Bonds, plus (3) all interest payable during such period on any such Subordinate Lien Parity Bonds Outstanding and with respect to Subordinate Lien Parity Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Subordinate Lien Parity Bonds on the date specified in the Subordinate Lien Resolution authorizing such Subordinate Lien Parity Bonds;

(c) with respect to all other series of Subordinate Lien Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Subordinate Lien Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Subordinate Lien Parity Bonds during such period computed on the assumption that the amount of Subordinate Lien Parity Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service of principal and interest over such period and (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index in *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 18 hereof, then within ten days of such certificate; and

(d) with respect to Derivative Products (following the earlier of the date on which the issuers of credit enhancements then in effect with respect to the 1992 Series and the 1997 First Series and the requisite owners of 1992 Series and the 1997 First Series consent and the first date on which 1992 Series and the 1997 First Series are no longer outstanding) the Port Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any Subordinate Lien Parity Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Subordinate Lien Resolution authorizing the issuance of such bonds. Debt Service shall be net of any interest funded out of Subordinate Lien Parity Bond proceeds. From and after the earlier of the first date that the 1997 First Series are no longer Outstanding, and the date on which the Port receives the consents of the issuers of the credit enhancements then in effect with respect to the 1997 First Series and the requisite owners of the 1997 First Series, Debt Service also shall be net of any principal funded out of Subordinate Lien Parity Bond proceeds and shall be net of any principal and/or interest funded from proceeds of any Permitted Prior Lien Bonds or any other obligations thereafter issued for such purposes. Debt Service shall include reimbursement obligations (and interest accruing thereon) owing to providers of Credit Facilities to the extent authorized in a Subordinate Lien Resolution.

The following definition is hereby added to Section 1.01 of the 1988 Resolution:

"Debt Service" means, for any period of time,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Subordinate Lien Resolution authorizing their issuance, the principal amount thereof equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Subordinate Lien Parity Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such Subordinate Lien Parity Bonds, plus (3) all interest payable during such period on any such Subordinate Lien Parity Bonds Outstanding and with respect to Subordinate Lien Parity Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking

fund installments will be applied to the redemption or retirement of such Subordinate Lien Parity Bonds on the date specified in the Subordinate Lien Resolution authorizing such Subordinate Lien Parity Bonds;

(c) with respect to all other series of Subordinate Lien Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Subordinate Lien Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Subordinate Lien Parity Bonds during such period computed on the assumption that the amount of Subordinate Lien Parity Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service of principal and interest over such period and (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index in *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 18 hereof, then within ten days of such certificate; and

(d) with respect to Derivative Products, the Port Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any Subordinate Lien Parity Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Subordinate Lien Resolution authorizing the issuance of such bonds. Debt Service shall be net of any interest funded out of Subordinate Lien Parity Bond proceeds. Debt Service also shall be net of any principal funded out of Subordinate Lien Parity Bond proceeds and shall be net of any principal and/or interest (not including any amounts deposited to any reserve account for payment of principal and/or interest) funded from proceeds of any Permitted Prior Lien Bonds or any other obligations thereafter issued for such purposes. Debt Service shall include reimbursement obligations (and interest accruing thereon) owing to providers of Credit Facilities to the extent authorized in a Subordinate Lien Resolution.

Section 3. Definition of "Estimated Average Derivative Rate." The following definition in Section 1(a) of the 1998 Resolution is hereby deleted in its entirety:

"Estimated Average Derivative Rate" means:

(a) as to the variable rate payments to be made by a party under any Derivative Product,

(i) to the extent such variable rate payments have been made for a period of 12 months or more, the higher (in the case of variable rate Port Payments), or the lower (in the case of variable rate Reciprocal Payments) of:

(A) the weighted average rate of interest applicable to such payments during the immediately preceding 12-month period; or

(B) the rate applicable under the related Derivative Product as of the date of determination; or

(ii) to the extent such variable rate payments have not been made for a period of 12 months or more, the most current actual rate used in calculating such variable rate payments; and

(b) as to any Derivative Products which have been authorized to be entered into by the Port but have not yet been executed or become effective, the variable rate will be estimated by applying the variable rate formula specified in the contract to the most recently published rate for the floating rate index or

other equivalent specified in the Derivative Product as the basis upon which the variable rate will be determined, provided that, when the variable rate to be used in a Derivative Product is specified as the rate or rates applicable to one or more specified maturities of Subordinate Lien Parity Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Subordinate Lien Parity Bonds, and provided further that if two or more Derivative Products each specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

The following definition is hereby added to Section 1.01 of the 1998 Resolution:

“Estimated Average Derivative Rate” means:

(a) as to the variable rate payments to be made by a party under any Derivative Product,

(i) if the Port is the variable rate payor, the greater of the then-prevailing value of the formula set forth in the Derivative Product by which the variable rate payments to be paid by the Port are determined or the average of such variable rate formula during the immediately preceding 12 months; :

or

(ii) if the Reciprocal Payor is the variable rate payor, the lesser of the then-prevailing value of the formula set forth in the Derivative Product by which the variable rate payments to be paid by the Reciprocal Payor are determined or the average of such variable rate formula during the immediately preceding 12 months; and

(b) when the variable rate to be used in a Derivative Product is a designated hedge of one or more specified maturities of the variable rate

Subordinate Lien Parity Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Subordinate Lien Parity Bonds; and

(c) if two or more Derivative Products each specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

Section 4. Definition of "Subordinate Lien Parity Test." The following definition in Section 1(a) of the 1998 Resolution is hereby deleted in its entirety:

"Subordinate Lien Parity Test" means, for so long as the Outstanding Subordinate Lien Bonds remain Outstanding (or such earlier date as the issuers of credit enhancements then in effect with respect to the 1997 First Series and the owners of such Bonds consent), Available Revenue equal to or greater than two times Aggregate Annual Debt Service, and thereafter 1.5 times Aggregate Annual Debt Service.

The following definition is added to Section 1.01 of the 1998 Resolution:

"Subordinate Lien Parity Test" means Available Revenue equal to or greater than 1.5 times Aggregate Annual Debt Service.

Section 5. Permitted Prior Lien Bonds and Future Subordinate Lien Parity Bonds.

Section 18 of the 1998 Resolution which read as is hereby deleted in its entirety:

(a) *Permitted Prior Lien Bonds.* As provided in the Master Resolution, the Port reserves the right to issue from time to time one or more series of First Lien Bonds by means of a Series Resolution (as such term is defined and required under the Master Resolution) for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of First Lien Bonds set forth in the Master Resolution. In addition, and for so long as the 1997 First Series remain outstanding, subject to the further proviso (or until such date on which the Port

receives consents of the issuers of the credit enhancements then in effect with respect to the 1997 First Series and the requisite number of owners of the 1997 First Series), that the Port is not in default of its obligations under this resolution or would be in default after giving effect to such issuance, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 7 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Bonds and the Outstanding Subordinate Lien Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Subordinate Lien Parity Bonds - General Provisions.* The Port hereby further covenants and agrees with the Registered Owners of each of the Bonds for as long as any of the same remain outstanding that it will not issue any Future Subordinate Lien Parity Bonds that constitute a charge and lien upon the Available Revenue equal to the lien thereon of the Bonds, unless (i) for as long as the 1997 First Series remains Outstanding (or until such date on which the Port receives consents of the issuers of the credit enhancements then in effect with respect to the 1997 First Series and the requisite number of owners of the 1997 First Series) at the time of the issuance of such Future Subordinate Lien Parity Bonds the Port is not in default under this resolution, and (ii) either of the conditions (1) or (2) below is satisfied.

(1) Certificate Required. Unless the Port is able to meet the criteria set forth in (2) below, a certificate shall be filed with the Port (as described in this subsection (b) or subsection (c) below) demonstrating fulfillment of the Subordinate Lien Parity Test, (i) commencing with the first full fiscal year following the earlier of (A) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds or (B) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued no longer will be paid from the proceeds of such Future Lien Parity Bonds, and (ii) for the following two fiscal years.

A certificate may be delivered by the Port without a Consultant if the Available Revenue, based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any

successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, is sufficient such that the Subordinate Lien Parity Test will be fulfilled (A) commencing with the first full fiscal year following the earlier of (i) the date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds as reasonably estimated by the Port, or (ii) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued will not be paid from the proceeds of such Future Subordinate Lien Parity Bonds and (B) for the following two fiscal years. Except as provided in the foregoing paragraphs, compliance with the coverage requirements of this Section 18(b) shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Available Revenue for the purpose of certifying compliance with the Subordinate Lien Parity Test, the Consultant shall use as a basis the Available Revenue for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable.

(2) No Certificate Required. A certificate shall not be required as a condition to the issuance of Future Subordinate Lien Parity Bonds:

(i) if the Future Subordinate Lien Parity Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c) of this section; or

(ii) if the Future Subordinate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such Facilities has not materially changed.

(c) *Future Subordinate Lien Parity Bonds For Refunding Purposes.* The Port may issue Future Subordinate Lien Parity Bonds for refunding purposes, as follows:

(1) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Subordinate Lien Parity Bonds including the Bonds, including amounts to pay

principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to acquire credit enhancement and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(1) above. Such refunding Future Subordinate Lien Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Subordinate Lien Parity Bonds to be outstanding after the issuance of the refunding Future Subordinate Lien Parity Bonds shall not be greater than the Maximum Annual Debt Service on the Subordinate Lien Parity Bonds which would have been outstanding were such refunding not to occur.

(2) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other obligations of the Port having a lien on Available Revenue prior to the lien of the Bonds, provided that such bonds are Permitted Prior Lien Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase), any deposits to a reserve account or to acquire credit enhancement and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding without a certificate.

(3) Future Subordinate Lien Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity any bonds or notes of the Port having a lien on Available Revenue on a parity with or prior to the lien of the Bonds, provided that such bonds are Permitted Prior Lien Bonds or Subordinate Lien Parity Bonds, for the payment of which sufficient Available Revenue or other money are not available, without the requirement of a certificate pursuant to this section.

(d) *Liens Subordinate to Subordinate Lien Parity Bonds.* Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations which are a charge upon the Available Revenue junior or inferior to the payments required by this resolution to be made out of such Available Revenue to pay and secure the payment of any Subordinate Lien Parity Bonds.

The following is hereby added as Section 18(a) of the 1998 Resolution:

(a) *Permitted Prior Lien Bonds.* As provided in the Master Resolution, the Port reserves the right to issue from time to time one or more

series of First Lien Bonds by means of a Series Resolution (as such term is defined and required under the Master Resolution) for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of First Lien Bonds set forth in the Master Resolution. In addition, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 7 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Bonds and the Outstanding Subordinate Lien Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Subordinate Lien Parity Bonds - General Provisions.* The Port hereby further covenants and agrees with the Registered Owners of each of the Bonds for as long as any of the same remain outstanding that it will not issue any Future Subordinate Lien Parity Bonds that constitute a charge and lien upon the Available Revenue equal to the lien thereon of the Bonds, unless, except for Future Subordinate Lien Parity Bonds issued for refunding purposes pursuant to subsection (c) below, (i) for as long as the Bonds or the Outstanding Subordinate Lien Bonds remain Outstanding, at the time of the issuance of such Future Subordinate Lien Parity Bonds the Port is not in default under this resolution, and (ii) either of the conditions (1) or (2) below is satisfied.

(1) Certificate Required. Unless the Port is able to meet the criteria set forth in (2) below, a certificate shall be filed with the Port (as described in this subsection (b) or subsection (c) below) demonstrating fulfillment of the Subordinate Lien Parity Test, (i) commencing with the first full fiscal year following the earlier of (A) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds or (B) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued no longer will be paid from the proceeds of such Future Lien Parity Bonds, and (ii) for the following two fiscal years.

A certificate may be delivered by the Port without a Consultant if the Available Revenue, based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, is sufficient such that the Subordinate Lien Parity Test will be fulfilled (A) commencing with the first full fiscal year following the

earlier of (i) the date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds as reasonably estimated by the Port, or (ii) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued will not be paid from the proceeds of such Future Subordinate Lien Parity Bonds and (B) for the following two fiscal years. Except as provided in the foregoing paragraphs, compliance with the coverage requirements of this Section 18(b) shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Available Revenue for the purpose of certifying compliance with the Subordinate Lien Parity Test, the Consultant shall use as a basis the Available Revenue for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable.

(2) No Certificate Required. A certificate shall not be required as a condition to the issuance of Future Subordinate Lien Parity Bonds:

(i) if the Future Subordinate Lien Parity Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c) of this section; or

(ii) if the Future Subordinate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such Facilities has not materially changed.

(c) *Future Subordinate Lien Parity Bonds For Refunding Purposes.* The Port may issue Future Subordinate Lien Parity Bonds for refunding purposes, as follows:

(1) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Subordinate Lien Parity Bonds including the Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to acquire credit enhancement and the expenses of issuing the Future Subordinate Lien Parity

Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(1) above. Such refunding Future Subordinate Lien Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Subordinate Lien Parity Bonds to be outstanding after the issuance of the refunding Future Subordinate Lien Parity Bonds shall not be greater than the Maximum Annual Debt Service on the Subordinate Lien Parity Bonds which would have been outstanding were such refunding not to occur.

(2) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other obligations of the Port having a lien on Available Revenue prior to the lien of the Bonds, provided that such bonds are Permitted Prior Lien Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase), any deposits to a reserve account or to acquire credit enhancement and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding without a certificate.

(3) Future Subordinate Lien Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity any bonds or notes of the Port having a lien on Available Revenue on a parity with or prior to the lien of the Bonds, provided that such bonds are Permitted Prior Lien Bonds or Subordinate Lien Parity Bonds, for the payment of which sufficient Available Revenue or other money are not available, without the requirement of a certificate pursuant to this section.

(d) *Liens Subordinate to Subordinate Lien Parity Bonds.* Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations which are a charge upon the Available Revenue junior or inferior to the payments required by this resolution to be made out of such Available Revenue to pay and secure the payment of any Subordinate Lien Parity Bonds.

Section 6. Covenants. Section 16(a) of the 1998 Resolution which read as follows is hereby deleted in its entirety:

(a) *Subordinate Lien Rate Covenant.* The Port will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business that will produce Available Revenue in each fiscal year at least equal to the amounts required to be deposited during such fiscal year

from Net Revenues into the Subordinate Lien Bond Funds and any other bond fund established or maintained for the benefit of Subordinate Lien Parity Bonds then outstanding and any other amounts due to the issuers of credit enhancement for outstanding Subordinate Lien Parity Bonds but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service (herein referred to as the "Subordinate Lien Rate Covenant").

The following is hereby added as Section 16(a) of the 1998 Resolution:

(a) *Subordinate Lien Rate Covenant.* The Port will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business that will produce Available Revenue in each fiscal year at least equal to the amounts required to be deposited during such fiscal year from Net Revenues into the Subordinate Lien Bond Funds, any other bond fund established or maintained for the benefit of Subordinate Lien Parity Bonds and any fund established or maintained to pay any Port Payments due with respect to any Derivative Products then outstanding and any other amounts due to the issuers of credit enhancement for outstanding Subordinate Lien Parity Bonds or, to the extent not otherwise provided for, to any Reciprocal Payor but excluding from each of the foregoing, payments made or to be made from refunding debt and capitalized debt service or other money irrevocably set aside for such payments (herein referred to as the "Subordinate Lien Rate Covenant").

Section 7. Amendments With Registered Owners' Consent.

Section 25(c) of the 1998 Resolution which reads as follows is hereby deleted in its entirety:

(c) *Amendments With Consent of Issuer of Credit Facility.* If any Bonds are secured by a Credit Facility, the issuer of the Credit Facility shall be considered to be the Registered Owner of such Bonds for purposes of granting any consent to an amendment or supplement pursuant to subsection (b) hereof.

The following is hereby added as Section 25(c) of the 1998 Resolution:

(c) *Amendments With Consent of Issuer of Credit Facility.* If any Bonds are secured by a Credit Facility, the issuer of the Credit Facility shall be considered to be the Registered Owner of such Bonds for purposes of granting any consent to an amendment or supplement pursuant to subsection (b) hereof except for amendments that alter the interest rates on any Bonds, the maturity date, Interest Payment Dates, purchase upon tender or redemption provisions of any Bonds.

Section 8. Effective Date. This resolution shall take effect immediately upon the later of its adoption and the Port's receipt of the requisite consent of the issuer of the Credit Facility securing the 1998 Series.

ADOPTED by the Port Commission of the Port of Seattle at a meeting thereof, held this 24th day of August, 1999, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission duly affixed.

PORT OF SEATTLE, WASHINGTON

Patricia Davis
John B. ...
[Signature]
Gary Grant

Commissioners