

PORT OF SEATTLE

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RESOLUTION NO. 3540, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING AN INTERMEDIATE LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS, AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

ADOPTED: June 14, 2005

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

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, adopted on February 2, 1990 and most recently amended by Resolution No. 3436, adopted on July 11, 2000 (the "First Lien Master Resolution"); and

WHEREAS, the Port has issued and currently has outstanding 18 series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

<u>Resolution Number</u>	<u>Date of Issue</u>		<u>Original Principal Amt.</u>	<u>Currently Outstanding (6/2/05)</u>	<u>Final Maturity Dates</u>
3111	04/01/1992	(A)	\$25,450,000	\$ 395,000	11/1/2005
3155	02/01/1994	(A)	27,135,000	17,495,000	12/1/2011
3155	02/01/1994	(C)	51,755,000	17,845,000	07/1/2009
3215	04/01/1996	(A)	31,820,000	31,820,000	09/1/2021
3215	04/01/1996	(B)	74,520,000	53,315,000	09/1/2017
3242	05/01/1997	(A)	120,375,000	120,375,000	10/1/2022
3242	05/01/1997	(B)	19,985,000	2,230,000	10/1/2005
3275	05/01/1998	(A)	73,180,000	32,640,000	06/1/2017
3430	08/10/2000	(A)	130,690,000	130,690,000	02/1/2030
3430	08/10/2000	(B)	221,590,000	210,125,000	02/1/2024

3430	09/06/2000	(D)	28,085,000	13,135,000	02/1/2011
3462	10/17/2001	(A)	176,105,000	176,105,000	04/1/2031
3462	10/17/2001	(B)	251,380,000	251,380,000	04/1/2024
3462	10/17/2001	(C)	12,205,000	12,205,000	12/1/2014
3462/3467	08/07/2002	(D)	68,580,000	65,075,000	11/1/2017
3509	08/20/2003	(A)	190,470,000	190,470,000	07/1/2033
3509	08/20/2003	(B)	164,900,000	164,900,000	07/1/2029
3528	06/30/2004		24,710,000	23,380,000	06/1/2017

(“Outstanding First Lien Bonds”); and

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

WHEREAS, the Port has issued and currently has outstanding six series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Original Principal Amount	Current Outstanding (6/2/05)	Final Maturity Dates
3238 <sup>1</sup>	03/26/1997	\$108,830,000	\$ 108,830,000	09/01/2022
3276 <sup>2</sup>	05/01/1998	27,930,000	20,605,000	08/01/2017
3354 <sup>3</sup>	09/01/99 (A)	127,140,000	121,840,000	09/01/2024
3354 <sup>3</sup>	09/01/99 (B)	116,815,000	102,560,000	09/01/2016
3456	(CP)	250,000,000	59,255,000	06/01/2021
3510	08/20/03 (C)	200,000,000	200,000,000	07/01/2033

<sup>1</sup> Amended by Resolution No. 3351, as amended, adopted on August 24, 1999.

<sup>2</sup> Amended by Resolution No. 3353, as amended, adopted on August 24, 1999.

<sup>3</sup> Amended by Resolution No. 3496, as amended, adopted on November 12, 2002.

(the “Outstanding Subordinate Lien Bonds”); and

WHEREAS, each of the resolutions, as amended, authorizing the issuance of the Outstanding Subordinate Lien Bonds (identified in the chart above) authorized the Port to issue

revenue obligations having a prior lien on the revenues available to pay debt service on the Outstanding Subordinate Lien Bonds; and

WHEREAS, the Commission deems it advisable and in the best interest of the Port to establish a separate lien of revenue bonds of the Port that may hereafter be issued for any of its legal purposes under the provisions, terms and conditions of this resolution; and

WHEREAS, the principal of and interest on the bonds authorized by this resolution shall be payable solely from and shall constitute a lien and charge against Available Intermediate Lien Revenues (hereinafter defined);

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

Section 1.     Definitions. As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

*Accreted Value* means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such Intermediate Lien Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Intermediate Lien Parity Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds.

The *Amount Due* (for purposes of the Rate Covenant) in each fiscal year of the Port shall be equal to (a) Scheduled Debt Service, plus (b) amounts required to be deposited during

such fiscal year from Available Intermediate Lien Revenues into the Intermediate Lien Reserve Account plus (c) any other amounts due to any Credit Facility Issuer or any Liquidity Facility Issuer, but excluding from the foregoing (i) payments made or to be made from refunding debt and capitalized debt service or other money irrevocably (by Commission resolution) set aside for such payment and (ii) Intermediate Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative.

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

***Available Coverage Amount*** means the unrestricted balance in the Revenue Fund at the end of the two most recent fiscal years of the Port, whichever is lower. No amounts may be included in the Available Coverage Amount unless such amounts are legally available for payment of debt service on Intermediate Lien Parity Bonds.

***Available Intermediate Lien Revenues*** means the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 2 of this resolution, excluding any Released Revenues.

***Available Intermediate Lien Revenues as First Adjusted*** means Available Intermediate Lien Revenues increased (without duplication) by Prior Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative and subject to further adjustment to reflect the following:

(a) It is the intent of the Port that regularly scheduled net payments under derivative products (interest rate hedges) with respect to Port revenue obligations (regardless of lien position) be reflected in the calculation of debt service obligations with respect to those revenue obligations and not as adjustments to Gross Revenue or Operating Expenses; and

(b) Gross Revenue and Operating Expenses may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit) in order to more fairly reflect the Port's annual operating performance.

**Available Intermediate Lien Revenues as Second Adjusted** means Available Intermediate Lien Revenues as First Adjusted plus the Available Coverage Amount.

**Balloon Maturity Bonds** means any Intermediate Lien Parity Bonds that are so designated in the Series Resolution pursuant to which such Intermediate Lien Parity Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

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

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

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

**BMA Municipal Swap Index** means the Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Bond Market

Association; *provided*, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then BMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated Port Representative.

**Capital Appreciation Bonds** means Intermediate Lien Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such Intermediate Lien Parity Bonds. If so provided in the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Intermediate Lien Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

**Certificate Period** means a period commencing with the year of issuance of the proposed series of Intermediate Lien Parity Bonds and ending with the third complete fiscal year following the earlier of (i) the projected Date of Commercial Operation of the Facilities to be financed with the proceeds of the proposed Intermediate Lien Parity Bonds; or (ii) the date on which no portion of the interest on the proposed series of Intermediate Lien Parity Bonds will be paid from the proceeds of such Intermediate Lien Parity Bonds (such date to be determined in accordance with the Port's proposed schedule of expenditures).

**Commission** means the elected governing body of the Port, or any successor thereto as provided by law.

**Consultant** means at any time an independent consultant recognized in marine or aviation matters or an engineer or engineering firm or other expert appointed by the Port to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by Section 5 hereof,



the term Consultant shall also include any independent public accounting firm appointed by the Port to make such calculation or to provide such certificate or the financial advisor appointed by the Port to make such calculation or to provide such certificate.

**Costs of Construction** means all costs paid or incurred by the Port in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Intermediate Lien Parity 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 series of Intermediate Lien Parity Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

A **Credit Event** occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) a Qualified Letter of Credit or Qualified Insurance no longer meets the requirements established therefor in the definition thereof.

**Credit Facility** means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations

of the Port, including but not limited to payment of the scheduled principal of and interest on Intermediate Lien Parity Bonds.

***Credit Facility Issuer*** means the issuer of any Credit Facility.

***Date of Commercial Operation*** means the date upon which any Facilities are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port or, if used with reference to Facilities to be acquired, shall mean the date on which such acquisition is final.

***Debt Service*** means, for any period of time and for the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 and for the purpose of calculating the Intermediate Lien Reserve Requirement,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance and that have not been associated with a Parity Derivative Product, the principal amount equal to the Accreted Value thereof maturing, converting or scheduled for redemption in such period, including the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds that have not been associated with a Parity Derivative Product, an amount equal to (1) the principal amount of such Intermediate 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 Intermediate Lien Parity Bonds, plus (3) all interest payable during such period on any such Intermediate Lien Parity Bonds Outstanding and, with respect to Intermediate

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 Intermediate Lien Parity Bonds on the date specified in the Series Resolution authorizing such Intermediate Lien Parity Bonds;

(c) with respect to all other series of Intermediate 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 Intermediate Lien Parity Bonds bearing variable rates of interest and that have not been associated with a Parity Derivative Product, an amount for any period equal to the amount which would be payable (1) as principal on such Intermediate Lien Parity Bonds during such period (computed on the assumption that the amount of Intermediate Lien Parity Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Intermediate 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 during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the BMA Municipal Swap Index, plus (B) 1.5%;

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

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

(2) assumed interest equal to

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

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

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

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

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

(2) assumed interest equal to

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

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

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

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

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

(2) assumed interest equal to:

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

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

months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

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

With respect to any Intermediate Lien Parity Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds. With respect to any series of Intermediate Lien Parity Bonds that is associated with a Parity Derivative Product with a notional amount that is less than the then Outstanding principal amount of such series of Intermediate Lien Parity Bonds, Debt Service shall be calculated separately for the portion of such Intermediate Lien Parity Bonds associated with the Parity Derivative Product and, without duplication, the portion not so associated.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any Intermediate Lien Parity Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 (and not for the purposes of calculating the Intermediate Lien Reserve Requirement), Debt Service also shall be net of Intermediate Lien Debt Service Offsets, subject to the conditions set forth in Section 5.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized herein or in another Series Resolution.

**Designated Port Representative** means the Chief Executive Officer of the Port, the Deputy Chief Executive Officer of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

**Facilities** means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Intermediate Lien Parity Bonds of the Port shall be Outstanding) owned, operated, used, leased or managed by the Port.

**First Lien Bonds** means the Outstanding First Lien Bonds and any bonds issued by the Port in the future under a "Series Resolution", as defined in the First Lien Master Resolution, and pursuant to Section 7 of the First Lien Master Resolution, which provides that such bonds shall be on a parity of lien with other series of First Lien Bonds.

**First Lien Master Resolution** means Resolution No. 3059, as amended by Resolution No. 3214, Resolution No. 3241, and Resolution No. 3156 of the Commission, and as the same may be amended in the future in accordance with its terms.

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

**Fixed Rate Bonds** means those Intermediate Lien Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Intermediate Lien Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in

the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of Intermediate Lien Parity Bonds simultaneously issued under a Series Resolution and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

**Gross Revenue** means all income and revenue derived by the Port from any source whatsoever except:

- (a) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds);
- (b) income and revenue that may not legally be pledged for revenue bond debt service;
- (c) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;
- (d) payments made under Credit Facilities issued to pay or secure the payment of a particular series of obligations;
- (e) proceeds of insurance or condemnation proceeds other than business interruption insurance;
- (f) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, *provided that* nothing in this subparagraph (f) shall permit the withdrawal from Gross Revenue of any income or revenue



derived or to be derived by the Port from any income producing facility that shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and

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

Notwithstanding the foregoing, the Port may elect to pledge the foregoing exceptions from Gross Revenue and/or any other receipts at any time as additional security for any one or more series of obligations and thereby include such exception and/or receipts in Gross Revenue for such series of obligations; but if and only to the extent that such receipts may legally be used to pay debt service on such series of obligations.

**Intermediate Lien Bond Fund** means the fund of that name established pursuant to Section 3 of this resolution.

**Intermediate Lien Debt Service Offsets** means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Intermediate Lien Parity Bonds, but excluding any receipts that have been designated as Prior Lien Debt Service Offsets.

**Intermediate Lien Parity Bonds** means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 3 hereof. The term **Intermediate Lien Parity Bonds** may include reimbursement obligations of the Port to the issuer of a Credit Facility.

**Intermediate Lien Reserve Account** means the account of that name established within the Intermediate Lien Bond Fund pursuant to Section 3 of this resolution.

**Intermediate Lien Reserve Requirement** means a dollar amount equal to average Annual Debt Service on all Outstanding Intermediate Lien Parity Bonds, determined and calculated as of

the date of issuance of each Series of Intermediate Lien Parity Bonds (and recalculated upon the issuance of a subsequent Series of Intermediate Lien Parity Bonds and also, at the Port's option, upon the payment of principal of Intermediate Lien Parity Bonds).

**LIBOR** means the rate offered for U.S. dollar deposits on the London Inter-Bank Market, or any comparable successor rate.

**Liquidity Facility** means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of Intermediate Lien Parity Bonds.

**Liquidity Facility Issuer** means the issuer of any Liquidity Facility.

**Maximum Annual Debt Service** means, with respect to any Outstanding series of Intermediate Lien Parity Bonds, the highest remaining Annual Debt Service for such series of Intermediate Lien Parity Bonds.

**Moody's** means Moody's Investors Service Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Port Representative.

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

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

**Operating Expenses** means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles applicable to the Port, in effect from time to time, excluding (i) any allowances for depreciation or amortization, or (ii) interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

**Original Issue Discount Bonds** means Intermediate Lien Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

**Other Derivative Product** means a payment agreement entered into in connection with one or more series of Intermediate Lien Parity Bonds between the Port and a counterparty permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, which is not a Parity Derivative Product.

**Outstanding**, when used as of a particular time with reference to Intermediate Lien Parity Bonds, means all Intermediate Lien Parity Bonds delivered under a Series Resolution except those identified as no longer "Outstanding" under the terms established in the respective Series Resolution.

**Outstanding First Lien Bonds** means, collectively, the Port's outstanding Revenue Bonds, Series 1992A, issued pursuant to Resolution No. 3111, as amended; Revenue Bonds, Series 1994A and Revenue Bonds, Series 1994C issued pursuant to Resolution No. 3155, as amended, Revenue Bonds, Series 1996A and Series 1996B issued pursuant to Resolution No. 3215, as amended; Revenue Bonds, Series 1997A and Series 1997B issued pursuant to

Resolution No. 3242, as amended; and Revenue Refunding Bonds, Series 1998 issued pursuant to Resolution No. 3275, as amended; Revenue Bonds, Series 2000A and Series 2000B and Revenue Refunding Bonds, Series 2000D issued pursuant to Resolution No. 3430, as amended; Revenue Bonds, Series 2001A and Series 2001B and Revenue Refunding Bonds, Series 2001C issued pursuant to Resolution No. 3462, as amended; Revenue Refunding Bonds, Series 2001D issued pursuant to Resolution No. 3462, as amended, and Resolution No. 3467; and Revenue Bonds, Series 2003A and Series 2003B issued pursuant to Resolution No. 3509, as amended, and Revenue Refunding Bonds, 2004 (Taxable) issued pursuant to Resolution No. 3528, as amended.

***Outstanding Subordinate Lien Bonds*** means, collectively, the Port's outstanding Subordinate Lien Revenue Bonds, Series 1997 issued pursuant to Resolution No. 3238, as amended by Resolution No. 3351, as amended, adopted on August 24, 1999; Subordinate Lien Refunding Revenue Bonds, 1998 issued pursuant to Resolution No. 3276, as amended by Resolution No. 3353, as amended, adopted on August 24, 1999; Subordinate Lien Revenue Bonds, Series 1999A and Series 1999B, issued pursuant to Resolution No. 3354, as amended; and Subordinate Lien Revenue Notes (Commercial Paper) issued pursuant to Resolution No. 3456, as amended; and Subordinate Lien Revenue Bonds, Series 2003C issued pursuant to Resolution No. 3510, as amended.

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

**Paying Agent** shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution to act as paying agent for one or more series of Intermediate Lien Parity Bonds.

**Permitted Prior Lien Bonds** means and includes the First Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs First, Second, and Third of Section 2 of this resolution and having a lien on Net Revenues superior to the lien thereon of the Intermediate Lien Parity Bonds.

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

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

**Prior Lien Debt Service Offsets** means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Permitted Prior Lien Bonds.

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

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

**Rate Covenant** has the meaning given such term in Section 6(a) of this resolution.

**Rating Agency** means Fitch, Moody's or S&P

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

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

**Reciprocal Other Payment** means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under an Other Derivative

Product by the Port's counterparty and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

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

**Registered Owner** means the person named as the registered owner of an Intermediate Lien Parity Bond in the bond register maintained by the Registrar for such Intermediate Lien Parity Bonds.

**Registrar** means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution, to act as registrar for one or more series of Intermediate Lien Parity Bonds.

**Released Revenues** shall mean income or revenue of the Port previously included in Available Intermediate Lien Revenue in respect of which the following have been delivered by or to the Port:

(a) a certificate of the Designated Port Representative identifying the income or revenue to be removed from the definition of Available Intermediate Lien Revenue and certifying the Port is in compliance with all requirements of this resolution;

(b) a certificate of an independent certified public accountant to the effect that Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for each of the two audited fiscal years prior to the date of such certificate were equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(c) a certificate of a Consultant to the effect that based upon current knowledge of the operations of the Port, Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for the current fiscal year will be equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(d) Rating Agency confirmation that the ratings then assigned to any Intermediate Lien Parity Bonds by such Rating Agency will not be reduced or withdrawn as a result of such withdrawal of Released Revenues; and

(e) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Available Intermediate Lien Revenues and from the pledge, charge and lien of this resolution will not in and of itself cause the interest on any Outstanding Intermediate Lien Parity Bond issued as tax-exempt securities to be included in gross income for purposes of federal income tax.

***Repair and Renewal Fund*** means the special fund authorized to be created pursuant to Section 4(B) of the First Lien Master Resolution.

***Reserve Lien Revenue Bonds*** means those revenue bonds and other revenue obligations issued or incurred by the Port payable from Gross Revenue and having liens on Net Revenues subordinate to that of the Intermediate Lien Parity Bonds and prior to the lien thereon of the Subordinate Lien Parity Bonds.

***Revenue Fund*** means, collectively, the Port's general fund, airport development fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenues.



**Scheduled Debt Service** means the amounts required in a fiscal year to be paid by the Port as scheduled debt service (principal and interest) on Outstanding Intermediate Lien Parity Bonds, adjusted by Net Payments during such fiscal year.

**Series Resolution** means a resolution authorizing the issuance of a series of Intermediate Lien Parity Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

**S&P** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Port Representative.

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

**Special Revenue Bonds** means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such facilities.

**Subordinate Lien Parity Bonds** means and includes the Outstanding Subordinate Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs First through Eighth of Section 2 of this resolution.

**Tax Maximum** means the maximum dollar amount permitted by the Internal Revenue Code of 1986, as amended, including applicable regulations thereunder, to be allocated to a bond

reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

**Treasurer** means the Chief Financial Officer of the Port, or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

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

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

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

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

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

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

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port

Representative or his or her designee, 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.

Section 2. Priority of Use of Gross Revenue. The Port's Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

Second, to make all payments, including sinking fund payments, required to be made into the debt service account(s) within any redemption fund maintained for First Lien Bonds to pay the principal of and interest and premium, if any, on any First Lien Bonds;

Third, to make all payments required to be made into any reserve account(s) maintained for First Lien Bonds to secure the payment of any First Lien Bonds;

Fourth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of, premium, if any, and interest on any revenue bonds or other revenue obligations of the Port having liens upon the Net Revenues and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of, premium, if any, and interest on any First Lien Bonds, but prior to the lien thereon of Intermediate Lien Parity Bonds;

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Intermediate Lien Parity Bonds to pay the principal of and interest on Intermediate Lien Parity Bonds and, without duplication, to make Net Payments due

with respect to any Parity Derivative Product secured by a pledge of and lien on Available Intermediate Lien Revenues on an equal and ratable basis with Outstanding Intermediate Lien Parity Bonds;

Sixth, to make all payments required to be made into the Intermediate Lien Reserve Account;

Seventh, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Reserved Lien Revenue Bonds to pay the principal of and interest on Reserved Lien Revenue Bonds;

Eighth, to make all payments required to be made into any reserve account(s) securing Reserved Lien Revenue Bonds;

Ninth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Subordinate Lien Parity Bonds, including, but not limited to the Subordinate Lien Bond Fund to pay the principal of and interest on Subordinate Lien Parity Bonds;

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

Eleventh, to make all payments required to be made into the Repair and Renewal Fund under the terms of the First Lien Master Resolution to maintain any required balance therein; and

Twelfth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

Notwithstanding the foregoing, the obligations of the Port to make nonscheduled payments under a Parity Derivative Product (i.e., any termination payment or other fees) and/or make any payment pursuant to an Other Derivative Product may be payable from Gross Revenue available after Sixth above, as set forth in such Parity Derivative Product or Other Derivative Product.

Section 3. Authorization of Intermediate Lien Parity Bonds; Intermediate Lien Bond Fund; Intermediate Lien Reserve Account. Subject to Section 5 of this resolution, revenue bonds of the Port, unlimited in amount, to be known as the “Port of Seattle Intermediate Lien 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 to be necessary or advisable, for any purposes of the Port now or hereafter permitted by law.

The Intermediate Lien Parity Bonds and the lien hereof created and established hereunder shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account therein (herein created). The Intermediate Lien Parity Bonds shall be payable solely from and secured solely by Available Intermediate Lien Revenues available after providing for the payments specified in paragraph First through Fourth of Section 2 of this resolution; provided, however, that any series of Intermediate Lien Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Intermediate Lien Parity Bonds.

A special fund of the Port designated the “Port of Seattle Intermediate Lien Revenue Bond Fund” (the “Intermediate Lien Bond Fund”) is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of Intermediate

Lien Parity Bonds. The Intermediate Lien Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of Intermediate Lien Parity Bonds.

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

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Intermediate Lien Parity Bonds; and

(2) Such amounts with respect to Outstanding Intermediate Lien Parity Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Outstanding Intermediate Lien Parity Bonds in accordance with any mandatory redemption provisions

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Net Revenues superior to all other liens and charges of any kind or nature whatsoever except for the liens and charges thereon of Permitted Prior Lien Bonds and except for liens and charges equal in rank that may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Intermediate Lien Parity Bonds issued under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 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.

An Intermediate Lien Reserve Account (the "Intermediate Lien Reserve Account") is hereby authorized to be created by the Treasurer of the Port within the Intermediate Lien Bond Fund for the further purpose of securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port shall make deposits therein as provided in this section so that the balance therein shall be at least equal to the Intermediate Lien Reserve Requirement.

The Intermediate Lien Reserve Requirement may be funded at the date of issuance of Intermediate Lien Parity Bonds or may be funded in equal monthly deposits over a period of time (not greater than three years) established in Series Resolution(s); provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a Series of Intermediate Lien Parity Bonds shall not be greater than the Tax Maximum. If the dollar amount required to be contributed at the time of issuance of a Series exceeds the Tax Maximum, then the amount required to be contributed shall be equal to the Tax Maximum; the Intermediate Lien Reserve Requirement shall be adjusted accordingly and remain in effect until the earlier of (i) at the Port's option, the payment of principal of Intermediate Lien Parity Bonds or (ii) the issuance of a subsequent Series of Intermediate Lien Parity Bonds (when the Intermediate Lien Reserve Requirement shall be re-calculated).

The Intermediate Lien Reserve Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated Port Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Intermediate Lien Reserve Requirement. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or

Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Intermediate Lien Reserve Account, all or a portion of the money on hand in the Intermediate Lien Reserve Account shall be transferred to the fund or account specified by the Designated Port Representative. In computing the amount on hand in the Intermediate Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued on a marked to market basis, at least once annually. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Intermediate Lien Reserve Account may be satisfied by the transfer of investments to such account. If a deficiency in the Intermediate Lien Reserve Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within a year thereof.

If the balance on hand in the Intermediate Lien Reserve Account is sufficient to satisfy the Intermediate Lien Reserve Requirement, amounts in excess of such Intermediate Lien Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account to pay the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds, the money in the Intermediate Lien Reserve Account may be used to pay such principal and interest. If the balance on deposit in the Intermediate Lien Reserve Account is at least equal to the Intermediate Lien Reserve Requirement, money in the Intermediate Lien



Reserve Account in excess of the Intermediate Lien Reserve Requirement may be transferred to the fund or account specified in writing by the Designated Port Representative.

If a deficiency in the Intermediate Lien Bond Fund shall occur, such deficiency shall be made up from the Intermediate Lien Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Intermediate Lien Reserve Account, in such amounts as will provide cash in the Intermediate Lien Reserve Account sufficient to make up any such deficiency with respect to the Intermediate Lien Parity Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the transfer of cash from the Intermediate Lien Reserve Account to the Intermediate Lien Bond Fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Intermediate Lien Reserve Account for the Intermediate Lien Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First through Fifth of Section 2 of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for Intermediate Lien Parity Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Intermediate Lien Parity Bonds shall be permitted, and no remedies that adversely affect Registered Owners of the Intermediate Lien Parity Bonds shall be permitted. Any deficiency created in the Intermediate Lien Reserve Account by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of

Credit or out of Available Intermediate Lien Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into the Intermediate Lien Bond Fund within such year.

To the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 3, amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Intermediate Lien Reserve Account by this Section 3 to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. If a Credit Event occurs, the Intermediate Lien Reserve Requirement shall be satisfied (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event, out of Available Intermediate Lien Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Intermediate Lien Bond Fund.

Section 4. Authorization of Series of Intermediate Lien Parity Bonds. The Port may issue hereunder from time to time one or more series of Intermediate Lien Parity Bonds by means of a Series 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 Intermediate Lien Parity Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Intermediate Lien Parity Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

- (a) the authorized maximum principal amount, designation and series of such Intermediate Lien Parity Bonds;
- (b) the general purpose or purposes for which such series of Intermediate Lien Parity Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Intermediate Lien Parity Bonds of such series;
- (c) the maximum interest rate or rates on the Intermediate Lien Parity Bonds of such series (which may be a rate of zero) or, if the interest rate or rates shall be variable, the method for determining such interest rates;
- (d) the circumstances, if any, under which the Intermediate Lien Parity Bonds of such series will be deemed to be no longer Outstanding;
- (e) the currency or currencies in which the Intermediate Lien Parity Bonds of such series are payable;
- (f) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Intermediate Lien Parity Bonds of such series;
- (g) the Paying Agent or Paying Agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;
- (h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Intermediate Lien Parity Bonds of such series;
- (i) the tender agent or tender agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;
- (j) the remarketing agent or remarketing agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(k) the Registrar or Registrars, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(l) the form or forms of the Intermediate Lien Parity Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Intermediate Lien Parity Bonds of such series;

(m) the terms and conditions, if any, for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms under such terms and conditions approved by resolution of the Commission;

(n) the terms and conditions, if any, for the purchase of the Intermediate Lien Parity Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the tender of the Intermediate Lien Parity Bonds of such series prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms under such terms and conditions approved by resolution of the Commission;

(o) the manner of sale of the Intermediate Lien Parity Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount

Intermediate Lien Parity Bonds; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to establish the issue price of the Intermediate Lien Parity Bonds, including a premium or a discount, under such terms and conditions approved by resolution of the Commission;

(p) if so determined by the Port, the authorization of and any terms and conditions with respect to credit or liquidity support for the Intermediate Lien Parity Bonds of such series and the pledge or provision of moneys, assets or security other than Net Revenues to or for the payment of the Intermediate Lien Parity Bonds of such series or any portion thereof;

(q) a special fund or account to provide for the payment of the Intermediate Lien Parity Bonds of such series and, if so determined by the Port, any other special funds or accounts for the Intermediate Lien Parity Bonds of such series and the application of moneys or security therein;

(r) the amount, if any, to be deposited or credited to the Intermediate Lien Reserve Account; and

(s) any other provisions which the Port deems necessary or desirable in connection with the Intermediate Lien Parity Bonds of such series.

Section 5. Permitted Prior Lien Bonds; Conditions of Issuance of Intermediate Lien Parity Bonds.

(a) *Permitted Prior Lien Bonds.* As provided in the First Lien Master Resolution, the Port reserves the right to issue one or more series of First Lien Bonds by means of a "Series Resolution" (as such term is defined and required under the First Lien Master Resolution) for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of First Lien Bonds set forth in the

First Lien Master Resolution. In addition, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 2 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Intermediate Lien Parity 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 Intermediate Lien Parity Bonds - General Provisions.* All Intermediate Lien Parity Bonds authorized to be issued under Series Resolutions, upon fulfillment of the conditions of this resolution, shall be issued on a parity of lien with one another, having an equal lien and charge upon the Available Intermediate Lien Revenues of the Port.

The Port hereby further covenants and agrees with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding that it will not issue any Intermediate Lien Parity Bonds that constitute a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds, unless at the time of the issuance of such Intermediate Lien Parity Bonds the Port is not in default under this resolution, and the Port meets the conditions set forth in subsection (c) below or meets either of the conditions described in (1) or (2) below.

(1) Certificate Required. There shall have been delivered prior to or on the date of the issuance of the Intermediate Lien Parity Bonds, either

(A) a certificate prepared as provided below and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in

each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Consultant's certificate, prepared as provided below, stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period.

If Intermediate Lien Debt Service Offsets or Prior Lien Debt Service Offsets are or have been used in order to comply with Section 6(a)(1) or (2), then for the purposes of meeting the conditions of this Section 5, the Port shall, by resolution (which may be a Series Resolution), identify and irrevocably pledge the receipts that constitute such Intermediate Lien Debt Service Offset or Prior Lien Debt Service Offsets for a period not less than the duration of the Certificate Period.

The Designated Port Representative's certificate, described in (A) above shall be 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.

In making the computations of projected Available Intermediate Lien Revenues for the purpose of certifying compliance with the conditions specified in (B) above, the Consultant shall use as a basis the Available Intermediate Lien Revenues 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. The Consultant shall make such adjustments to Available Intermediate Lien Revenues (including those described in establishing Available Intermediate

Lien Revenues as First Adjusted) in order to compute projected Available Intermediate Lien Revenues as he/she/it deems reasonable as set forth in writing to the Port.

Compliance with the coverage requirements of this Section 5 shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (b).

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

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

(B) if the Intermediate 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, stating that the scope, nature and purpose of such Facilities has not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities.

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

(1) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Intermediate Lien Parity 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 purchase a Qualified Letter of



Credit or Qualified Insurance, any termination amount with respect to an associated Parity Derivative Product or Other Derivative Product, and the expenses of issuing the Intermediate Lien Parity Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(2) above. Such refunding Intermediate Lien Parity Bonds also may be issued without a certificate if:

(A) the latest maturity of the Intermediate Lien Parity Bonds to be issued is not later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) \$25,000 or (ii) 5% of such Annual Debt Service on the Intermediate Lien Parity Bonds to be refunded; or

(B) the latest maturity of the Intermediate Lien Parity Bonds to be issued is later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all Intermediate Lien Parity Bonds to be Outstanding after the issuance of the refunding Intermediate Lien Parity Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any 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 purchase a Qualified Letter of Credit or Qualified Insurance, any termination amount with respect to an associated derivative product, and the expenses of issuing the Intermediate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the

issuance of such Intermediate Lien Parity Bonds the Port must provide a certificate if such a certificate would be required by subsection (c)(1) of this section if the Permitted Prior Lien Bonds to be refunded were Intermediate Lien Parity Bonds. For the purposes of determining whether a certificate is required by subsection (c)(1) and for the purpose of preparing any such certificate, the debt service on the Permitted Prior Lien Bonds shall be calculated as if such Permitted Prior Lien Bonds were Intermediate Parity Lien Bonds.

(3) Intermediate Lien Parity Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any Permitted Prior Lien Indebtedness or Intermediate Lien Parity Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Available Intermediate Lien Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

(d) *Liens Subordinate to Intermediate Lien Parity Bonds.* Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations (including any Other Derivative Product) which are a charge upon the Available Intermediate Lien Revenues junior or inferior to the payments required by this resolution to be made out of such Available Intermediate Lien Revenues to pay and secure the payment of any Intermediate Lien Parity Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to an Other Derivative Product or a Parity Derivative Product.

Section 6. Specific Covenants. The Port hereby makes the following covenants and agreements with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding.

(a) *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 businesses as long as any Intermediate Lien Parity Bonds are Outstanding that will produce in each fiscal year

(1) Available Intermediate Lien Revenues as First Adjusted at least equal to 110% of the Amount Due; and

(2) Available Intermediate Lien Revenues as Second Adjusted at least equal to 125% of the Amount Due.

Subsections (a)(1) and (2) are separate rather than cumulative calculations regarding the sufficiency of Available Intermediate Lien Revenues and are together to be considered as the Port's "Rate Covenant".

If the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien Revenues as Second Adjusted in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien

Revenues as Second Adjusted in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default under this Section 6(a) during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) *Payment of Intermediate Lien Parity Bonds.* The Port will duly and punctually pay or cause to be paid out of the Intermediate Lien Bond Fund the principal of and interest on the Intermediate Lien Parity Bonds at the times and places as provided in each Series Resolution and in said Intermediate Lien Parity Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Intermediate Lien Parity Bonds.

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

(d) *Sale of Certain Facilities.* In the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

(e) *Insurance of Facilities.* The Port will keep or arrange to keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(f) *Insurance Against Port Liability.* The Port will at all times keep or arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(g) *Maintenance of Books and Records.* The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. On or before 120 days after each fiscal year the Port will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port and shall be open to inspection at any reasonable time by the owners of Intermediate Lien Parity Bonds.

(h) *Disposal of Income Properties.* In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of its Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Intermediate Lien Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected Facilities and provided further that all Available Intermediate Lien Revenue from such Facilities continues to be pledged to all Intermediate Lien Parity Bonds then Outstanding.

Section 7. Derivative Products. The Port hereby reserves the right to enter into Parity Derivative Products and Other Derivative Products. The Port may amend this resolution, within the limitations permitted in Sections 8 or 9, to accommodate new or modified definitions of Debt Service in connection with a Parity Derivative Product if the Parity Derivative Product includes Port Parity Payments or Reciprocal Parity Payments not then contemplated or otherwise addressed by the definition of Debt Service. If the Port enters into a Parity Derivative Product with respect to previously Outstanding Intermediate Lien Parity Bonds or Intermediate Lien Parity Bonds to be issued subsequent to the effective date of the Parity Derivative Product, the Port shall not be required to satisfy the conditions set forth in Section 5 of this resolution with respect to the Parity Derivative Product. Each Parity Derivative Product shall set forth the manner in which the Port Parity Payments and Reciprocal Parity Payments are to be calculated and a schedule of payment dates. This resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Parity Derivative Product; *provided, however,* that termination amounts under Derivative Parity Products must be subordinate to the lien of Intermediate Lien Parity Bonds.

Section 8. Amendments Without Bondowner Consent. This resolution may be amended or supplemented from time to time, without the consent of the Registered Owners by a resolution or resolutions amendatory or supplemental to this resolution adopted by the Commission for one or more of the following purposes:

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

(b) to confirm as further assurance any pledge or provision for payment of the Intermediate Lien Parity Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Available Intermediate Lien Revenues or of any other moneys, securities or funds;

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

(d) to prescribe further limitations and restrictions upon the issuance of Intermediate Lien Parity Bonds and the incurring of indebtedness by the Port payable from the Available Intermediate Lien Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

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

(f) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; or

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

(h) to qualify this resolution under the Trust Indenture Act of 1939, as amended;

(i) for any purpose, if such amendment becomes effective only following a mandatory tender of all Intermediate Lien Parity Bonds for purchase; or

(j) to modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Intermediate Lien Parity Bondowners or that such modifications shall not take effect until all then Outstanding Intermediate Lien Parity Bonds are no longer Outstanding.

Notwithstanding anything in this Section 8 to the contrary, without the specific consent of the Registered Owners of each Intermediate Lien Parity Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall reduce the percentage of Intermediate Lien Parity Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any Intermediate Lien Parity Bond or Intermediate Lien Parity Bonds any preference over any other Intermediate



Lien Parity Bond or Intermediate Lien Parity Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Intermediate Lien Parity Bond, or reduce the principal amount or Accreted Value of any Intermediate Lien Parity Bond, 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 Intermediate Lien Parity Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bond) without the specific consent of the Registered Owner of that Intermediate Lien Parity Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Intermediate Lien Parity Bonds without its written assent thereto.

Section 9. Amendments With Registered Owners' Consent. This 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 Intermediate Lien Parity Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Intermediate Lien Parity Bonds without the consent of the Registered Owners of a majority in aggregate principal amount of the Intermediate Lien Parity Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any Intermediate Lien Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any Intermediate Lien Parity Bonds, this Section 9 without the consent of the Registered Owners of all Outstanding Intermediate Lien Parity Bonds affected thereby. For the purpose of consenting to amendments under this Section 9 except for amendments that alter the interest rate on any Intermediate Lien

Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from such Credit Facility and that are then Outstanding.

Section 10. Resolution and Laws a Contract with Intermediate Lien Parity Bondowners.

This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 53 of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Intermediate Lien Parity Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Intermediate Lien Parity Bond, and the obligations of the Port and its Commission under said laws and under this resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Port shall be for the equal benefit, protection and security of the owners of any and all of the Intermediate Lien Parity Bonds.

Section 11. Defaults and Remedies. The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a default under this resolution:

(a) The Port shall fail to make a payment of the principal of any Intermediate Lien Parity Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; provided, that a failure to make a payment of the

principal of a Series shall not constitute a payment default under any other Series not otherwise in default;

(b) The Port shall fail to make a payment of any installment of interest on any Intermediate Lien Parity Bonds when the same shall become due and payable; provided, that a failure to make payment of interest on a Series shall not constitute a payment default under any other Series not otherwise in default; or

(c) The Port shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the Port contained in this resolution, and such default shall have continued for a period of 90 days.

In determining whether a payment default has occurred or whether a payment on the Intermediate Lien Parity Bonds has been made under this resolution no effect shall be given to payments made under a Credit Facility that is a policy of municipal bond insurance or surety bond. Upon the occurrence and continuation of a default, a Credit Facility Issuer of a Credit Facility that is not a line of credit shall be entitled to waive any default or to exercise, on behalf of the owners of Intermediate Lien Parity Bonds insured by such Credit Facility Issuer, any of the remedies provided under this section and, for as long as such Credit Facility Issuer is not in default of its obligations under the Credit Facility, such Credit Facility Issuer shall be the only party entitled to waive any default or exercise the remedies provided under this section. There may not be any acceleration of the Intermediate Lien Parity Bonds, and a default under one Series of Intermediate Lien Parity Bonds shall not constitute a default under another Series of Intermediate Lien Parity Bonds not then in default.

Upon the occurrence of a default and so long as such default shall not have been remedied and subject to the foregoing paragraph, a Bondowners' Trustee may be appointed for

the Intermediate Lien Parity Bonds by the owners of a majority in principal amount of the Outstanding Intermediate Lien Parity Bonds of the series then in default by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointed under the provisions of this Section 11 shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount of the Intermediate Lien Parity Bonds Outstanding of the series then in default, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Intermediate Lien Parity Bonds for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may upon the happening of a default and during the continuation thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the Port, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners represented by such Trustee and all such rights of action upon or under any of the Intermediate Lien Parity Bonds may be brought by a Bondowners' Trustee or the provisions of this resolution may be enforced by a Bondowners' Trustee without the possession of any of said Intermediate Lien Parity Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Intermediate Lien Parity Bonds by purchase of such Intermediate Lien Parity Bonds shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Intermediate Lien Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Intermediate Lien Parity Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of said Intermediate Lien Parity Bonds, any plan of reorganization or adjustment affecting the said Intermediate Lien Parity Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the Port shall be a party.

Subject to the rights of a Credit Facility Issuer set forth in this section, no owner of any one or more of the Intermediate Lien Parity Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein

provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution or in the Intermediate Lien Parity Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Available Intermediate Lien Revenues the principal of and interest on said Intermediate Lien Parity Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Intermediate Lien Parity Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by a Bondowners' Trustee or by the owners of Intermediate Lien Parity Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such default shall cease to exist, and any default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 12. Moneys Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Intermediate Lien Parity Bonds, moneys or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Intermediate Lien Parity Bonds which remain unclaimed for one year after the date when such Intermediate Lien Parity Bonds are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by such Paying Agents at such date, or for one year after the date of deposit of such moneys if deposited with the Paying Agents after the date when such Intermediate Lien Parity Bonds become due and payable, shall be repaid by the Paying Agents to the Port free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Intermediate Lien Parity Bonds of the series payable from such moneys shall look only to the Port for the payment of such Intermediate Lien Parity Bonds.

Section 13. 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 Intermediate Lien Parity Bonds issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof,  
held this 14<sup>th</sup> day of June, 2005, and duly authenticated in open session by the  
signatures of the Commissioners present and voting in favor thereof.

PORT OF SEATTLE, WASHINGTON

*Bob Edwards* BOB EDWARDS  
*Alec Fisk* ALEC FISKEN  
*Patricia Davis* PATRICIA DAVIS  
*Paige R. Miller* PAIGE MILLER

Commissioners

COPY



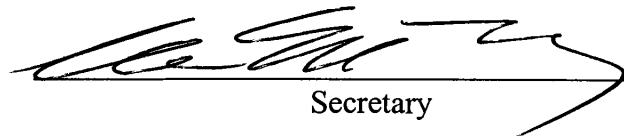
CERTIFICATE

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

1. That the attached resolution numbered 3540, as amended (the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 14th day of June, 2005, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of June, 2005.

  
Secretary **ALEC FISKEN**