

PORT OF SEATTLE

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RESOLUTION NO. 3620

- A RESOLUTION of the Port Commission of the Port of Seattle, authorizing the issuance and sale of Subordinate Lien Revenue Bond Anticipation Note, 2009 in the principal amount of not to exceed \$100,000,000 for the purpose of paying costs of undertaking Port projects; providing the form, terms, conditions, covenants and maturity of the note; authorizing the sale of the note; providing for the disposition of the proceeds of sale of the note to pay for such acquisition, capitalized interest and costs of issuing the note.

ADOPTED: \_\_\_\_\_, 2009

Prepared by:

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\* This table of contents and the cover page are not a part of this resolution but are provided for convenience of reference only.

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WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended by Resolution No. 3214, adopted on March 26, 1996, Resolution No. 3241, adopted on April 8, 1997, and Resolution No. 3436, adopted on July 11, 2000, and as amended and restated by Resolution No. 3577, adopted on February 27, 2007 (collectively, the “First Lien Master Resolution”), each series being payable from the Gross Revenue of the Port after payment of Operating Expenses (as such terms are defined in the First Lien Master Resolution); and

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

Resolution Number	Date of Issue	Series	Original Principal Amt.	Currently Outstanding (12/1/2008)	Final Maturity Dates
3275	05/01/1998	(A)	73,180,000	\$ 28,805,000	06/01/2017
3430	08/10/2000	(B)	221,590,000	190,375,000	02/01/2024
3430	09/06/2000	(D)	28,085,000	8,580,000	02/01/2011
3462/3467	10/17/2001	(A)	176,105,000	176,105,000	04/01/2031
3462/3467	10/17/2001	(B)	251,380,000	226,890,000	04/01/2024
3462/3467	10/17/2001	(C)	12,205,000	12,205,000	12/01/2014
3462/3467	08/07/2002	(D)	68,580,000	49,760,000	11/01/2017
3509	08/20/2003	(A)	190,470,000	188,190,000	07/01/2033
3509	08/20/2003	(B)	164,900,000	153,875,000	07/01/2029
3528	06/30/2004		24,710,000	19,105,000	06/01/2017
3576	03/20/2007	(A)	27,880,000	27,880,000	10/01/2032
3576	03/20/2007	(B)	200,115,000	198,215,000	10/01/2032

(the “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 authorized the issuance of revenue bonds subordinate to the lien thereon of the Outstanding First Lien Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the “Intermediate Lien Master Resolution”); and

WHEREAS, the Port has issued its \$454,110,000 Intermediate Lien Revenue and Refunding Bonds, Series 2005 and \$124,625,000 Intermediate Lien Revenue Refunding Bonds, Series 2006 (collectively, the “Outstanding Intermediate Lien Bonds”) pursuant to the Intermediate Lien Master Resolution; and

WHEREAS, the First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues (as such

term is defined in the Intermediate Lien Master Resolution) subordinate to the lien thereon of the Intermediate Lien Bonds; and

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

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amt.	Currently Outstanding (12/01/08)	Final Maturity Dates
3238	03/26/1997		\$ 108,830,000	\$ 108,830,000	09/01/2022
3276	05/01/1998		27,930,000	15,560,000	08/01/2017
3354	09/01/1999	(A)	127,140,000	121,840,000	09/01/2024
3354	09/01/1999	(B)	116,815,000	74,495,000	09/01/2016
3456	(CP)		250,000,000	155,485,000	06/01/2021
3544	08/17/2005	(D)	62,925,000	62,925,000	03/01/2035
3598	06/17/2008		200,715,000	200,715,000	07/01/2033

(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) authorizes the Port to issue revenue obligations on a parity of lien therewith under certain conditions; and

WHEREAS, in order to establish a non-revolving line of credit to finance the cost of the Project (herein defined), the Commission deems it to be in the best interest of the Port to issue and sell a short-term obligation to evidence the line of credit in the form of a subordinate lien revenue bond anticipation note in the principal amount of not to exceed \$100,000,000 (the “Note”); and

WHEREAS, the Port intends to refinance the Note with the proceeds of one or more series of subordinate lien revenue bonds or refunding bond anticipation notes or other lawfully available revenues or other debt obligations; and

WHEREAS, the Port has deemed the proposal received from Bank of America, N.A. (the “Bank”) to be in the best interest of the Port and now wishes to authorize the sale of the Note to the Bank on the terms and conditions in this resolution;

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

Section 1.     Definitions. As used in this resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

*Accreted Value* means (a) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such Subordinate Lien Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Subordinate 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 Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds.

*Aggregate Annual Debt Service* means Annual Debt Service for all Outstanding Subordinate Lien Parity Bonds and all Subordinate Lien Parity Bonds authorized but unissued under a Subordinate Lien Resolution unless such unissued Subordinate Lien Parity Bonds are authorized to provide permanent financing in connection with the issuance of short-term obligations, and, without duplication, Annual Debt Service with respect to any Derivative Product.

***Annual Debt Service*** means the total amount of Debt Service for any Series of Outstanding Subordinate Lien Parity Bonds, and, without duplication, with respect to any Derivative Product, in any fiscal year or Base Period.

***Available Revenue*** means the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 6(b) of this resolution. Notwithstanding the foregoing, the Port may adopt a resolution obligating and binding the Port to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of other receipts (not previously included in Gross Revenue) at any time as additional security for any one or more series of Subordinate Lien Parity Bonds; provided that the Port has also obligated and bound itself to set aside and pay such receipts for the benefit of Permitted Prior Lien Bonds.

***Balloon Maturity Bonds*** means the Note, the Subordinate Lien Revenue Bonds, Series 1997, the Subordinate Lien Revenue Commercial Paper Notes, the Series 2003C Bonds, the Subordinate Lien Revenue Bonds, Series 2005, the Subordinate Lien Revenue Bonds, Series 2008 and any Future Subordinate Lien Parity Bonds that are so designated in the Subordinate Lien Resolution pursuant to which such Future Subordinate 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.

***Bank*** means Bank of America, N.A., and shall include its successor(s).

***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 Future Subordinate Lien Parity Bonds.

***BBA LIBOR Daily Floating Rate*** is a fluctuating rate of interest equal to the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined for each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one-month term, as adjusted from time to time in the Bank’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank.

***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.

***Bonds*** mean the subordinate lien revenue bonds to be issued by the Port to pay and redeem the Note.

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

**Consultant** means at any time an independent consultant nationally 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 resolutions authorizing the issuance of Subordinate Lien Parity Bonds. For the purposes of delivering any certificate required by Section 10 hereof and making the calculation required by Section 10 hereof, the term Consultant shall also include any independent national public accounting firm appointed by the Port to make such calculation or to provide such certificate or nationally-recognized financial advisor appointed by the Port for purposes of making such calculation.

**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 debt 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 Subordinate 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.

**Credit Facility** means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, 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. There may be one or more Credit Facilities outstanding at any time.

***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,

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

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

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

(c) with respect to all other series of Subordinate Lien Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Subordinate Lien Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Subordinate Lien Parity Bonds during such period computed on the assumption that the amount of Subordinate Lien Parity Bonds Outstanding as of the date of such computation would be amortized (1) in accordance with the mandatory redemption provisions, if any, set forth in the Subordinate Lien Resolution authorizing the issuance of such Subordinate Lien Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service of principal and interest over such period and (2) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 10 hereof, then within ten days of the date of such certificate; and

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

payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

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

***Derivative Facility*** means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the Port's obligations under one or more Derivative Products.

***Derivative Payment Date*** means any date specified in the Derivative Product on which a Port Payment is due and payable under the Derivative Product.

***Derivative Product*** means a written contract or agreement between the Port and a Reciprocal Payor, which provides that the Port's obligations thereunder will be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, and (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and

(a) under which the Port is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the Port Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the Port, on the same scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(b) for which the Port's obligations to make all or any portion of Port Payments may be secured by a pledge of and lien on Available Revenue on an equal and ratable, but not prior, basis with the Outstanding Subordinate Lien Parity Bonds;

(c) under which Reciprocal Payments are to be made directly into a bond fund for the Outstanding Subordinate Lien Parity Bonds;

(d) for which the Port Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product.

***Derivative Product Account*** means the Derivative Product Account, if any, created and established under a Subordinate Lien 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 designated in writing by any of the foregoing.

***Estimated Average Derivative Rate*** means:

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

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

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

(b) when the variable rate to be used in a Derivative Product is a designated hedge of one or more specified maturities of the variable rate Subordinate Lien Parity Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Subordinate Lien Parity Bonds; and

(c) if two or more Derivative Products specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to the identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(1) and (a)(2) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

***Facilities*** mean all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Subordinate Lien Parity

Bonds of the Port shall be Outstanding) owned, operated, used, leased or managed by the Port and that contribute in some measure to its Gross Revenue.

**First Lien Bonds** mean 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, of the Commission adopted on February 2, 1990, as amended by Resolution No. 3214, adopted on March 26, 1996, Resolution No. 3241, adopted on April 8, 1997, and Resolution No. 3436, adopted on July 11, 2000, and as amended and restated by Resolution No. 3577, adopted on February 27, 2007, of the Commission and as the same may be amended in the future in accordance with its terms.

**Fitch** means Fitch Ratings, 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.

**Future Subordinate Lien Parity Bonds** means revenue bonds or other revenue obligations issued by the Port in the future with a lien on Net Revenues equal to the lien thereon of the Note and the Outstanding Subordinate Lien Bonds.

**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 Subordinate Lien Parity Bonds;

(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 other receipts at any time as additional security for any one or more series of obligations.

***Interest Rate Period*** means a period of one week (seven days), or a monthly period between one month and twelve months in length, consisting of one-month increments, as

specified in a notice of change of Interest Rate Period in the form of Exhibit B. The first day of the Interest Rate Period must be a London Banking Day. The date of the last day of the Interest Rate Period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market, and the date of the last day of the Interest Rate Period may not extend beyond the maturity date of the Note.

***Intermediate Lien Parity Bonds*** means the Outstanding Intermediate Lien Bonds and any future revenue bonds issued pursuant to the Intermediate Lien Master Resolution with a lien on Available Intermediate Lien Revenues (as defined in the Intermediate Lien Master Resolution) on parity with the lien thereon of the Outstanding Intermediate Lien Bonds.

***Intermediate Lien Master Resolution*** means Resolution No. 3540 of the Port adopted by the Commission on June 14, 2005.

***LIBOR*** means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time, two London Banking Days before the commencement of the interest period, for U.S. dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that Interest Rate Period will be determined by such alternate method as reasonably selected by the Bank. The actual first and last days of the Interest Rate Period will be determined by the Bank using the practices of the London inter-bank market, taking into account any days on which banks are required or permitted to be closed in New York or London.

**LIBOR Fixed Rate** means, as selected by the Port, a taxable variable rate equal to LIBOR plus 1.25% per annum.

**LIBOR Floating Rate** means the BBA LIBOR Daily Floating Rate as determined for any Business Day, plus 1.25% per annum.

**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 Subordinate Lien Parity Bonds or Subordinate Lien Parity Bonds of a Series. There may be more than one Liquidity Facility providing for payment of the Purchase Price of Subordinate Lien Parity Bonds or Subordinate Lien Parity Bonds of a Series.

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

**London Banking Day** means a day on which banks in London are open for business and dealing in offshore dollars.

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

**Note** means the not to exceed \$100,000,000 principal amount of Port of Seattle, Subordinate Lien Revenue Bond Anticipation Note, 2009 issued pursuant to this resolution.

**Note Register** means the registration records for the Note maintained by the Note Registrar.

**Note Registrar** means the Treasurer whose duties include registering and authenticating the Note, maintaining the Note Register, transferring ownership of the Note, and paying the principal of and interest on the Note.

**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, in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

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

**Outstanding First Lien Bonds** has the meaning set forth in the recitals hereto.

**Outstanding Intermediate Lien Bonds** has the meaning set forth in the recitals hereto.

**Outstanding Principal Balance of the Note** means the aggregate of all funds that the Port has drawn from the Bank pursuant to the Note and has not repaid.

**Outstanding Subordinate Lien Bonds** has the meaning set forth in the recitals hereto.

**Permitted Prior Lien Bonds** means and includes the First Lien Bonds, the Intermediate Lien Parity Bonds, and any other revenue bonds that may be issued in the future at the discretion of the Port payable from Net Revenues available after the payment of the amounts described in

paragraphs First, Second, and Third of Section 6(b) of this resolution and with a lien on Net Revenues superior to the lien thereon of the Subordinate 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 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 Derivative Product and which is determined according to a formula set forth in a Derivative Product.

**Project** means a portion of design, construction and equipping of a consolidated rental car facility and related road improvements and transportation equipment and facilities and the undertaking of other Port projects identified in the Port's capital improvement plan, as amended from time to time.

**Project Account** means the Project Account established in Section 8 of this resolution.

**Proposal** means the proposal letter dated April 21, 2009, submitted by the Bank to purchase the Note.

**Qualified Insurance** means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (a) 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 (b) by issuing its policies causes obligations insured thereby to be rated, as of the time of

issuance of such policy or surety bond, 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.

***Rating Agency*** means Moody's if Moody's is then maintaining a rating on a series of Bonds; S&P if S&P is then maintaining a rating on a series of Bonds; and/or Fitch if Fitch is then maintaining a rating on a series of Bonds and/or another nationally recognized rating agency then maintaining a rating on a series of Bonds ( in each case at the request of the Port).

***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 Payment*** means any payment to be made to, or for the benefit of, the Port under a Derivative Product by the Reciprocal Payor.

***Reciprocal Payor*** means any bank or corporation, partnership or other entity who itself, or whose guarantor, has or at the time the Derivative Product is entered into, at least an "A" rating from each Rating Agency then maintaining a rating on Outstanding Subordinate Lien Parity Bonds, that is a party to a Derivative Product and that is obligated to make one or more Reciprocal Payments thereunder.

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

***Request for Conversion*** means a written request by the Designated Port Representative to convert outstanding principal of the Note to a different interest rate option established by this resolution, in substantially the form set forth as Exhibit B.

***Request for Draw*** means a written request by the Designated Port Representative for a draw from the line of credit authorized to be established by this resolution, in substantially the form set forth as Exhibit B.

***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.

***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*** mean 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 (together with any revenue obligations issued to refund the foregoing), and which are payable from and secured by the income and revenue from such facilities.

***Subordinate Lien Note Fund*** means the Port of Seattle Subordinate Lien Revenue Bond Anticipation Note Fund, 2009, created in the office of the Treasurer of the Port by authority granted in Section 6 of this resolution.

***Subordinate Lien Parity Bonds*** mean the Outstanding Subordinate Lien Bonds, the Bonds and any Future Subordinate Lien Parity Bonds.

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

***Subordinate Lien Rate Covenant*** means the covenant of the Port to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business for as long as any Bonds are Outstanding that will produce Available Revenue in each fiscal year at least equal to the amounts required to be deposited during such fiscal year from Net Revenues into the Subordinate Lien Note Fund, any other bond fund established or maintained for the benefit of Subordinate Lien Parity Bonds, and any fund established or maintained to pay any Port Payments due with respect to any Derivative Product and any other amounts due to any Credit Facility Issuer, any Liquidity Facility Issuer, to the issuers of credit facilities for any Subordinate Lien Parity Bonds and, to the extent not otherwise provided for in this definition, any Reciprocal Payor, but excluding from each of the foregoing, payments made or to be made from refunding debt and capitalized debt service or other money irrevocably set aside for such payment.

***Subordinate Lien Resolution*** means a resolution of the Commission pursuant to which Subordinate Lien Parity Bonds are issued.

***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,” “exhibits” and other subdivisions or clauses are to the corresponding articles, sections, exhibits, 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. Findings and Authorization of Project.** The Port shall undertake the design, construction and equipping of a consolidated rental car facility and related road

improvements and transportation equipment and facilities and undertake other projects identified in the Port's capital improvement plan, as amended from time to time (the "Project"). The costs of the Project, interest expense on the Note and the costs of issuing the Note shall be paid out of the proceeds of the Note.

Section 3. Plan of Finance; Compliance with Parity Conditions. For the purpose of providing funds to finance or refinance the Project, including costs of issuing the Note, there shall be issued and sold subordinate lien revenue bonds of the Port to be designated "Port of Seattle, Subordinate Lien Revenue Bonds" in an amount at least sufficient to pay the principal of and interest on the Note or any additional bond anticipation notes issued to redeem the Note on or before maturity, to the extent not paid from other sources.

The Bonds to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; and may be combined with any subsequently authorized bonds and issued as a single combined series, as provided hereafter by resolution of the Commission.

On or prior to the delivery of the Note hereinafter provided, the Port shall confirm compliance with the following conditions for issuance of the Note as a Subordinate Lien Parity Bond: at the time of the issuance of the Note, the Port shall not be in default under the resolutions authorizing the issuance of the Outstanding Subordinate Lien Bonds and the Subordinate Lien Parity Test shall be fulfilled, as evidenced by a certificate of the Port.

The limitations contained in the conditions provided in Section 5.04 of Resolution No. 3238, as amended, Section 18 of Resolution No. 3276, as amended, Section 5.10 of Resolution No. 3354, as amended, Section 4.04 of Resolution No. 3456, as amended, and

Section 5.04 of Resolution No. 3598, as amended, having been complied with, the payments required herein to be made out of the Available Revenue to pay and secure the payment of the principal of, premium, if any, and interest on the Note shall constitute a lien and charge upon such Available Revenue equal in rank to the lien and charge thereon of the Subordinate Lien Parity Bonds.

Section 4. Authorization of the Note. In anticipation of the issuance of the Bonds, the Port shall, for the purpose of financing the costs of the Project, capitalized interest and costs of issuing the Note, establish a non-revolving line of credit. To evidence such line, the Port shall issue a short-term obligation as a non-revolving line of credit, in the principal amount of not to exceed \$100,000,000. The short-term obligation shall be designated the “Port of Seattle, Subordinate Lien Revenue Bond Anticipation Note, 2009,” shall be dated as of its date of delivery, shall be fully registered as to both principal and interest, shall be in one denomination, shall mature on December 31, 2011, shall bear interest on unpaid principal from the date of drawing thereunder at the LIBOR Floating Rate and/or the LIBOR Fixed Rate, as provided below, with accrued interest to be payable monthly on the fifth day of each month and at maturity or prepayment.

Each Request for Draw or Request for Conversion shall be made by the Designated Port Representative in writing to the Bank in the form of Exhibit B.

The Designated Port Representative shall select for each draw the LIBOR Floating Rate and/or the LIBOR Fixed Rate (and if the draw is to be at the LIBOR Fixed Rate then shall designate an Interest Rate Period) at the time of drawing thereunder pursuant to a Request for Draw.

The Designated Port Representative may designate any draw previously advanced to accrue interest at either the LIBOR Floating Rate or the LIBOR Fixed Rate (and if the draw is to accrue interest at the LIBOR Fixed Rate shall designate the requested Interest Rate Period) by giving to the Bank a Request for Conversion, which must be given to the Bank (a) no later than 12:00 noon Seattle time on a Business Day if the conversion is to the LIBOR Floating Rate, and (b) no later than three (3) London Banking Days prior to the date the new Interest Rate Period is to begin, if the conversion is to the LIBOR Fixed Rate. If no Request for Conversion is provided at least three (3) London Banking Days prior to the date the Interest Rate Period for principal accruing at a LIBOR Fixed Rate is to end, a new LIBOR Fixed Rate will be set for such principal, which shall be fixed for the same Interest Rate Period as had previously been in effect for such principal.

Interest on the Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed, with interest on a particular principal amount to be determined from the date of advance pursuant to a Request for Draw or the date of conversion pursuant to a Request for Conversion. The Port reserves the right to pay interest on the Note more frequently than quarterly. All principal on the Note shall be paid at maturity or upon prepayment in full.

Any unused portion of the available principal amount of the Note shall be subject to a fee equal to .60% per annum, payable monthly in arrears on each interest payment date for the Note and at maturity, and calculated on the basis of the average unused portion of the Note for the preceding month, on the basis of actual number of days elapsed in a 360-day year, with the “unused portion” to be calculated as \$100,000,000 minus the aggregate of all advances made under the Note.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Note Register.* The Treasurer shall act as Note Registrar. The Note Registrar is authorized, on behalf of the Port, to authenticate and deliver the Note if transferred or exchanged in accordance with the provisions of the Note and this resolution and to carry out all of the Note Registrar's powers and duties under this resolution.

(b) *Registered Ownership.* The Port and the Note Registrar shall deem and treat the Registered Owner of the Note as the absolute owner for all purposes, and neither the Port nor the Note Registrar shall be affected by any notice to the contrary. Payment of the Note shall be made only as described in Section 5(d). All such payments made as described in Section 5(d) shall be valid and shall satisfy the liability of the Port upon the Note to the extent of the amount so paid.

(c) *No Transfer or Exchange of Registered Ownership.* The Note shall not be transferable unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets.

(d) *Place and Medium of Payment.* Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Principal on the Note shall be payable by check or by other means mutually acceptable to the Bank and the Port. Interest shall be payable as set forth in Section 4. Upon final payment of principal and interest of the Note, the Registered Owner shall surrender the Note for cancellation at the office of the Note Registrar.

Section 6.     Payment of Note .

(a)     *Subordinate Lien Note Fund.* The Designated Port Representative shall establish a fund to be designated as the “Subordinate Lien Revenue Bond Anticipation Note Fund, 2009” (the “Subordinate Lien Note Fund”). The Subordinate Lien Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

Money in the Subordinate Lien Note Fund may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of Port money. Any earnings from the investment of such money shall be deposited in the Subordinate Lien Note Fund.

(b)     *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 and 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, including without limitation the Intermediate Lien Parity Bonds,

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 Subordinate 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 Subordinate Lien Parity Bonds, including, but not limited to the Subordinate Lien Note Fund, if any, to pay the principal of and interest on Subordinate Lien Parity Bonds;

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

Seventh, 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

Eighth, 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.

(c) *Lien on Available Revenue.* The Note and the lien thereof created and established hereunder shall be obligations only of the Subordinate Lien Note Fund, herein authorized to be created. The Note shall be payable solely from and secured solely by the proceeds of the Bonds, refunding bond anticipation notes and if the foregoing have not been issued, then from Available Revenue.

From and after the time of issuance and delivery of the Note and so long thereafter as it remains outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the Subordinate Lien Note Fund, from the proceeds of the Bonds or of refunding bond

anticipation notes or out of Available Revenue, on or prior to the date on which the interest on, premium, if any, or principal of and interest on the Note shall become due, the amount necessary to pay such interest, premium, or principal and interest coming due on the Note. The Port hereby covenants with the owner of the Note that it will issue the Bonds, refunding bond anticipation notes, or a combination of the foregoing in an amount sufficient together with other lawfully available funds, to pay when due the principal of and interest on the Note and will thereupon redeem the Note or that it will pay and redeem the Note from Available Revenue.

Said amounts so pledged to be paid into the Subordinate Lien Note Fund are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for the lien on Gross Revenue of the Permitted Prior Lien Bonds and except that the amounts so pledged are of equal lien to the liens and charges on Gross Revenue of the Outstanding Subordinate Lien Bonds and to the lien and charge which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Subordinate Lien Parity Bonds.

The Note 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, and no tax revenues of the Port may be used to pay the principal of and interest on the Note.

Section 7.     Right of Prepayment. The Port has reserved the right to prepay the Note in whole or in part on any date at par plus accrued interest. No prepayment fee shall apply except for reimbursement of the Bank's breakage and redeployment costs in the case of prepayment of principal accruing interest at the LIBOR Fixed Rate prior to the last day of its applicable Interest Rate Period, which prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment,

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the funding of the Note or from fees payable to terminate the deposits from which such funds were obtained. The Port shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded the Note by a matching deposit or other borrowing in the applicable interbank market, whether or not the Note was in fact so funded. Principal accruing interest at the LIBOR Floating Rate may be prepaid on any Business Day without premium or penalty. If the Note is prepaid in full, interest shall cease to accrue on the date such prepayment occurs.

Section 8.     Project Account. The Designated Port Representative shall establish an account to be designated as the “Project Account” (the “Project Account”). Proceeds of drawings under the Note shall be deposited in the Project Account. Money in the Project Account shall be used to pay costs of the Project, costs of issuing the Note, and all costs incidental thereto.

Money remaining in the Project Account after all of the costs of the Project, costs of issuing the Note, and all costs incidental thereto have been paid may be used for any lawful Port purpose.

Money in the Project Account may temporarily be deposited in such institutions or in such obligations as may be lawful for the investment of Port money. Any earnings from the investment of such money shall be retained in and become a part of the Project Account.

Section 9. Note Deemed To Be No Longer Outstanding. In the event that the Port, in order to effect the payment, retirement or redemption of the Note, sets aside in the Subordinate Lien Note Fund or in another special account, held in trust by a trustee or escrow agent, cash or noncallable government obligations, as such obligations are now or hereafter defined in RCW 39.53, or any combination of cash and/or noncallable government obligations, in amounts and maturities that, together with the income therefrom, are sufficient to redeem or pay and retire the Note in accordance with its terms and to pay when due the interest thereon, and such cash and/or noncallable government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Subordinate Lien Note Fund for the payment of the principal of and interest on the Note. The owner of the Note shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive payment of principal and interest from such special account, and the Note shall be deemed to be not outstanding under this resolution.

Section 10. Permitted Prior Lien Bonds and Future Subordinate Lien Parity Bonds.

(a) *Permitted Prior Lien Bonds and Intermediate Lien Parity 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 Revenue available after payment of the amounts described in paragraphs First through Third of Section 6(b) of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Note and the Subordinate Lien Parity Bonds, including without

limitation Intermediate Lien Parity Bonds (which can be issued on the terms set forth in the Intermediate Lien Master Resolution). Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Subordinate Lien Parity Bonds - General Provisions.* The Port hereby further covenants and agrees with the Bank that it will not issue any Future Subordinate Lien Parity Bonds that constitute a charge and lien upon the Available Revenue equal to the lien thereon of the Note, unless the following conditions are satisfied.

(1) Future Subordinate Lien Parity Bonds may be issued only if there is not then existing and continuing a default under this resolution; provided, however, that Future Subordinate Lien Parity Bonds may be issued for refunding purposes under subsection (c) below if the default will be cured as a result of the refunding.

(2) Future Subordinate Lien Parity Bonds shall be authorized by a resolution of the Commission.

(3) Each resolution authorizing Future Subordinate Lien Parity Bonds shall include the operating covenants set forth in Section 11 of this resolution.

(4) either of the following conditions (A) or (B) below shall be satisfied:

(A) Certificate Required. Unless the Port is able to meet the criteria set forth in (B) below, a certificate shall be filed with the Port (as described in this subsection (b) or subsection (c) below) demonstrating fulfillment of the Subordinate Lien Parity Test, (i) commencing with the first full fiscal year following the earlier of (x) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds or (y) the date on which any portion of interest on the Future Subordinate Lien Parity

Bonds then being issued no longer will be paid from the proceeds of such bonds, and (ii) for the following two fiscal years.

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

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

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

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

portion of interest on the Future Subordinate Lien Parity Bonds then being issued will not be paid from the proceeds of such Future Subordinate Lien Parity Bonds and for the following two fiscal years. Except as provided in the foregoing paragraphs, compliance with the coverage requirements of this Section 10 shall be demonstrated conclusively by a certificate of a Consultant.

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

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

(1) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Subordinate Lien Parity Bonds including 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 and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(1) above. Such refunding Future Subordinate Lien Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Subordinate Lien Parity Bonds to be Outstanding after the issuance of the refunding Future Subordinate Lien Parity Bonds shall not be greater than the Maximum Annual Debt Service on the bonds to be refunded were such refunding not to occur.

(2) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port having a lien on Available Revenue on a parity with or prior to the lien of the Bonds, provided that such bonds are Permitted Prior Lien Indebtedness or Subordinate Lien Parity 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 and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Future Subordinate Lien Parity Bonds the Port must provide a certificate if required by this section.

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

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

(e) *Derivative Products.* The Port shall comply with the conditions set forth in Section 5.08 of Resolution No. 3598, as amended, as a condition precedent to the use of any Derivative Product on a parity with Subordinate Lien Parity Bonds.

Section 11. Covenants. The Port hereby makes the following covenants and agrees with the Bank for as long as the Note is outstanding:

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

If the Available Revenue in any fiscal year is less than required to fulfill the Subordinate Lien 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 Subordinate Lien 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 Revenue in the fiscal year in which adjustments are made nevertheless is not sufficient to meet the Subordinate Lien Rate Covenant, there shall be no default under this Section 11(a) during such fiscal year, unless the Port fails to meet the Subordinate Lien Rate Covenant for two consecutive fiscal years.

(b) *Performance of Covenants.* The Port will duly and punctually pay or cause to be paid out of the Subordinate Lien Note Fund the principal of and interest on the Note at the times and places as provided in this resolution and in said Note provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution and in the Note.

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

(d) *Sale or Condemnation of Projects.* In the event that any Project or portion thereof 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 other Facilities or to the retirement of Permitted Prior Lien Bonds or Subordinate Lien Parity 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 Subordinate Lien Parity Bonds.

Section 12. Form of the Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1

[Not to exceed \$100,000,000]

STATE OF WASHINGTON  
PORT OF SEATTLE  
SUBORDINATE LIEN REVENUE BOND ANTICIPATION NOTE, 2009

REGISTERED OWNER: BANK OF AMERICA, N.A.

MATURITY DATE: December 31, 2011

INTEREST RATE: Variable, as set forth below

PRINCIPAL AMOUNT: NOT TO EXCEED ONE HUNDRED MILLION AND NO/100  
DOLLARS

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the principal amount of not to exceed \$100,000,000. Each draw pursuant to a Request for Draw under this note shall bear interest at a taxable rate equal to either the LIBOR Fixed Rate or the LIBOR Floating Rate, as set forth in Resolution No. \_\_\_\_\_ of the Port, adopted on \_\_\_\_\_, 2009 (the "Note Resolution"), and the interest rate applicable to any outstanding draw may be changed by a Request for Conversion provided in accordance with the Note Resolution. Interest on this note shall accrue from the date money is drawn, pursuant to a Request for Draw, until paid and shall be computed on the principal amount outstanding on the basis of a 360-day year and the actual number of days elapsed. Interest shall be payable monthly on the fifth of each month (for the interest accrued during the previous month) and at maturity or upon early prepayment. Principal on this note shall be paid on the Maturity Date identified above unless earlier prepaid. The unused portions of this note shall be subject to the fee, if any, set forth in the Note Resolution.

Both principal of and interest on this note are payable in lawful money of the United States of America. Principal and interest shall be paid to the Registered Owner hereof out of the Subordinate Lien Note Fund of the Port. Reference is made to the Note Resolution for the definition of other capitalized terms used herein.

The Port has reserved the right to prepay this note in whole or in part at any time as provided in the Note Resolution. A prepayment fee may apply, as set forth in the Note Resolution. Interest shall cease to accrue on the date this note is prepaid in full.

The Port does hereby pledge and bind itself to set aside from such Gross Revenue, and to pay into the Subordinate Lien Note Fund the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution.

The amounts so pledged to be paid out of Gross Revenue into the Subordinate Lien Note Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the liens thereon of any Permitted Prior Lien Bonds and subject further to the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Port's outstanding Subordinate Lien Revenue Bonds, Series 1997, Subordinate Lien Refunding Revenue Bonds, Series 1998, Subordinate Lien Refunding Revenue Bonds, Series 1999A and Series 1999B, Subordinate Lien Revenue Notes (Commercial Paper), Subordinate Lien Revenue Bonds, Series 2005, Refunding Subordinate Lien Revenue Bonds, Series 2008 and any revenue obligations of the Port hereafter issued on a parity with such bonds and this note.

The Port has taken no action to cause the interest on this note to be exempt from federal income taxation.

The Port has further bound itself to maintain all of its properties and facilities which contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any Bonds of this issue are outstanding that it will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Revenue in an amount equal to or greater than the Subordinate Lien Rate Covenant.

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

This note is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted resolutions of the Port, including the Note Resolution, to provide interim financing for projects included in the Port's Capital Investment Program.

This note is not transferable unless (i) the Registered Owner's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Registered Owner by means of a corporate merger, an exchange of stock, or a sale of assets.

It is hereby certified and declared that all acts, conditions and things required to be done precedent to and in the issuance of this note have happened, been done and performed and that the total indebtedness of the Port including this note, does not exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the Port of Seattle has caused this note to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the \_\_\_\_\_ day of \_\_\_\_\_, 2009.

PORT OF SEATTLE

By \_\_\_\_\_ /s/  
President, Port Commission

ATTEST:

\_\_\_\_\_/s/  
Secretary, Port Commission

The Certificate of Authentication for the Note shall be in substantially the following form and shall appear on the front of the Note:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Note is described in the within-referenced Resolution No. \_\_\_\_\_ of the Port of Seattle, Subordinate Lien Revenue Bond Anticipation Note, 2009 dated \_\_\_\_\_, 2009.

TREASURER OF THE PORT OF  
SEATTLE  
as Note Registrar

By \_\_\_\_\_

Section 13. Execution of the Note. The Note shall be signed on behalf of the Port by the manual or facsimile signature of the President and Secretary of the Port Commission, and shall have the official corporate seal of the Port impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

The Note shall be valid or obligatory for any purpose or entitled to the benefits of this resolution only if the Certificate of Authentication in the form hereinbefore recited, has been

manually executed by the Note Registrar. Such Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

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

Section 14. Sale of the Note. The Port hereby accepts the Proposal in accordance with the terms contained in this resolution and the Proposal, which is attached as Exhibit A. The Designated Port Representative is hereby authorized to agree to any other terms, conditions and covenants that are in the best interests of the Port and in accordance with the Proposal.

The appropriate Port officials are hereby authorized and directed to do everything necessary for prompt issuance, execution and delivery of the Note and for the proper application and use of the proceeds thereof. Upon delivery of the Note, the Port shall pay to the Bank a fee of \$350,000, and reimburse the Bank for its legal fees in an amount not to exceed \$1,200, which payments shall be made by check, wire transfer or other mutually acceptable means.

Section 15. General Authorization; Ratification of Prior Acts. The Designated Port Representative and other appropriate officers of the Port are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the

terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 16. Ongoing Disclosure; Information to be Provided to Bank. With respect to the Note, the Port is exempt from the official statement and ongoing disclosure requirements of the Rule.

While the Note is outstanding, the Port will provide the following information to the Bank:

- (1) Audited financial statements within 210 days of each fiscal year end;
- (2) The Port's annual budget within 45 days after adoption; and
- (3) Such other information as may be reasonably requested by the Bank from time to time.

Section 17. Interest Rate Upon Default. If there occurs any nonpayment of principal, interest, fees or other amounts when due under the Note or this resolution, then the Bank at its option may increase the interest rate on the Note by three (3) percentage points.

Section 18 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 Note issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this \_\_\_\_ day of \_\_\_\_\_, 2009, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

PORT OF SEATTLE

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Commissioners

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (“Commission”) of the Port of Seattle (herein called the “Port”), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3620 (herein called 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 \_\_\_ day of \_\_\_\_\_, 2009, 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 \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Secretary

**EXHIBIT A**

Proposal

**EXHIBIT B**

Form of [Request for Draw][Request for Conversion]

PORT OF SEATTLE  
SUBORDINATE LIEN REVENUE BOND ANTICIPATION NOTE, 2009  
NON-REVOLVING LINE OF CREDIT

TO: \_\_\_\_\_

On behalf of the Port of Seattle (“Port”), I hereby certify that:

1. I am the Designated Port Representative of the Port, or his authorized designee, authorized by Resolution No. \_\_\_\_ of the Port Commission adopted on \_\_\_\_\_, 2009 (the “Resolution”) to file this certificate [requesting a draw][electing to convert between interest rate options] and to make the representations on behalf of Port set forth herein.

2. The Port requests as follows (check one of the following):

The Port hereby requests an advance under the Note in the principal amount of \$\_\_\_\_\_ on \_\_\_\_\_ [date]. The drawing is hereby requested to be remitted to the Port to [\_\_\_\_\_] [*insert Name of Bank/routing number and reference instructions*]. The advance is to accrue interest at either (check one of the following):

the LIBOR Floating Rate; or

a LIBOR Fixed Rate, with a/an \_\_\_\_\_ Interest Rate Period [in which case the draw amount must be at least \$100,000, and the date requested for the advance must be at least three (3) London Banking Days after the date this Request is delivered to the Bank].

The outstanding drawing under the Note in the principal amount of \$\_\_\_\_\_ and currently bearing interest calculated on the basis of a LIBOR Fixed Rate with a/an \_\_\_\_\_ Interest Rate Period is requested to be converted to the following, effective at the end of the applicable current Interest Rate Period:

the LIBOR Floating Rate; or

a LIBOR Fixed Rate, with a/an \_\_\_\_\_ Interest Rate Period [in which case the principal amount to be converted must be at least \$100,000, and the date requested for the conversion must be at least three (3) London Banking Days after the date this Request is delivered to the Bank].

The outstanding drawing under the Note in the principal amount of \$\_\_\_\_\_, and currently bearing interest at the LIBOR Floating Rate, is requested to be converted, effective on \_\_\_\_\_ [date], to the LIBOR Fixed Rate, with a/an \_\_\_\_\_ Interest Rate Period [in which case the principal amount to be converted must be at least \$100,000, and the date requested for the conversion must be at least three (3) London Banking Days after the date this Request is delivered to the Bank].

Dated as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**PORT OF SEATTLE**

By: \_\_\_\_\_  
Designated Port Representative