

RESOLUTION NO. 3496

A **RESOLUTION** of the Port Commission of the Port of Seattle, amending Resolution No. 3354, as amended, with respect to certain definitions and requirements applicable to the Port's subordinate lien revenue bonds authorized therein.

Prepared by:

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Adopted: November 12, 2002

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A **RESOLUTION** of the Port Commission of the Port of Seattle, amending Resolution No. 3354, as amended, with respect to certain definitions and requirements applicable to the Port's subordinate lien revenue bonds authorized therein.

WHEREAS, on August 24, 1999, the Port of Seattle, Washington (the "Port") adopted Resolution No. 3354, as amended (the "1999 Resolution"), authorizing the issuance of its Subordinate Lien Revenue Bonds, Series 1999A and Series 1999B (the "1999 Series"); and

WHEREAS, the Port currently intends to convert the interest rate mode for the 1999 Series to the "Fixed Mode" to maturity as permitted under the 1999 Resolution; and

WHEREAS, Sections 7.08 and 7.09 of the 1999 Resolution permits the Port to supplement or amend the 1999 Resolution upon compliance with certain conditions; and

WHEREAS, it is necessary and desirable to amend certain definitions and requirements in the 1999 Resolution;

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

Section 1. Additional Definitions. The following definitions shall be added to Section 1 of the 1999 Resolution:

Amended Remarketing Agreement means the amended Remarketing Agreement for the Bonds upon conversion to the Fixed Mode, between the Remarketing Agent, on behalf of itself and the other underwriters named therein and the Port.

1999 Subordinate Lien Reserve Requirement means the dollar amount, if any, specified or determined by formula set forth in the Amended Remarketing Agreement.

1999 Subordinate Lien Reserve Account means the special account to be established for the Bonds by the Treasurer if a 1999 Subordinate Lien Reserve Requirement is specified in the Amended Remarketing Agreement.

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) by issuing its policies causes obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

Surety Bond means one or more of the surety bond(s), if any, issued by the Surety Bond Issuer on the conversion of the Bonds to the Fixed Mode for the purpose of satisfying the 1999 Subordinate Lien Reserve Requirement.

Surety Bond Agreement means any Agreement between the Port and the Surety Bond Issuer, if any, with respect to the Surety Bond.

Surety Bond Issuer means the surety bond issuer(s), if any, issuing a Surety Bond.

2000 Tax and Arbitrage Certificate means the arbitrage certification delivered at the time of the conversion to the Fixed Mode.

Section 2. Determination of Interest Rates by Remarketing Agent. Section 2.09(a)(1) of the 1999 Resolution which reads as follows is hereby deleted in its entirety:

(a) *Determination by Remarketing Agent.*

(1) The Interest Rate for Bonds of each series (other than Commercial Paper Bonds, the Reimbursement Bonds and Bank Bonds) shall be determined by the Remarketing Agent as the rate of interest that, in the judgment of the Remarketing Agent, would cause the Bonds of that series to have a market value as of the date of determination equal to the principal amount thereof (plus accrued interest), taking into account prevailing market conditions, and with respect to the Commercial Paper Mode, the Remarketing Agent shall determine the Commercial Paper Rate and the Interest Period for each Bond in the Commercial Paper Mode (which shall not exceed 270 days) at such rate and for such period as it deems advisable in order to minimize the net interest cost on the Bonds of such series, taking into account prevailing market conditions; *provided, however,* that the foregoing shall not prohibit the Remarketing Agent from establishing longer Interest Periods (and at higher Commercial Paper Rates) than are otherwise available at the time of any remarketing if the Remarketing Agent determines that, taking into account prevailing market conditions, a lower net interest cost on the Bonds of such series can be achieved over the longer Interest Period. Notwithstanding the foregoing, (i) if the Remarketing Agent has given or received notice that the Bonds of a series are to be changed from the

Commercial Paper Mode to any other Mode or are to be purchased pursuant to a mandatory tender in accordance with Section 4.02, the Remarketing Agent shall select Interest Periods that do not extend beyond the Mandatory Purchase Date and (ii) the Remarketing Agent shall not establish any Interest Period if, as a result of the selection of such Interest Period, the Aggregate Interest Coverage available for either series of Bonds would be greater than the Interest Portion with respect to such series. While Bonds are in the Commercial Paper Mode, neither series of Bonds may bear interest at a rate which, when combined with the then currently Outstanding Bonds, would result in Aggregate Interest Coverage greater than the Interest Portion for such series. For all other modes, the Interest Rate on any Bond may not exceed the Maximum Rate. The Remarketing Agreement shall include a covenant by the Remarketing Agent to comply with the limitations established by this resolution. All Bonds of each series having the same Maturity Date (other than Bank Bonds, the Reimbursement Bonds and Commercial Paper Bonds) shall bear interest at the same Interest Rate, and all Bonds within a series (other than Bank Bonds and the Reimbursement Bonds) shall be at all times in the same Mode.

The following is hereby added as Section 2.09(a)(1) of the 1999 Resolution:

(a) *Determination by Remarketing Agent.*

(1) The Interest Rate for Bonds of each series (other than Commercial Paper Bonds, the Reimbursement Bonds and Bank Bonds) shall be determined by the Remarketing Agent as the rate of interest that, in the judgment of the Remarketing Agent, would cause the Bonds of that series to have a market

value as of the date of determination equal to the principal amount thereof (plus accrued interest), taking into account prevailing market conditions, subject to the following exceptions:

(i) with respect to the Commercial Paper Mode, the Remarketing Agent shall determine the Commercial Paper Rate and the Interest Period for each Bond in the Commercial Paper Mode (which shall not exceed 270 days) at such rate and for such period as it deems advisable in order to minimize the net interest cost on the Bonds of such series, taking into account prevailing market conditions; *provided, however*, that the foregoing shall not prohibit the Remarketing Agent from establishing longer Interest Periods (and at higher Commercial Paper Rates) than are otherwise available at the time of any remarketing if the Remarketing Agent determines that, taking into account prevailing market conditions, a lower net interest cost on the Bonds of such series can be achieved over the longer Interest Period; and

(ii) with respect to the Fixed Mode, the Remarketing Agent shall determine the Fixed Rate(s) and determine whether to proceed with serial or term maturities as it deems advisable in order to minimize the net interest cost on the Bonds of such series, taking into account (A) prevailing market conditions and (B) a determination by the Port whether or not to pay costs of conversion from the proceeds of remarketing; and the Remarketing Agent may establish interest rates in order to minimize net interest cost that result in remarketing the Bonds of the series being converted at prices greater or less than par. Notwithstanding the foregoing, (i) if the Remarketing Agent has given or received notice that the

Bonds of a series are to be changed from the Commercial Paper Mode to any other Mode or are to be purchased pursuant to a mandatory tender in accordance with Section 4.02, the Remarketing Agent shall select Interest Periods that do not extend beyond the Mandatory Purchase Date and (ii) the Remarketing Agent shall not establish any Interest Period if, as a result of the selection of such Interest Period, the Aggregate Interest Coverage available for either series of Bonds would be greater than the Interest Portion with respect to such series. While Bonds are in the Commercial Paper Mode, neither series of Bonds may bear interest at a rate which, when combined with the then currently Outstanding Bonds, would result in Aggregate Interest Coverage greater than the Interest Portion for such series.

For all other modes, the Interest Rate on any Bond may not exceed the Maximum Rate. The Amended Remarketing Agreement shall include a covenant by the Remarketing Agent to comply with the limitations established by this resolution. All Bonds of each series having the same Maturity Date (other than Bank Bonds, the Reimbursement Bonds and Commercial Paper Bonds) shall bear interest at the same Interest Rate, and all Bonds within a series (other than Bank Bonds and the Reimbursement Bonds) shall be at all times in the same Mode.

Section 3. Conversion Between Modes. Section 2.10(a) of the 1999 Resolution which reads as follows is hereby deleted in its entirety:

(a) *Mode Change Dates.*

(1) If the conversion is from a Daily Mode or Weekly Mode, the Mode Change Date must be an Interest Payment Date on which interest

is payable for the Daily Mode or Weekly Mode from which the conversion is made.

(2) In the case of a change from the Commercial Paper Mode, the Mode Change Date shall be a day which is the last Purchase Date for all Interest Periods set by the Remarketing Agent.

(3) The Mode Change Date shall be a Business Day.

(4) In the case of a change from the Long Term Rate Mode, the Mode Change Date shall be the Purchase Date of the current Interest Period.

The following is hereby added as Section 2.10(a) of the 1999 Resolution:

(a) *Mode Change Dates.*

(1) If the conversion is from a Daily Mode or Weekly Mode, the Mode Change Date must be an Interest Payment Date on which interest is payable for the Daily Mode or Weekly Mode from which the conversion is made; provided, however, that if the conversion is to the Fixed Mode, the Mode Change Date may occur on any Business Day.

(2) In the case of a change from the Commercial Paper Mode, the Mode Change Date shall be a day which is the last Purchase Date for all Interest Periods set by the Remarketing Agent.

(3) The Mode Change Date shall be a Business Day.

(4) In the case of a change from the Long Term Rate Mode, the Mode Change Date shall be the Purchase Date of the current Interest Period.

Section 4. Failure to Satisfy Conditions. Section 2.10(e) of the 1999 Resolution which reads as follows is hereby deleted in its entirety:

(e) *Failure to Satisfy Conditions Precedent to Mode Change.*

If fewer than all of the Bonds have been remarketed or if any of the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and all Bonds shall be changed to a Commercial Paper Mode on the Mode Change Date.

The following is hereby added as Section 2.10(e) of the 1999 Resolution:

(e) *Failure to Satisfy Conditions Precedent to Mode Change.*

If fewer than all of the Bonds have been remarketed or if any of the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and all Bonds shall be changed to the Weekly Mode on the Mode Change Date.

Section 5. 1999 Subordinate Lien Reserve Account. There is hereby added a new subsection to Section 5.01 of the 1999 Bond Resolution to be designated as Section 5.01(e):

(e) *1999 Subordinate Lien Reserve Account.* A 1999 Subordinate Lien Reserve Account (the “1999 Subordinate Lien Reserve Account”) is hereby authorized to be created within the Subordinate Lien Bond Fund upon the conversion of the Bonds to the Fixed Mode for the purpose of securing the payment of the principal of, premium, if any, and interest on the Bonds if a 1999 Subordinate Lien Reserve Requirement is specified in the Amended Remarketing Agreement.

The 1999 Subordinate Lien Reserve Requirement, if any, may be satisfied by deposits of cash and/or qualified investments, Qualified Insurance, or a combination of the foregoing. The Designated Port Representative is authorized to solicit proposals, if necessary, for a Surety Bond that qualifies as "Qualified Insurance" and to execute commitments and other documentation in connection therewith if a proposal is approved by the Designated Port Representative. In computing the amount on hand in the 1999 Subordinate Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at cost. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check.

If the balance on hand in the 1999 Subordinate Lien Reserve Account is sufficient to satisfy the 1999 Subordinate Lien Reserve Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the 1999 Subordinate Lien Reserve Account to pay the principal of, premium, if any, and interest on all Bonds, the money in the 1999 Subordinate Lien Reserve Account may be used to pay such principal and interest. So long as the money left remaining on deposit in the 1999 Subordinate Lien Reserve Account is equal to the 1999 Subordinate Lien Reserve Requirement, money in the 1999 Subordinate Lien Reserve Account may be transferred to the fund or account specified in writing by the Designated Port Representative within the limitations permitted by the Tax and Arbitrage

Certificate. The Port also may transfer out of the 1999 Subordinate Lien Reserve Account any money required in order to prevent any Bonds from becoming “arbitrage bonds” under the Code.

If a deficiency in the Bond Fund shall occur, such deficiency shall be made up from the 1999 Subordinate Lien Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the 1999 Subordinate Lien Reserve Account, in such amounts as will provide cash in the 1999 Subordinate Lien Reserve Account sufficient to make up any such deficiency with respect to the Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance for the 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 Sixth of Section 5.01(b) of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for the Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Bonds shall be permitted, and no remedies that adversely affect Registered Owners of the Bonds shall be permitted. Any deficiency created

in the 1999 Subordinate 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 Net 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 the all payments required to be made into the Subordinate Lien Bond Fund within such year.

In making the payments and credits to the 1999 Subordinate Lien Reserve Account required by this Section 5.01(e), to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the 1999 Subordinate Lien Reserve Account such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the 1999 Subordinate Lien Reserve Account by this Section 5.01(e) to the extent that such payments and credits to be made are to be made or insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. In the event of termination of a Qualified Letter of Credit, or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence or if the letter of credit or insurance otherwise ceases to be a Qualified Letter of Credit or Qualified Insurance, respectively, the 1999 Subordinate Lien Reserve Requirement shall be satisfied (A) within one year after the termination, insolvency or incapacity, but no later than the date of cancellation, with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the termination,

insolvency or incapacity of the issuer of a Qualified Letter of Credit or Qualified Insurance or termination of a Qualified Letter of Credit, out of Net 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 1999 Subordinate Lien Reserve Account.

Section 6. Approval of Amended Remarketing Agreement and Other Documentation in Connection with Conversion to Fixed Mode. The Commission finds that it is in the best interest of the Port to enter into the Amended Remarketing Agreement. The Port therefore authorizes the execution of such documents by the Designated Port Representative (with such changes to the Amended Remarketing Agreement as may be approved by the Designated Port Representative and are consistent with the 1999 Resolution as amended) and the performance by the Port of its obligations thereunder. The Designated Port Representative is further authorized and to seek proposals for a commitment for bond insurance and, if one is selected, to execute a commitment with the successful bidder, as well as other documentation in order to effect delivery of a policy of bond insurance.

Section 7. Effective Date. This resolution shall take effect immediately upon the later of (i) its adoption; or (ii) the (A) Port's receipt of (1) the waiver (of notice of mandatory tender) and consent of the Registered Owners of all outstanding 1999 Series to the amendment made by Section 3 of this resolution and (2) the written consent of the Bank (as such term is defined in the 1999 Resolution) to this amendatory resolution; and (2) the mandatory tender of all Bonds for purchase;

ADOPTED by the Port Commission of the Port of Seattle at a meeting thereof, held this 12th day of November, 2002, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission duly affixed.

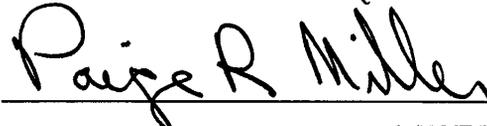
PORT OF SEATTLE, WASHINGTON



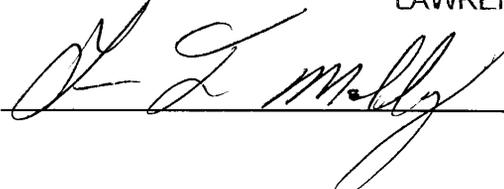
BOB EDWARDS



PATRICIA DAVIS



PAIGE MILLER



LAWRENCE T. MOLLOY

Commissioners

CERTIFICATE

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

1. That the attached resolution numbered 3496 (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 12th day of November, 2002, 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 12th day of November, 2002.



Secretary PAIGE MILLER