

RESOLUTION NO. 2862

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE FROM TIME TO TIME OF REVENUE BOND ANTICIPATION NOTES OF THE PORT DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF \$25,000,000 FOR THE PURPOSE OF PROVIDING INTERIM FINANCING TO REFUND CERTAIN OUTSTANDING SECOND LIEN REVENUE WARRANTS ISSUED TO ACQUIRE, CONSTRUCT, INSTALL, EQUIP AND MAKE CERTAIN IMPROVEMENTS TO THE FACILITIES OF THE DISTRICT; PROVIDING THE FORM, TERMS AND MATURITIES OF SAID NOTES; CREATING A SPECIAL FUND: PROVIDING AND ADOPTING CERTAIN COVENANTS SAFEGUARDING THE PAYMENT OF SUCH PRINCIPAL AND INTEREST; AUTHORIZING THE EXECUTION OF AN ISSUING AND PAYING AGENCY AGREEMENT, DEALER AGREEMENT AND CREDIT AGREEMENT; CONFIRMING THE SALE OF SUCH NOTES; AND AUTHORIZING THE DELIVERY OF NOTES NO. ____ IN THE PRINCIPAL AMOUNT OF \$25,000,000.

WHEREAS, pursuant to Chapter 216 of 1982 Laws of Washington (the "Act") codified as Chapter 39.80 RCW, the Port of Seattle is authorized, among other things, to borrow money in anticipation of the issuance of its revenue bonds when such bonds have been authorized by resolution and to evidence such borrowing by bond anticipation notes of the Port; and

WHEREAS, pursuant to Resolution No. 2827 of the Port Commission the Port issued, under date of September 15, 1981, its Second Lien Revenue Warrants in the appropriate amount of \$25,000,000 (the "Warrants") to refund a like principal amount of warrants issued to provide funds on an interim basis to acquire, construct, install, improve and equip facilities of the Port; and

WHEREAS, the permanent financing of such facilities is to be provided from proceeds to be derived by the Port from the issuance of its revenue bonds authorized by Resolution No. 2861 adopted by the Port Commission on July 13, 1982; and

WHEREAS, the Warrants mature on September 15, 1982 and are subject to redemption, at the option of the Port, at anytime prior to said date on 10 day's written notice; and

WHEREAS, the Port Commission authorized the Port Administration to negotiate for the sale of short-term obligations to provide funds to redeem and retire the Warrants; and

WHEREAS, pursuant to such negotiation, a proposed agreement providing that Citibank, N.A., act as Placement Agent for the Port in connection with the sale of revenue bond anticipation notes to

be authorized by the Port from time to time up to an aggregate outstanding principal amount of \$25,000,000 (the "Notes") has been submitted this day to the Port for its acceptance; and

WHEREAS, it is hereby found to be in the best interest of the Port that the proposed agreement (the "Placement Agent Agreement") be approved and executed and that the issuance of sale of the Notes be authorized; and

WHEREAS, in order to provide additional security to the holders of the Notes and to enhance their marketability on the most favorable terms and conditions the Port Commission further finds that it is in the best interest of the Port to enter into the Revolving Credit Agreement herein referred to in order to provide an additional source of funds with which to provide for the payment of the Notes when due;

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle, as follows:

ARTICLE I

Definitions

Section 1.1 Definitions. The following words and terms as used in this resolution shall have the following meanings, for all purposes of this resolution, unless some other meaning is plainly intended or is required by the Act as in effect on the date of this resolution:

"Authorized Officer" means any of the following: the President and Secretary of the Port Commission and the Senior Director, Finance and Administration, of the Port, and such other persons as may be designated from time to time by subsequent resolution of the Port. In addition, for the purposes therein designated the persons named in Annex G hereto are Authorized Officers.

"Bank Notes" means the promissory notes authorized to be issued under the Credit Agreement.

"Bond Resolution" means Resolution No. 2861 adopted July 13, 1982 and which authorizes the issuance of first lien priority revenue bonds of the Port in the aggregate principal amount of \$25,000,000.

"Bonds" means the bonds authorized by the Bond Resolution.

"Credit Agreement" means the Revolving Credit Agreement between the Port and Citibank N.A., and Rainier National Bank, authorized pursuant to Section 3.3 hereof.

"Facilities" means all property, real and personal, or any interest therein, and whether improved or unimproved, now or hereafter (for as long as any of the Prior Lien Bonds or the Bank Notes are outstanding) owned, operated, used, leased or managed by the Port which contribute in some measure to its Gross Revenue.

"Gross Revenue" means all operating and nonoperating income and revenue derived by the Port from time to time from any source whatsoever, except that income and revenue which may not be pledged legally for revenue bond or revenue warrant debt service.

"Issuing and Paying Agent" means Citibank, N.A., acting in its capacity as such pursuant to the Issuing and Paying Agency Agreement.

"Issuing and Paying Agency Agreement" means the agreement between the Port and Citibank N.A., authorized pursuant to Section 3.1 hereof.

"Notes" means the Revenue Bond Anticipation Notes authorized to be issued pursuant to Section 2.1 hereof.

"Placement Agent" means Citibank, N.A. acting under the Placement Agent Agreement.

"Placement Agent Agreement" means the agreement between the Port and Citibank, N.A. authorized pursuant to Section 3.2 hereof.

"Prior Lien Bonds" means the outstanding bonds of the Port, issued pursuant to the following Resolutions under the following dates:

<u>Resolution No.</u>	<u>Date of Bonds</u>
2143	November 1, 1963
2242	November 1, 1966
2264	November 1, 1967
2272	July 1, 1968
2286	February 1, 1969
2397	November 1, 1971
2504	November 1, 1973
2653	October 1, 1976
2764	July 1, 1979

"Revenue Note Fund" means the Revenue Note Fund, 1982 created by Section 2.3 hereof.

Section 1.2 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any of the Notes authorized to be issued hereunder by those who shall hold the same from time to time, this resolution shall be deemed to be and shall constitute a contract between the Port and the holders from time to time of the Notes; and the pledge and lien on the Revenue Note Fund and the covenants and agreements set forth in this resolution to be performed on behalf of the Port shall be for the equal benefit, protection and security of the holders of any and all of the Notes, all of which, regardless of the time or times of their delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by their terms with respect to rate of interest or otherwise.

ARTICLE II

Creation, Amount, Designation and Purpose of Issue

Section 2.1 Authorization and Purpose. The Port is hereby authorized to borrow money from time to time and to evidence such borrowing by the issuance of obligations to be designated "Revenue Bond Anticipation Notes". The Notes are issued in anticipation of the issuance by the Port of its first lien parity revenue bonds pursuant to the Bond Resolution. The Notes shall be issuable for the purpose of providing funds to refund the outstanding Second Lien Revenue Warrants issued by the Port under date of September 15, 1981 to refund warrants issued to finance certain capital improvements to Port facilities, and to pay the expenses of issuing the Notes. The Port covenants that on all days on which the principal of and interest on Notes becomes due it will deposit sufficient moneys with the Issuing and Paying Agent, but solely from the sources specified in Section 2.3 hereof, to pay such principal and interest when due. The Port hereby authorizes and directs the Issuing and Paying Agent to pay the principal of and interest on the Notes when due from money of the Port representing the proceeds of additional Notes or from other moneys provided by the Port.

Section 2.2 Terms and Form of Notes. The Notes shall be dated the date of actual issuance and delivery thereof and shall be in the form attached as Annex A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The Notes shall be negotiable and payable to bearer. The Port, the Issuing and Paying Agent and the Placement Agent may treat the bearer thereof as the absolute owner of any Note for the purpose of receiving payment thereof and for all other purposes, and neither the Port nor the Issuing and Paying Agent nor the Placement Agent shall be affected by any notice or knowledge to the contrary. The Notes shall be in denominations of not less than \$100,000 each, shall be numbered serially from 1 upwards in order of their issuance, and shall mature not more than 45 days from their dates of issuance. The principal amount, date of issuance, maturity date and amount of interest shall be as specified in instructions of an Authorized Officer of the Port delivered to the Issuing and Paying Agent pursuant to Section 2.5 hereof; provided, however, that (i) no Note shall be issued under this resolution which matures subsequent to the expiration of the term of the Credit Agreement; (ii) no interest-bearing Note shall bear interest at a rate, and no Note issued at a discount shall bear a yield to maturity, in either case in excess of the Base Rate (as defined in the Credit Agreement) as in effect on the date of issuance of such Note; and (iii) from and after receipt by the Port of notice of termination of the Credit Agreement, no Note shall be issued under this resolution (x) which matures subsequent to the latest maturing Note outstanding on the date of such notice or (y) in an amount which, when added to the aggregate principal amount of Notes outstanding hereunder (excluding the aggregate principal amount of Notes then being refunded from the proceeds of Notes), would exceed the aggregate principal amount of Notes outstanding on the date of such notice. The Notes shall be executed on behalf of the Port by the manual or facsimile signature of President of the Port Commission and attested by the manual or facsimile signature of the Secretary of the Port Commission. The official seal of the Port shall be impressed or a

facsimile thereof imprinted on each Note. In case any Authorized Officer whose signature shall appear on any Notes shall cease to be an Authorized Officer before the delivery of such Notes, such signature shall nevertheless be valid and sufficient for all purposes, and such Note may be authenticated and delivered the same as if such Authorized Officer had remained an Authorized Officer until such delivery. The Notes shall be payable both as to principal and interest in immediately available lawful money of the United States of America, at the office of the Issuing and Paying Agent in New York, New York designated pursuant to the Issuing and Paying Agency Agreement.

Section 2.3 Revenue Note Fund - Security and Sources of Payment of Notes. There is hereby established a special fund of the Port to be known as the "Revenue Note Fund, 1982," which fund shall be drawn upon only for the payment of the principal of and interest on the Notes or for the payment of the principal of and interest on Bank Notes as provided in Section 2.6 hereof. The Port hereby covenants and agrees that it will deposit in the Revenue Note Fund, at the time received (i) the proceeds of sale of subsequent issues of Notes pursuant to Section 2.1 hereof, (ii) the net proceeds received from the sale of the Bonds, and (iii) the proceeds of sale of any Bank Notes. In order to secure the payment when due of the principal of and interest on Notes and the performance of any other obligation of the Port to the holders of the Notes, the Port hereby pledges to such payment and performance all amounts from time to time on deposit in the Revenue Note Fund.

(b) The Port agrees for the benefit and protection of the holders from time to time of the Notes, that to the extent it does not have other funds available with which to make such payment when due, it shall issue and sell Bank Notes pursuant to the Credit Agreement and apply the proceeds of such sale to such payment.

(c) Except as expressly set forth above, no revenues or assets of the Port are pledged to the payment of the Notes.

Section 2.4 Execution and Delivery of Notes to Issuing and Paying Agent. Upon the adoption of this resolution and from time to time thereafter as may be required in connection with the issuance of the Notes authorized hereby, the Port shall execute and deliver to the Issuing and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions hereof and of the Issuing and Paying Agency Agreement, Notes in the form required by Section 2.2 hereof with the date of issuance, principal amount, maturity date and amount of interest left blank. Each such Note shall be held in safekeeping by the Issuing and Paying Agent until authenticated and delivered in accordance with the provisions of Section 2.5 hereof and the Issuing and Paying Agency Agreement.

Section 2.5 Issuance and Sale of Notes; Maturities and Interest Rates.

(a) The Port may issue and sell Notes at private sale pursuant to the Placement Agent Agreement at such times, amounts, with such maturities, at such rates of discount or interest and upon such other terms and conditions as shall be fixed by an Authorized Officer at the time of sale, subject only to the provisions of this resolution; and it is hereby found and determined that such manner of sale is in the best interests of the Port.

(b) Upon receipt of written instructions (including instructions given by electronic wire service) from an Authorized Officer specifying the principal amounts, dates of issuance, maturities, rates of discount or interest, and other terms and conditions as shall be determined by such Authorized Officer, the Issuing and Paying Agent shall withdraw from safekeeping the necessary Notes theretofore delivered to it pursuant to Section 2.4 hereof and shall complete the same in accordance with such instructions. Notwithstanding the foregoing, however, an Authorized Officer may give telephonic instructions to the Issuing and Paying Agent provided the same are confirmed in writing, including a writing transmitted by facsimile or other electronic means, within 24 hours. Such written instructions or confirmation shall

also specify the purchase price for the Notes and shall contain a request that the Issuing and Paying Agent authenticate the necessary Notes by countersigning the same and deliver the same to the purchaser(s) thereof pursuant to the Issuing and Paying Agency Agreement. There shall be printed upon, or delivered with, the Notes, the approving legal opinion with respect thereto of Messrs Preston, Thorgrimson, Ellis & Holman, Bond Counsel, in substantially the form included in Annex A hereto.

(c) The delivery to the Issuing and Paying Agent of any instructions, telephonic or written, with respect to the issuance of Notes, shall constitute a certification by the Port to the following effect:

(1) The representations and warranties of the Port contained herein and in the Issuing and Paying Agency Agreement are true and correct as of the date of issuance of such Improvement Notes;

(2) No event of default under this resolution has occurred;

(3) The certifications and statements contained in the Port's Master Arbitrage Certificate in the form of Annex B hereto, or substantially in such form but reflecting changes in the figures therein which have occurred since the date Annex B was prepared which changes are not material, are true, correct and complete with respect to the Notes referred to in such instructions as of the proposed date of issuance thereof; and

(4) All agreements and covenants to be performed by the Port with respect to such Notes have been duly performed.

In confirmation of the foregoing the Port agrees to cause an Authorized Officer to execute and deliver a certificate in substantially the form attached hereto as Annex C. Such certificate shall be hand delivered to Bond Counsel on the day of issuance of any Notes and shall be mailed on such day to the Issuing and Paying Agent and the Placement Agent.

Section 2.6 Application of Proceeds. Pursuant to Resolution No. 2827 the Port has created a Second Lien Warrant Redemption Fund. The Port shall deposit, from the proceeds of the initial issuance and sale of Notes under this resolution, into such Fund, the amount required, together with other moneys on deposit in such fund, to redeem and retire the Warrants on the earliest date on which the Warrants may be redeemed pursuant to the notice provisions applicable to the Warrants. The balance of the Note Proceeds, if any, shall be used to pay the costs of issuance of the Notes. The proceeds of each subsequent issuance and sale of Notes shall be applied first to the payment of the principal of and interest of any Notes coming due on the date of such issuance and sale of Notes. Any proceeds of any such subsequent issuance and sale of Notes remaining after the payment of prior Notes as provided in the preceding sentence shall be applied to the payment of outstanding Bank Notes.

Section 2.7 Lost, Destroyed or Mutilated Notes. In the event any Note is lost, destroyed, or mutilated, the Port will cause to be issued a new Note, substantially similar to the original, to replace the same, in such manner and upon such reasonable terms and conditions as any Authorized Officer may from time to time determine.

Section 2.8 Custody of Cancelled Notes. All Notes surrendered to the Issuing and Paying Agent upon the payment of the principal and interest upon maturity thereof shall be cancelled by said Issuing and Paying Agent and forthwith transmitted to the Port, and it shall thereafter have the custody of all thereof.

ARTICLE III

Related Agreements

Section 3.1 Issuing and Paying Agency Agreement. The Port hereby approves the terms of an Issuing and Paying Agency Agreement with Citibank, N.A. in the form or substantially in the form attached hereto as Annex D and hereby authorizes and directs that the same be executed and delivered by an Authorized Officer in such form or substantially in such form with such changes therein as the Authorized Officer executing the same may approve, his

execution thereof to be conclusive evidence of such approval and that such changes are within the authority hereby granted.

Section 3.2 Placement Agent Agreement. The Port hereby approves the terms of a Placement Agent Agreement with Citibank, N.A. in the form or substantially in the form attached hereto as Annex E and hereby authorizes and directs that the same be executed and delivered by an Authorized Officer in such form or substantially in such form with such changes therein as the Authorized Officer executing the same may approve, his execution thereof to be conclusive evidence of such approval and that such changes are within the authority hereby granted.

Section 3.3 Credit Agreement.

(a) The Port hereby approves the terms of a Credit Agreement with Citibank, N.A. and Rainier National Bank substantially in the form attached hereto as Annex F and hereby authorizes and directs that the same be executed and delivered by an Authorized Officer in such form or substantially in such form with such changes therein as the Authorized Officer executing the same may approve, his execution thereof to be conclusive evidence of such approval and that such changes are within the authority hereby granted.

(b) The Port is hereby authorized to borrow money from time to time pursuant to the Credit Agreement for the sole purpose of paying the principal of and interest on Notes when due. The Port hereby authorizes and directs the Authorized Officer, in connection with any such borrowing, to execute and deliver a Bank Note in substantially the form of Annex B to the Credit Agreement and to execute and deliver the certificates required by the Credit Agreement for such borrowing.

(c) The Bank Notes shall be payable solely from the special fund of the Port designated the "Bank Note Redemption Fund," which Fund is hereby established. The Port covenants and agrees that if, and for so long as, any Bank Notes are outstanding it will deposit in the Bank Note Redemption Fund (i) to the extent provided in Section 2.6 hereof, the proceeds of sale of issues of Notes, (ii) the net proceeds of sale of the Bonds to the extent

such proceeds are not required to be deposited in the Revenue Note Fund pursuant to Section 2.3 hereof, and (iii) Gross Revenues of the Port available after payments required to pay and secure the payment of outstanding Prior Lien Bonds have been made. The Port hereby further covenants and agrees that the payments out of Gross Revenue into the Bank Note Redemption Fund, as herein provided, shall constitute a lien on such Gross Revenues superior to all liens and charges of any kind or nature whatsoever, except the prior lien and charge thereon for amounts required to pay and secure the payment of the Prior Lien Bonds.

ARTICLE IV

Representations and Warranties

The Port represents, warrants and agrees as follows:

Section 4.1 Corporate Authority. The Port has full legal right, power and authority (i) to adopt this resolution, (ii) to enter into the Issuing and Paying Agency Agreement, the Placement Agent Agreement and the Credit Agreement (such Agreements being hereinafter collectively referred to as the "Related Agreements"), (iii) to sell, issue and deliver the Notes as provided herein, and (iv) to carry out and consummate all other transactions contemplated by this resolution and the Related Agreements.

Section 4.2 Due Authorization and Approval of Resolution, Notes and Related Agreements. By all necessary official action prior to or concurrently herewith, the Port has duly authorized and approved the execution and delivery of, and the performance by the Port of its obligations contained in the Notes, this resolution and the Related Agreements and the consummation by it of all other transactions contemplated by this resolution and the Related Agreements in connection with the issuance of the Notes, and such authorizations and approvals are in full force and effect and have not been amended, modified or supplemented in any material respect.

Section 4.3 Resolution and Related Agreements to Constitute Legal, Valid and Binding Obligations of Port. This resolution constitutes, and the Related Agreements, when executed and deliv-

ered, will constitute, the legal, valid and binding obligations of the Port.

Section 4.4 Notes to Constitute Legal, Valid and Binding Obligations of Port. The Notes, when issued, authenticated and delivered, will constitute the legal, valid and binding obligations of the Port.

Section 4.5 No Breach or Default. The Port is not in breach of or default under applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Port is a party or to which the Port or any of its property or assets is otherwise subject where such breach or default would have a material adverse effect on the operations or financial condition of the Port; and (i) the adoption of this resolution, (ii) the execution and delivery of the Related Agreements, and (iii) the sale, issuance and delivery of the Notes, and compliance with the provisions on the Port's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative, regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Port is a party or to which the Port or any of its property or assets is otherwise subject, nor will any such adoption, execution, delivery, sale, issuance or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Port or under the terms of any such law, regulation or instrument, except as provided by the Notes and this resolution.

Section 4.6 No Litigation. To the best knowledge of the Port's legal counsel, there is no action, suit or proceeding, at law or in equity, before or by any court, public board or body, pending or threatened against the Port (i) affecting the corporate existence of the Port or the titles of its Authorized Officers to their respective offices or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Notes or the collection of material revenues of the Port, or contesting or affecting

the powers of the Port with respect to, or the validity or enforceability of, or any authority for, the issuance and sale of the Notes, the adoption of this resolution or the execution and delivery by the Port of the Related Agreements, nor, to the best knowledge of the Port's legal counsel, is there any basis for any such action, suit or proceeding wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability or the performance by the Port of the Notes, this resolution or the Related Agreements, or (ii) wherein an unfavorable decision, ruling or finding might materially adversely affect the operations or financial condition of the Port.

ARTICLE V

Covenants of the Port

Section 5.1 Punctual Payment of Notes. The Port covenants that it will duly and punctually pay or cause to be paid the principal of every Note and the interest, if any, thereon at the places, on the dates and in the manner provided herein and in the Notes. Except as otherwise provided in the resolution, the principal and interest, if any, on the Notes are payable solely from the funds pledged therefor by this resolution, and nothing in the Notes or in this resolution shall be construed as obligating the State of Washington or any political subdivision thereof to pay the Notes or the interest, if any, thereon except as provided herein or as pledging the faith and credit or taxing power of the Port, the State of Washington or of any such political subdivision.

As long as any Notes are outstanding, the Port will cause an office or agency where any Notes may be presented for payment to be maintained in the Borough of Manhattan, City and State of New York.

Section 5.2 Notes to Remain Tax Exempt; Nonarbitrage. The Port covenants that it will not take or permit to be taken on its behalf any action which would adversely affect the exemption from federal income taxation of the interest or discount, if any, on the Notes and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be

required under applicable law to continue the exemption from federal income taxation of the interest and discount, if any, on the Notes. Without limiting the generality of the foregoing, the Port covenants that it will not take any action or fail to take any action with respect to the investment of the proceeds of any Notes or other funds which would result in constituting the Notes "arbitrage bonds" within the meaning of such term as used in Section 103(c) of the Internal Revenue Code of 1954, as amended (the "Code") or which would violate Treasury Regulations under Section 103(c) of the Code applicable to the Notes. The Port further covenants that it will not expend, or permit to be expended, Note proceeds in any manner inconsistent with its expectations as certified in the Master Arbitrage Certificate to be executed with respect to the Notes; provided, however, that the Port may expend Note proceeds in any manner if the Port first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxes of the interest or discount on the Notes.

The Port represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 5.3 Use of Note Proceeds; Restrictions on Amendments. The Port covenants that none of the proceeds of the Notes will be used for any purpose other than as provided in this resolution and that the Port shall not suffer any amendment or supplement to this resolution, or any departure from the due performance of the obligations of the Port hereunder, which might materially adversely affect the rights of the holders from time to time of the Notes.

Section 5.4 Maintenance of Credit Agreement. The Port covenants that, as long as any Notes are outstanding, it will not agree to or acquiesce in (i) any reduction of the amount available under the Credit Agreement to an amount less than the aggregate principal amount of Notes outstanding plus the amount of interest, if any, to be paid thereon at maturity or (ii) any termination of

the Credit Agreement prior to the maturity of the outstanding Notes.

Section 5.5 Financial Information. The Port covenants that it will cause an annual audit to be made of its books and accounts and will make available for inspection by the Note holders, at the office of the Port and at the office of the Issuing and Paying Agent designated pursuant to the Issuing and Paying Agency Agreement, a copy of each such audit report and will also furnish a copy thereof, upon request, to any Note holder. The Port further covenants and agrees that it will prepare quarterly unaudited financial statements, including a statement of income and a balance sheet, and make such quarterly financial statements available to the Placement Agent within 45 days after the end of each fiscal quarter (except the last quarter of each fiscal year) in quantities sufficient for delivery to all Note holders.

Section 5.6 Reaffirmation of Covenants. The Port covenants and agrees that, upon each issuance, authentication and delivery of Notes, the covenants hereinafter set forth shall be deemed to have been reaffirmed by the Port, and shall have been fully complied with, on and as of the date thereof, as if made on such date.

ARTICLE VI

Events of Default and Remedies

If one or more of the following events of default shall occur and be continuing: (i) default in the due and punctual payment of the principal of or interest on any Note when and as the same shall become due and payable; or (ii) an event which results in acceleration, pursuant to the Credit Agreement, of any Bank Note delivered by the Port thereunder, then, and in any such event the holder of any Note may, by notice in writing to the Port, declare such Note to be, and it shall forthwith become, due and payable, without presentment, demand, protest or other notice of any kind, all of which the Port hereby expressly waives. Any notice required by this Section shall be deemed to have been sufficiently given if and when sent by registered mail, return receipt

requested and addressed to Port of Seattle, P.O. Box 1209, Seattle, Washington.

ARTICLE VII

Miscellaneous

Section 7.1 General Authorization. Each Authorized Officer is hereby authorized to do and perform from time to time any and all acts and things consistent with this resolution necessary or appropriate to carry the same into effect.

Section 7.2 Successors of Port. In the event that any board, body or commission shall lawfully succeed to the principal functions of the Port under the Act or that the powers and duties given to the Port by the laws of the State of Washington shall be lawfully transferred to some other board, body or commission, all of the covenants, obligations and agreements contained in this Agreement by or on behalf of or for the benefit of the Port shall bind or inure to the benefit of the successor or successors of the Port from time to time.

Section 7.3 Effect of Partial Invalidity. In case any one or more of the provisions of this resolution or of the Notes shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution or of said Notes, but this resolution and said Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, obligation or agreement contained in the Notes or in this resolution shall for any reason be held to be in violation of law, then such covenant, obligation or agreement shall be deemed to be the covenant, obligation or agreement of the Port to the full extent permitted by law.

Section 7.4 Effect of Covenants, etc. All covenants, obligations and agreements of the Port contained in this resolution shall be deemed to be covenants, obligations and agreements of the Port to the full extent authorized by the Act and permitted by the Constitution of the State of Washington. No covenant, obligation or agreement contained herein shall be deemed to be a covenant, obligation or agreement of any present or future member, agent or

employee of the Port in his individual capacity, and neither the members of the Port Commission nor any Authorized Officer thereof executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, agent or employee of the Port shall incur any liability in acting or proceeding or in not acting or not proceeding, in good faith in accordance with the terms of this resolution and the Act. This resolution is executed with the intent that the laws of the State of Washington shall govern its construction.

Section 7.5 Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreements or agreements, shall be null and void and shall be deemed separable from the remaining covenant and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 13th day of July, 1982, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof and the seal of the Commission.

PORT OF SEATTLE, WASHINGTON

(S E A L)

ATTEST:

Secretary of said Commission

correct copy of a signed legal opinion of Messrs. Preston, Thorgrimson, Ellis & Holman, Bond Counsel, on file in the office of the Port of Seattle and addressed to the Port, which opinion is dated the date the first issue of Notes referred to therein were delivered and paid for.

[facsimile]
Secretary, Port Commission
Port of Seattle

Port of Seattle
Seattle, Washington

Re: \$25,000,000 Port of Seattle Revenue Bond Anticipation
Notes (the "Notes") issued under Resolution No. 2862
(the "Resolution") adopted July 13, 1982

Gentlemen:

We have acted as counsel to the Port of Seattle (the "Port") in the matter of authorization, sale and issuance from time to time of the Notes in a principal amount not in excess of \$25,000,000 outstanding at any time. This opinion is furnished on the basis of (i) statutes, regulations and court decisions in effect on its date, (ii) the representations, warranties and covenants contained in the Resolution, and (iii) the Master Non-Arbitrage Certificate of the Port dated as of the date hereof. This opinion may be relied on in connection with Notes issued after the date hereof only to the extent that (i) there has been no intervening change in those statutes, regulations and court decisions, (ii) the representations, warranties and covenants contained in the Resolution remain valid and in effect, and (iii) the facts stated in the Master Non-Arbitrage Certificate are reaffirmed as of the date of each such issue.

We have examined Chapter 216 of the 1982 Laws of Washington (the "Act"), and other applicable statutes; a certified copy of the By-Laws of the Port; the Resolution; and such certificates and other papers, and have made such other examinations as we have deemed necessary in connection with this opinion. Based thereon, we are of the opinion that:

1. The Notes are authorized by the Act and have been duly authorized by the Resolution.

2. When issued in duly authorized form, executed by authorized officers of the Port, countersigned by the issuing and paying agent, and delivered to and paid for by the purchasers thereof, all in accordance with the Resolution, the Notes will be legal, valid and binding obligations of the Port, and except to the extent refunded by other Notes, will be payable out of the proceeds of sale of first lien parity revenue bonds of the Port authorized by Resolution No. 2861 adopted July 13, 1982, by the Port Commission. Obligations of the Port, including the Notes, are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion.

3. The agreements and covenants contained in the Resolution are authorized by the Act and are legal, valid and binding and are enforceable in accordance with the terms thereof, subject to laws of bankruptcy and other matters described in opinion item 2 above.

4. Neither the State of Washington nor any political subdivision thereof is obligated to pay any of the Notes or the interest thereon and neither the faith and credit or taxing power of the Port, the State of Washington or any

\$ _____

PORT OF SEATTLE

No. _____

State of Washington

Revenue Bond Anticipation Note

_____, 19__

THE PORT OF SEATTLE (the "Port"), a municipal corporation of the State of Washington, for value received hereby promises to pay to the order of Bearer _____ on _____, 19__, the sum of _____ DOLLARS with interest in the amount of _____ upon presentation and surrender of this Note at the office of Citibank, N.A., 20 Exchange Place, New York, New York. This Note is valid only when countersigned and delivered by Citibank, N.A., as Issuing and Paying Agent.

[seal]

PORT OF SEATTLE

Countersigned by
Citibank, N.A.
Issuing and Paying Agent

By _____
Authorized Officer

By _____
Authorized Officer

(SEAL)

Pursuant to the Revenue Bond Anticipation Note Resolution (the "Resolution") approved by the Port Commission on July 13, 1982, this Note is one of an authorized issue of Notes payable both as to principal and interest from the Revenue Note Fund, 1982 of the Port. The Port, by the Resolution, has covenanted and agreed to deposit in the Revenue Note Fund, when received, (i) the proceeds of sale of subsequent issues of Notes; (ii) the net proceeds from the sale of the Revenue Bonds authorized by Resolution No. 2861 of the Port Commission; and (iii) the proceeds of sale of the hereinafter described Bank Notes. The Port has entered into a Revolving Credit Agreement with Rainier National Bank, Seattle, Washington, and Citibank, N.A., New York, New York, pursuant to which said Banks have agreed to purchase promissory notes to provide funds, if required, to pay the principal of and interest on the Notes when the same become due.

This Note shall not be deemed to constitute a debt of the Port, the State of Washington or of any political subdivision thereof or a general obligation or pledge of the faith and credit of the State or of any such political subdivision. Neither the Port nor the State nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note, except in the case of the Port as set forth in the Resolution, and neither the faith and credit nor the taxing power of the Port, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note.

All acts, conditions and things required by the Constitution and laws of the State of Washington and the By-Laws of the Port to happen, exist and be done precedent to, and in the incurrence, of the indebtedness evidenced by this Note and in the Issuance of this Note have happened, exist and have been performed as so required.

[Back of Note Form]

The undersigned Secretary of the Port Commission of the Port of Seattle hereby certifies that the following is a full and

political subdivision thereof is pledged to the payment of the Notes or the interest thereon.

5. Under statutes, regulations and court decisions in effect on the date hereof and upon compliance with certain conditions and covenants of the Port contained in the Resolution, the interest paid to and original issue discount apportioned among Note holders will be exempt from income taxes of the United States of America (except for interest on any Note for any period during which such Note is held by a "substantial user" of the facilities of the Port acquired, constructed or improved out of the proceeds of obligations refunded by the Notes or a "related person" within the meaning of Section 103(b)(9) of the Internal Revenue Code of 1954, as amended).

Very truly yours,

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

Donald L. Holman

Master Non-Arbitrage Certificate
of
Port of Seattle, Washington

I, JAMES L. HOGAN, Senior Director, Finance and Administration of the Port of Seattle, Washington (the "Port"), being charged with others, with responsibility for issuing the Port's Revenue Bond Anticipation Notes (the "Notes") in an aggregate principal amount outstanding not to exceed \$25,000,000 pursuant to Resolution No. 2862 of the Port Commission (the "Note Resolution") and Chapter 216 of 1982 Laws of Washington, hereby certify and expect that the following will occur with respect to the Notes. This certification is made in compliance with Sections 1.103-13, 1.103-14, 1.103-15 of the Income Tax Regulations under the Internal Revenue Code of 1954, as amended (herein called the "Regulations"), including particularly Section 1.103-13(a)(2)(iii) of the Regulations, and is delivered as a part of the transcript of proceedings and accompanying certificates with respect to the Notes. To the best of my knowledge and belief, the expectations of the Port as set forth herein are reasonable.

1. The Note Resolution adopted July 13, 1982, authorized the issuance, from time to time, of Notes to investors and bank notes (the "Bank Notes") under a revolving credit agreement with Rainier National Bank and Citibank, N.A. (the "Credit Agreement"). The outstanding amount of Bank Notes will be aggregated with the outstanding amount of Notes for purposes of the limitation on the amount of Notes set forth above.

2. The Notes will either bear interest from the date of Issuance or will be issued at discount, and will be in bearer form in minimum denominations of \$100,000. The Notes will mature on any day agreed upon by the Port and the purchaser, but not more than 270 days from the issuance thereof.

3. The Notes will be issued (i) for the purpose of redeeming and retiring \$25,000,000 of Second Lien Revenue Warrants issued by the Port under date of September 15, 1981 (the "Warrants") to refund, by exchange, a like principal amount of warrants which were issued from time to time from September 15, 1978, through March 1, 1979, to provide funds on an interim basis to acquire, construct, install, improve and equip certain facilities of the Port (the "Project"), and (ii) for the purpose of refunding any outstanding Notes or Bank Notes.

4. The Port will deposit the proceeds of the initial sale of Notes into the Port's Second Lien Warrant Redemption Fund created by Resolution No. 2827 (the "Warrant Fund"). The proceeds so deposited will be immediately applied to the redemption and retirement of the Warrants.

5. The proceeds of subsequent sales of Notes, to the extent required, will be deposited in the Revenue Note Fund, 1982 (the "Note Fund") established pursuant to the Note Resolution and applied to the payment of principal of and interest on any Notes coming due on the date of issuance of the notes then being issued. Any remaining proceeds will be applied to the payment of outstanding Bank Notes.

6. Except as provided in paragraph 7 below, payments of principal and interest on the Notes will be made from (i) proceeds of sales of subsequent issues of Notes, (ii) other moneys on deposit in the Note Fund, and (iii) the proceeds of the sale of revenue bonds ("Revenue Bonds") the issuance of which the Port has authorized by Resolution No. 2861 of the Port Commission. All Notes will ultimately be refunded by the sale of Revenue Bonds.

7. To the extent that it does not have other funds available to make such payments of principal and interest when due, the Port must issue and sell Bank Notes pursuant to the Credit Agreement.

8. As security for the payment of principal and interest on the Notes and the performance of any other obligation of the Port to the holders of such Notes, the Port will pledge all amounts from time to time on deposit in the Note Fund. No other revenues or assets of the Port will be pledged to or available for the payment of the Notes.

9. The proceeds derived from the sale of the \$25,000,000 of warrants issued from time to time from September 15, 1978, through March 1, 1979, were all expended to pay Project costs prior to September 15, 1981. The Warrants were issued in exchange for a like principal amount of such warrants.

10. The Port will deposit in the Note Fund from the sources above mentioned amounts required to pay the principal of and interest on the Notes. It is anticipated that such deposits will be made on the dates such principal and interest becomes due and payable and that no interest will be earned on moneys deposited in the Note Fund. In the event any interest is earned on such moneys it will be expended within one year from the date of receipt thereof.

11. Except as set forth in Paragraph 10 above, the Port has not established any fund for the purpose of paying principal of or interest on the Notes, any "sinking fund" as defined in the Regulations.

12. The Port has not been advised of any listing of it by the Commissioner of Internal Revenue as an issuer that may not certify its bonds.

On the basis of the foregoing, it is not expected that the proceeds of the notes will be used in a manner that would cause the Notes to be "arbitrage bonds" under Section 103 of the Internal Revenue Code and the regulations promulgated thereunder. To the best of my knowledge and belief, there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of July, 1982.

Senior Director
Finance and Administration
Port of Seattle

[Form of Certificate of Authorized Officer
Pursuant to Section 2.5]

I, _____, the _____ of the Port
of Seattle, hereby certify that:

(1) The representations and warranties of the Port contained
in the Revenue Bond Anticipation Note Resolution adopted by the
Port Commission on _____, 1982 (the "Resolution") and in the
Issuing and Paying Agency Agreement between the Port and Citibank,
N.A., are true and correct as of this date.

(2) No event of default under the Resolution has occurred.

(3) The certifications and statements contained in the
Port's Master Arbitrage Certificate are true, correct and complete
with respect to the Notes to be issued by the Port this day.

(4) All agreements and covenants to be performed by the Port
with respect to such Notes have been duly performed.

PORT OF SEATTLE

By _____
Authorized Officer

Dated: _____

PORT OF SEATTLE
P.O. BOX 1209 SEATTLE, WASHINGTON 98111

July 13, 1982

Citibank, N.A.
20 Exchange Place
New York, NY 10043

Attention: Mr. F. A. Herbst, Vice President

Dear Mr. Herbst:

By this letter Citibank, N.A. (hereinafter "Citibank") is requested to act as Issuing and Paying Agent on behalf of the Port of Seattle (hereinafter "Issuer") in connection with the sale and issuance, from time to time, of Revenue Bond Anticipation Notes (hereinafter the "Notes"). As Issuing and Paying Agent, you will be governed by the terms and conditions of this Letter Agreement.

For so long as this Letter Agreement is in effect, the Issuer will, from time to time, deliver to Citibank at the above address executed Notes, in bearer form but with the principal amount, amount of interest, date of issue and maturity date left blank. The Notes will bear the manual and facsimile signatures of Authorized Officers of the Issuer, as such term is defined in the Bond Anticipation Note Resolution adopted by the Issuer on July 13, 1982 (hereinafter the "Resolution"), and you will be furnished with a Signature Certificate and a certified copy of this Letter Agreement and the Resolution which among other things confirm the title and authority of such persons to execute the notes and to issue instructions relative to the completion and delivery of the notes, together with a specimen signature for each Authorized Officer. The Notes will be numbered serially and bear such other identification as the Issuer deems appropriate.

Upon receipt of Notes by you, you will acknowledge the same by returning a receipt to the Issuer, in substantially the form attached hereto as Appendix "A". You will hold all Notes for the Issuer's account in safekeeping. You will advise us, from time to time, of the names of the Designated Persons who are authorized to receipt for, complete and deliver the Notes.

Upon receipt of telephone, electronic wire service, or written instructions from an Authorized Officer, a Designated Person will withdraw the necessary number of Notes from safekeeping and, in accordance with such instructions will:

(a) Complete each Note as to the date, maturity, principal amount and amount of interest;

(b) Authenticate each Note by manually countersigning the same; and

(c) Deliver the Notes to the purchaser thereof, or to the consignee to or for the account of the purchaser thereof, against payment for the Issuer's account as herein provided.

All oral instructions given to a Designated Person for the completion and delivery of the Notes will be confirmed in writing within twenty-four hours (unless instructions shall have been given by electronic wire service, in which event such wire service writing shall itself be considered as written instructions) and Citibank shall incur no liability to Issuer in acting upon telephone instructions which the Designated Person believes in good faith to have been given by an Authorized Officer. Each delivery of the Notes will be

subject to the rules of the New York Clearing House in effect at the time of the delivery.

All instructions given by us for the completion and delivery of Notes, whether by telephone or otherwise, are to be directed to:

Issuance Department
Citibank, N.A.
20 Exchange Place
New York, New York 10043
(212) 825-6330 through - 6334

The proceeds of the Notes delivered against payment are to be credited to an Account set up in advance on your books in the Issuer's name. At maturity, all Notes presented to you for payment are to be paid by you and charged to the same Account. Presentment of Notes to you for payment is to be made at: Issuance Department, 20 Exchange Place, New York, New York 10043.

In the event you are instructed to deliver Notes against payment, the delivery and receipt of payment may not necessarily be completed simultaneously, and you are authorized to follow the prevailing custom, which is to deliver Notes to the purchaser, receive the purchaser's receipt for the delivery and, at a later time but on the same day, after the purchaser has verified the delivery against his Purchase Agreement, to receive payment from the purchaser in immediately available funds.

If payment is made by check, you will be required to pick up the check at the purchaser's office so long as it is not located outside the financial district of Lower Manhattan and, if it is drawn on you, to enter the same for payment in immediately available funds; provided that the check is not to be paid until purchaser has made available to you immediately available funds to cover the payment, which may not occur until late in the day of delivery.

You will in due course cancel Notes presented for payment and return them to us.

We hereby warrant and represent to you, which will be a continuing warranty and representation, that all Notes delivered to you pursuant to this Letter Agreement are duly authorized and executed as prescribed in the Resolution, and that your appointment as Issuing and Paying Agent is in accordance with and does not exceed the authority contained in the Resolution. For your information, a copy of the Resolution is attached.

Upon our request, given at any time and from time to time, you shall promptly provide us such information with respect to the Notes issued and paid hereunder as we may have specified in such request. You and we shall discuss from time to time the extent to which such information is reasonably available and the times at which you can reasonably furnish such information.

It is understood that both parties reserve the right to terminate this Letter Agreement, and the authority granted herein, upon 30 days' written notice, such termination to take effect on the 31st day following service of such written notice by deposit in the U.S. mail, by personal service or by electronic wire service; provided, however, that such termination shall not affect the respective obligations of the parties hereunder with respect to Notes issued, authenticated and delivered prior to such termination. Promptly upon termination of this Letter Agreement you shall cancel and return to us all Notes in your possession at the time of such termination.

The Issuer agrees to indemnify you, your officers, employees and agents and hold you, your officers, employees and agents harmless from any and all liability, loss, damage, costs and expenses of any nature (including reasonable counsel fees) arising out of or in connection with you or your officers', employees' or agents' performance under this Agreement, except for

costs, expenses, fees and liabilities arising out of your or your officer's, employees', or agents' negligence or wilful misconduct. The Issuer further agrees that neither you nor any of your officers, employees and agents shall be liable for any action or omission to act, taken or made pursuant to this Agreement, except for negligence or wilful misconduct. This indemnity includes, but is not limited to, any action taken or omitted in good faith within the scope of this Agreement upon telephone instructions, if authorized herein, received from, or believed by you in good faith to have been given by any one of the Authorized Agents of the Issuer.

Payment by the Issuer to Citibank for its services hereunder will be made within twenty days of receipt of billing, which will be no more than once monthly.

Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing or by electronic wire service and shall:

(a) if to us, be addressed to us as follows: James L. Hogan, Senior Director, Finance and Administration, Port of Seattle, 2300 Alaskan Way, Seattle, Washington 98121;

(b) if to you, be addressed to you as follows: F. A. Herbst, Vice President, Issuance Department, Citibank, N.A. 20 Exchange Place, New York, New York 10043 or to such other address as the party receiving such notice shall having previously specified to the parties giving such notice.

It is understood that the fee charged by Citibank for its services as Issuing and Paying Agent will be \$10 per Note issued with a minimum monthly fee of \$25.00. The terms of this agreement will remain in effect until July 15, 1983 unless extended upon mutual agreement of Citibank and the Issuer.

If the foregoing is in accordance with your understanding, kindly so indicate by accepting and returning the enclosed copy of this letter.

Very truly yours,

PORT OF SEATTLE

By J. L. Hogan

ACCEPTED AND APPROVED:

CITIBANK, N.A.

BY

F. A. Herrick
F. A. HERRICK
VICE PRESIDENT

DATED: July 13, 1982

APPENDIX A

[Date]

Citibank, N.A.
20 Exchange Place
New York, New York 10043

Att: Mr. F. A. Herbst, Vice President

Dear Mr. Herbst:

We enclose the following Revenue Bond Anticipation Notes (the "Notes") for safekeeping, execution and delivery pursuant to our further instructions:

[Set forth Note description, including quantities, denominations, serial numbers and amounts.]

Please acknowledge receipt of these Notes on the line below and return this letter to us.

Very truly yours,

[Signature of Authorized Person]

RECEIPT ACKNOWLEDGED.

DATED: _____

CITIBANK, N.A.

By: _____

PLACEMENT AGENCY AGREEMENT

Dated as of July 13, 1982

The Port of Seattle, a municipal corporation organized under the laws of the State of Washington (the "Issuer"), and (the "Bank") agree as follows:

1. Amount Authorized. The Bank agrees on the terms and conditions hereinafter set forth to use its best efforts to arrange to provide as sole placement agent, from time to time, short-term financing to the Issuer, commencing on the date hereof until terminated by either party on five business days' notice, in an aggregate principal amount not to exceed at any time outstanding \$25,000,000 (the "Financing Limit"). The Financing Limit may be increased or decreased by agreement of the Bank and the Issuer from time to time.

2. Form of Notes. All indebtedness of the Issuer hereunder shall be evidenced by notes (the "Commercial Paper Notes") of the Issuer in the form of Exhibit A hereto and shall be serially numbered, imprinted with the Issuer's name and address and properly executed on behalf of the Issuer and made to the order of bearer but shall not be authenticated and shall be incomplete as to principal amount, interest rate, if applicable, date of issue and maturity. Forms of Commercial Paper Notes for use hereunder shall be furnished by the Issuer and shall be executed on behalf of, and deposited by, the Issuer for safekeeping with the Issuance Agency Department of the Bank, as issuing agent for the Issuer.

3. Request for Financing. (a) In order to obtain financing hereunder, the Issuer shall notify the Bank by telephone (telephone (212) 668-3616), confirmed in writing (Attention: Michele Smith, VP: Tax-Exempt Notes, Money Market Division, 55 Water Street, 47th Floor (Box 850) New York, N.Y. 10043), on any banking day (the "Request Date") prior to 3:00 P.M. (New York City time) of the financing it requests hereunder, specifying the principal amount requested by the Issuer to be received on the next succeeding banking day, which amount, when aggregated with all amounts of short-term financing then outstanding pursuant to paragraph 4, shall not exceed the Financing Limit, and the requested maturity, which shall not exceed nine months therefrom. The Bank and the Issuer shall thereupon agree on the amount (the "Agreed Amount") and the maturity (the "Agreed Maturity") in which, and the rate of interest on Commercial Paper Notes in interest-bearing form or the rate of discount on Commercial Paper Notes in discount form (the "Agreed Rate") at which, Commercial Paper Notes may be sold by the Bank as agent for the Issuer, provided, however, that, in the event that the Bank shall promptly place Commercial Paper Notes in the Agreed Amount and Agreed Maturity at a rate lower than the Agreed Rate, such lower rate shall constitute the Agreed Rate. The Issuer shall also specify either a discount or interest-bearing basis (subject to the provisions of subparagraph 4(iv) hereof). Such Agreed Amount, Agreed Maturity and Agreed Rate may be increased or decreased by agreement of the Bank and the Issuer and shall be promptly reconfirmed by telex or telecopy.

(b) For the purposes of subparagraph 3(a) hereof, the term "banking day" shall mean a day of the year on which banks are not required or authorized to close in New York City.

4. Placement of Commercial Paper Notes on Behalf of the Issuer.

After the Agreed Amount, Agreed Maturity and Agreed Rate have been determined, the Bank shall be authorized to place Commercial Paper Notes as follows:

Commercial Paper Notes may be placed as the Bank in its discretion determines,

- (i) with institutional and corporate purchasers,
- (ii) in such amounts, but in the aggregate no more than the Agreed Amount, and in the case of any one Commercial Paper Note for no less than \$100,000 (except as the Bank and the Issuer may agree from time to time),
- (iii) with such maturity dates, but no longer than the date which is the last day of the period commencing with the Request Date and extending through the duration of the Agreed Maturity (such date being hereinafter referred to as the "Agreed Maturity Date"), and

(iv) at or lower than the Agreed Rate as may be required to sell Commercial Paper Notes to ready institutional and corporate purchasers.

5. Revolving Credit Agreement. The parties hereto are entering into a Revolving Credit Agreement (the "Credit Agreement") dated the date hereof pursuant to which the Bank and Rainier National Bank agree to provide a line of credit for the purpose of providing liquidity for the Issuer in the event that new purchasers for Commercial Paper Notes cannot be found. It is the understanding of the parties hereto that the Credit Agreement is not intended to provide an interest rate ceiling for the cost of issuing Commercial Paper Notes but rather an alternative funding source in the event of market dislocations.

6. Issuance of Commercial Paper Notes and Payment Therefor. The Bank shall promptly confirm to the Issuer the amount of each Commercial Paper Note which has been placed pursuant to paragraph 4 above. The Bank is authorized to advise its Issuance Agency Department, as issuing agent, to complete and countersign Commercial Paper Notes against payment therefor to the account of the Issuer with the Bank in immediately available funds.

7. Conditions Precedent to the Bank's Obligations. The obligations of the Bank hereunder are subject to the following conditions:

(1) The Bank shall have received a certified copy of a resolution, in the form attached hereto as Exhibit B, adopted by the Issuer's Board of Commissioners approving the borrowing of funds and stipulating which officers are permitted to authorize the individual borrowings and to sign Commercial Paper Notes, and the Issuer shall be deemed to have represented such resolution to be in full force and effect.

(2) The Bank shall have received signature cards in duplicate executed as authorized by the resolution of the Issuer's Board of Commissioners referred to above, and the Issuer shall be deemed to have represented such signatures to be duly authorized.

(3) The Bank shall have received a certificate, signed by an executive officer of the Issuer, to the effect that the uses to which the proceeds of the Commercial Paper Notes shall be put meet the criteria for the exemption from registration provided by Section 3(a)(2) of the Securities Act of 1933 and the Issuer shall be deemed to have represented (i) to know of no reason why Commercial Paper Notes issued pursuant to this Agreement will not qualify for such exemp-

tion and (ii) the Commercial Paper Notes when issued and delivered to a purchaser to be legal, valid and binding obligations of the Issuer enforceable against it in accordance with their terms.

(4) The Bank shall have received an opinion of counsel to the Issuer, in form and substance satisfactory to it, as to the matters described in subparagraph 7(3) above.

(5) There shall not have occurred any default under the Credit Agreement and the Issuer shall be deemed to have represented that no such default has occurred.

(6) The representations contained in subparagraph 7(1), (2), (3) and (5) shall be, and shall have continued to be, true.

(7) The execution of an Issuing and Paying Agency Agreement shall have occurred whereunder Citibank, N.A. will act as issuing agent for the issuance and payment of the Commercial Paper Notes at a cost to the Issuer of \$10 per Commercial Paper Note issued with a minimum monthly fee of \$25.00

8. Fee. If the Bank shall place Commercial Paper Notes with institutional or corporate purchasers as agent for the Issuer, it shall be entitled to receive directly from the Issuer a fee equal to 1/8 of 1% per annum of the Financing Limit. This fee is payable upon the initial placement of the Commercial Paper Notes. In the event the Issuer increases or decreases the amount of the Financing Limit the fee shall be adjusted accordingly and rebated to the Issuer or paid to the Bank as the case may be.

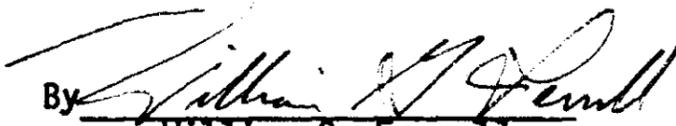
9. Notices. All notices and other communications required or permitted hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered, if to the Issuer, at its address at 2300 Alaskan Way, Seattle, Washington, 98121; Attention: James L. Hogan, Senior Director - Finance and Administration if to the Bank, at its address at 55 Water Street, 47th Floor (Box 850), New York, New York 10043, Attention: Michele L. Smith, V.P., Tax-Exempt Notes, Money Market Division; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed or telegraphed, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, provided, however, that notice of termination under paragraph 1 hereof may be given by telephone and shall be effective immediately upon being so given if promptly thereafter confirmed in writing in the manner set forth in this paragraph 9.

10. Binding Effect; Governing Law. This Agreement shall be binding on and inure to the benefit of the Issuer and the Bank and their respective successors and assigns, except that the Issuer shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank. This Agreement, the Commercial Paper Notes shall be governed by, and construed in accordance with, the laws of the State of Washington.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

CITIBANK, N.A.

By


William G. Ferrell
Vice President

Accepted this 13th day of June, 1982

PORT OF SEATTLE

By

James L. Hogan
Senior Director,
Finance and Administration

REVOLVING CREDIT AGREEMENT

Dated as of July , 1982

The Port of Seattle, a municipal corporation organized under the laws of the State of Washington (the "Borrower"), and Citibank, N.A. ("Citibank") and Rainier National Bank ("Rainier") (each, a "Bank", collectively, the "Banks") agree as follows:

PRELIMINARY STATEMENT. The Borrower wishes to obtain Advances (as defined below) in an aggregate amount not to exceed \$25,250,000 at any time outstanding, on the terms and conditions set forth in this Agreement, for the purpose of the payment of principal of and interest, if any, on the Borrower's tax exempt revenue bond anticipation notes (the "Notes") authorized by Resolution 2862 of the Port Commission (the "Note Resolution") to be issued pursuant to an Issuing and Paying Agency Agreement between the Borrower and Citibank (the "Agreement") and to be presented for payment to Citibank, as paying agent for the Borrower (the "Paying Agent") under the Agreement. The Banks have agreed severally to make such Advances to the Borrower on such terms and conditions.

ARTICLE I

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 1.01. The Advances. Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make advances ("Advances") to the Borrower from time to time during the period from the date hereof to and including July , 1983 (the "Termination Date") (which date may be extended from time to time by mutual agreement of each of the Banks and the Borrower) in an aggregate amount not to exceed at any time outstanding \$25,250,000 (the "Total Commitment"), the first \$12,625,000 of which will be advanced by Rainier and the second \$12,625,000 of which will be advanced by Citibank (each such amount being referred to as a Bank's "Commitment"). Each borrowing under this Section 1.01 (a "Borrowing") shall consist of Advances made on the same day by Rainier or Citibank

according to their respective Commitments. Within the limits of each Bank's Commitment, the Borrower may borrow, prepay pursuant to Section 1.06 and reborrow under this Section 1.01; provided, that Advances shall be made by Citibank only at such times as the entire Commitment of Rainier is outstanding.

SECTION 1.02. Making the Advances. Advances may be requested hereunder by the Paying Agent on behalf of the Borrower if payment at maturity of the principal of and interest, if any, on any Note that has been issued in accordance with the terms of the Agreement would create an overdraft in the Note Payment Account (as defined below). Each such Borrowing shall be in an amount equal to the overdraft which would otherwise be created in the Note Payment Account on account of such payment. Each Borrowing shall be requested by notice in writing, by telex or by telephone (promptly confirmed in writing or by telex) from the Borrower to the applicable Bank specifying the date and amount thereof. Such notice must be received by such Bank no later than noon, New York City time. Not later than 1:30 P.M., New York City time, on the date of such Borrowing, the applicable Bank shall make available to the Paying Agent at its address referred to in Section 7.02, in same day funds, such Bank's Advance.

SECTION 1.03. Commitment Fee. The Borrower agrees to pay to the Banks a commitment fee on the Total Commitment from July , 1982 until the Termination Date at the rate of $\frac{3}{8}$ of 1% per annum, payable on the date of the execution hereof and on the first day of each renewal term hereof for the period of such renewal; provided, that in the event that the Total Commitment is at any time reduced pursuant to Section 1.04 the Banks shall repay to the Borrower a ratable portion of the Commitment Fee.

SECTION 1.04. Reduction of the Total Commitment. The Borrower shall have the right, upon at least five Business Days' notice to each of the Banks, to terminate in whole or in part the unused portion of the Total Commitment, provided that each partial reduction shall be in the aggregate amount of \$500,000 or an integral multiple thereof, and, provided, further, that the Total Commitment shall not be reduced below the aggregate principal amount of Notes issued and outstanding and interest to accrue on such Notes to their maturity. Such reductions shall be applied equally to the Commitments of the Banks, and the Banks and the Borrower will effect an adjustment of their respective obligations hereunder in order to permit such equal reduction.

SECTION 1.05. Interest and Repayment. The Borrower shall repay, and shall pay interest on, the aggregate unpaid principal amount of all Advances made by each Bank in accordance with a promissory note of the Borrower to the order of such Bank, in substantially the form of Exhibit A hereto (a "Bank Note"), evidencing the indebtedness resulting from such Advances and delivered to each Bank pursuant to Article II.

Each Advance shall mature and be payable six months after the date of such Advance and shall bear interest on the unpaid principal amount thereof from the date of such Advance until such Advance is paid in full payable monthly on the first day of each calendar month during the term of such Advance and on the date when such Advance becomes due at a fluctuating interest rate per annum equal (a) during the first two weeks of the term of each Advance to 62-1/2% of the rate of interest announced publicly by Citibank in New York, New York, from time to time as Citibank's base rate (the "Base Rate") and (b) during the remainder of such term, to the Base Rate. Each change in the fluctuating interest rate hereunder shall take effect simultaneously with the corresponding change in the Base Rate.

SECTION 1.06. Optional Prepayments. The Borrower may, upon at least five Business Days' notice to the applicable Bank, prepay the Bank Notes in whole or ratably in part with accrued interest to the date of such prepayment on the amount prepaid, provided that each partial prepayment shall be in an aggregate principal amount not less than \$500,000.

SECTION 1.07. Sharing of Payments, Etc. If either Bank shall obtain any payment (whether voluntary, involuntary or otherwise) on account of the Bank Note held by it in excess of its ratable share of payments due the Banks on account of the Bank Notes obtained by both the Banks, such Bank shall purchase from the other Bank such participations in the Bank Notes held by it as shall be necessary to cause such purchasing Bank to share the excess payment ratably with the other Bank; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. The Borrower agrees that any Bank so purchasing a participation from the other Bank pursuant to this

Section 1.07 may exercise all its rights of payment (voluntary, involuntary or otherwise) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

SECTION 1.08. Payments and Computations. The Borrower shall make each payment under this Agreement and the Bank Notes (collectively, the "Loan Documents") not later than 12:00 noon (New York City time or Seattle, Washington time, as the case may be) on the day when due in lawful money of the United States of America to the applicable Bank at its address referred to in Section 7.02 in same day funds. The Borrower hereby authorizes each Bank, if and to the extent payment owed to such Bank is not made when due under any Loan Document, to charge from time to time against any unrestricted account of the Borrower with such Bank any amount so due. All computations of interest under the Bank Notes and of the commitment fee hereunder shall be made by the Banks on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days (including the first day but excluding the last day) elapsed.

SECTION 1.09. Payment on Non-Business Days. Whenever any payment to be made hereunder or under the Bank Notes shall be stated to be due on a Saturday, Sunday or a public or bank holiday or the equivalent for banks generally under the laws of the State of New York or the State of Washington, as the case may be (any other day being "Business Day"), such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

ARTICLE II

CONDITIONS OF LENDING

SECTION 2.01. Condition Precedent to Initial Advances. The obligation of each Bank to make its initial Advance is subject to the condition precedent that each Bank shall have received on or before the day of the initial Borrowing from such Bank the following, each dated the day of delivery thereof, in form and substance satisfactory to such Bank:

- (a) A Bank Note to the order of such Bank.

(b) Evidence of the adoption of the Note Resolution and that such other actions necessary or, in the opinion of such Bank, desirable to perfect and protect a valid and binding second lien security interest of the Banks in the Gross Revenues of the Borrower as defined in the Note Resolution (the "Security Interest") have been taken.

(c) Certified copies of the resolutions of the Port Commission of the Borrower approving each Loan Document and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to each Loan Document.

(d) A certificate of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign each Loan Document and the other documents to be delivered by it hereunder.

(e) A favorable opinion of the Messrs. Preston, Thorgrimson, Ellis & Hollman, bond counsel for the Borrower, as to interest on obligations of the Borrower being exempt from Federal income taxation, as to the Security Interest being a valid and binding second lien security interest, as to the matters referred to in Section 3.01 hereof (except subsections (e), (f) and (g) thereof) and as to such other matters as such Bank may reasonably request.

(f) A favorable opinion of the general counsel of the Borrower, as to the matters referred to in Section 3.01(f) hereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington.

(b) The execution, delivery and performance by the Borrower of each Loan Document are within the Borrower's corporate powers, have been duly authorized

by all necessary corporate action, do not contravene (i) the Borrower's by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower, and do not result in or require the creation of any lien, security interest or other charge or encumbrance (other than pursuant hereto) upon or with respect to any of its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Loan Documents.

(d) This Agreement is, and each other Loan Document when delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The balance sheets of the Borrower as at December 31, 1981, and the related statements of income and retained earnings of the Borrower for the fiscal year then ended, copies of which have been furnished to each Bank, fairly present the financial condition of the Borrower as at such date and the results of the operations of the Borrower for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since such date there has been no material adverse change in such condition or operations.

(f) There is no pending or threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator, which may materially adversely affect the corporate existence or powers of the Borrower or its financial condition or operations.

(g) No proceeds of any Advance will be used to acquire any security in any transaction which is subject to Sections 13 and 14 of the Securities Exchange Act of 1934.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the

Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

ARTICLE IV

COVENANTS OF THE BORROWER

SECTION 4.01. Covenants. So long as any Bank Note shall remain unpaid or either Bank shall have any Commitment hereunder, the Borrower will, unless both Banks shall otherwise consent in writing:

(a) Use of Proceeds. Use the proceeds of each Advance hereunder solely for the purpose of payment of matured Notes presented to the Paying Agent for payment.

(b) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith.

(c) Reporting Requirements. Furnish to each of the Banks: (i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, balance sheets of the Borrower as of the end of such quarter and statements of operations and equity of the Borrower for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer of the Borrower; (ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower, containing financial statements for such year certified in a manner acceptable to the Banks by Touche Ross & Co. or other independent public accountants acceptable to the Banks; and (iii) such other information respecting the condition or operations, financial or otherwise, of the Borrower as either Bank may from time to time reasonably request.

(d) Debt. Not create or suffer to exist any Debt which ranks senior or pari passu in right of payment to the obligations of the Borrower under the Loan Documents other than the Debt listed on Exhibit B hereto all of which is outstanding on the date hereof. "Debt" means (i) indebtedness for borrowed money or for the deferred purchase price of property or services, (ii) obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases and, (iii) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (i) or (ii) above.

(e) Security Interest. Maintain a valid and binding lien in favor of the Banks on the Gross Revenue of the Borrower superior to all other charges of any kind or nature, except the lien and charge on Gross Revenue for amounts required to pay and secure the payment of the principal of and interest on the Prior Lien Bonds as defined in the Note Resolution.

(f) Borrowings from Citibank. Not request any Borrowing from Citibank hereunder unless the entire amount of Rainier's Commitment is outstanding on the date of such Borrowing.

ARTICLE V

EVENTS OF DEFAULT

SECTION 5.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any installment of principal of, or interest on, any Bank Note when due; or

(b) Any representation or warranty made by the Borrower (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed and any such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Borrower by either Bank; or

(d) The Borrower shall fail to pay any Debt (as defined in Section 4.01(d), but excluding Debt evidenced by the Bank Notes), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other default under any agreement or instrument relating to any such Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The valid and binding second lien Security Interest shall, for any reason, cease to exist; or

(f) Any event of default under the Note Resolution shall have occurred; or

(g) The Borrower shall have sold, leased, transferred or otherwise disposed of all or any substantial part of its assets; or

(h) Interest on obligations of the Borrower for borrowed money shall cease to be exempt from taxation under the Internal Revenue Code of 1954, as amended and in effect at the time of reference thereto or under any subsequent law of the United States enacted in lieu thereof; or

(i) In the reasonable opinion of the Banks there has occurred a material adverse change in the financial condition or operations of the Borrower which would materially impair its ability to market the Notes at a reasonable interest cost;

then, and in any such event, either Bank may, by notice to the Borrower, (i) declare the obligation of each Bank to make Advances to be terminated, whereupon the same shall forthwith terminate; provided, however, that if any Notes shall be outstanding, the obligation of each Bank to make Advances hereunder to fund the repayment of such Notes shall not terminate until such Notes have been paid in full, and (ii) declare the Bank Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Bank Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VI

NOTE PAYMENT ACCOUNT

SECTION 6.01. Note Payment Account. The Borrower has established a special non-interest-bearing account (the "Note Payment Account"), with the Paying Agent at its office at 20 Exchange Place, New York, New York, in the name of the Borrower, but under the sole control and dominion of the Paying Agent (except as otherwise provided in subsection (b) of Section 6.03) and subject to the terms of this Agreement.

SECTION 6.02. No Security Interest. Notwithstanding any other provision contained herein, it is not intended that, nor shall, this Agreement create any security interest in, lien on, or pledge of the Note Payment Account, or any amounts held therein, in favor of the holders of Notes, the Paying Agent, the Banks or any other Person.

SECTION 6.03. Maintaining the Note Payment Account. So long as either Bank shall have any Commitment or any Bank Note shall remain unpaid:

(a) The Borrower will maintain the Note Payment Account with the Paying Agent, and the Borrower will cause to be deposited therein, in accordance with the terms of the Agreement, the proceeds of all sales of Notes and may from time to time deposit, or cause to be deposited, therein such additional amounts as the

Borrower in its discretion may determine for the purpose of paying the obligations of the Borrower referred to in clauses (i) and (ii) of subsection 6.03(b).

(b) It is and shall be a term and condition of the Note Payment Account, notwithstanding any term or condition to the contrary in any other agreement relating to the Note Payment Account, that the funds in the Note Payment Account may be withdrawn only by (i) the Paying Agent on behalf of holders of Notes in such amounts and at such times as are necessary to pay Notes as they mature, (ii) the Banks in such amounts and at such times as are required to pay any obligations of the Borrower under this Agreement or the Bank Notes as such obligations become due and payable, and (iii) the Borrower, at any time when no withdrawals under the preceding clause (i) or (ii) may be made and when no Event of Default, or event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, in an amount equal to the excess of the credit balance in the Note Payment Account over the aggregate outstanding principal amount of all matured but unpaid Notes.

The Note Payment Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate United States banking or governmental authority, as may now or hereafter be in effect.

SECTION 6.04. Transfers and Other Liens. The Borrower agrees that it will not (i) sell or otherwise dispose of any interest in the Note Payment Account or any funds held therein except as provided herein, or (ii) create or permit to exist any lien, security interest, or other charge or encumbrance upon or with respect to any interest in the Note Payment Account or any funds held therein.

SECTION 6.05. Application of Funds Upon an Event of Default. If any Event of Default shall have occurred and be continuing, the Borrower shall have no right to withdraw any funds in the Note Payment Account, and such funds shall, without the requirement of notice to the

Borrower except as required by law, be applied to payment of obligations of the Borrower (all such obligations of the Borrower being the "Obligations") in the following priority: first, the payment of all obligations of the Borrower now or hereafter existing in respect of principal of and interest on the Notes; second, the ratable payment of all other obligations of the Borrower now or hereafter existing in respect of principal of and interest on the Bank Notes; and, third, the ratable payment of all other obligations of the Borrower now or hereafter existing under the Loan Documents whether for fees, expenses or otherwise.

SECTION 6.06. Return of Funds. Upon the payment in full (after the Termination Date) of the Obligations, the Paying Agent shall return such funds remaining in the Note Payment Account as shall not have been applied pursuant to the terms hereof, to the Borrower or whosoever shall be legally entitled thereto.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. Amendments, Etc. No amendment or waiver of any provision of any Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telex and telecopy communication) and mailed, telexed or telecopied or delivered, if to the Borrower, at its address at 2300 Alaskan Way, Seattle, Washington 98121, Attention: James L. Hogan, Senior Director-Finance and Administration; Telex: 328058, Telecopy: (206) 382-3249, and if to either Bank, at its address set forth under its name on the signature pages hereof; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be effective when received.

SECTION 7.03. No Waiver; Remedies. No failure on the part of either Bank to exercise, and no delay in exercising, any right under any Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in the Loan Documents are cumulative and not exclusive of any remedies provided by law.

SECTION 7.04. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied, except as otherwise stated herein.

SECTION 7.05. Costs, Expenses and Taxes. The Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, filing, recording, and administration of the Loan Documents and the other documents to be delivered under the Loan Documents, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Banks and local counsel who may be retained by said counsel, with respect thereto and with respect to advising the Banks as to their rights and responsibilities under the Loan Documents, and all costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the enforcement of the Loan Documents and the other documents to be delivered under the Loan Documents. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of the Loan Documents and the other documents to be delivered under the Loan Documents, and agrees to save each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 7.06. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the declaration of the Bank Notes to be due and payable pursuant to the provisions of Section 5.01, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now

or hereafter existing under this Agreement and the Bank Note held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such Bank Note and although such obligations may be unmatured. Each Bank agrees promptly to notify the Borrower after any such set-off and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Bank may have.

SECTION 7.07. Binding Effect; Governing Law. This Agreement shall become effective when it shall have been executed by the Borrower and the Banks and thereafter shall be binding upon and inure to the benefit of the Borrower and each Bank and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Banks. This Agreement and the Bank Notes shall be governed by, and construed in accordance with, the laws of the State of Washington.

SECTION 7.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PORT OF SEATTLE

By _____
Title:

CITIBANK, N.A.

By _____
Vice President

Address: 55 Water Street
47th Floor (Box 850)
New York, New York 10043
Attention: Joan Egan
Vice President,
Money Market Division
Telecopy: (212) 344-9358

RAINIER NATIONAL BANK

By _____
Vice President

Address: 1301 Fifth Avenue
Seattle, Washington 98124
Attention: Edward P. Palmer
Telex:
Telecopy:

EXHIBIT A
PROMISSORY NOTE

\$12,625,000

Dated: July , 1982

FOR VALUE RECEIVED, the undersigned, PORT OF SEATTLE, a municipal corporation organized under the laws of the State of Washington (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank") the principal sum of Twelve Million Six Hundred Twenty-five Thousand Dollars (\$12,625,000) or, if less, the aggregate unpaid principal amount of all Advances made by the Bank to the Borrower pursuant to the Credit Agreement (as hereinafter defined) outstanding from time to time, each such Advance to be paid six months after the date of such Advance; together with interest on any and all principal amounts remaining unpaid hereunder from time to time outstanding from the date hereof until said principal amounts are paid in full, payable monthly on the first day of each calendar month during the term hereof and on the final day when the respective principal amount of each Advance becomes due, at a fluctuating interest rate per annum equal (a) during the first two weeks of the term of each Advance to 62-1/2% of the rate of interest announced publicly by Citibank, N.A. in New York, New York, from time to time as Citibank, N.A.'s base rate (the "Base Rate") and (b) during the remainder of such term, to the Base Rate. Each change in the fluctuating interest rate hereunder shall take effect simultaneously with the corresponding change in the Base Rate. All computations of interest shall be made on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days (including the first day but excluding the last day) elapsed.

Both principal and interest are payable in lawful money of the United States of America to the Bank at _____, in same day funds. All Advances made by the Bank to the Borrower pursuant to the Credit Agreement and all payments made on account of principal hereof shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Bank Note.

This Promissory Bank Note is one of the Bank Notes referred to in, and is entitled to the benefits of, the Revolving Credit Agreement dated as of July 15, 1982

(the "Credit Agreement") among the Borrower, the Bank and Citibank, N.A. and Rainier National Bank. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

PORT OF SEATTLE

By _____
Title:

Exhibit B

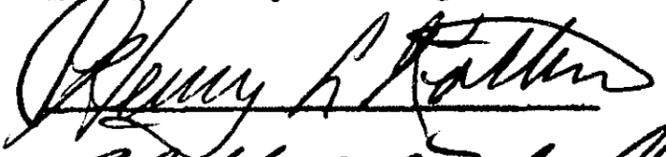
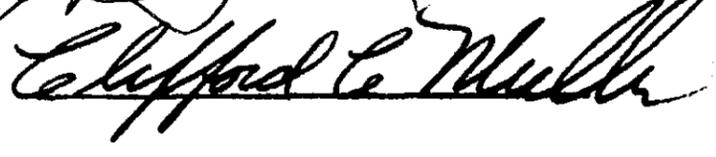
The outstanding long-term debt of the Borrower as of December 31, 1981 consisted of the following (in thousands) -

	<u>Earliest call of year last series matures</u>	<u>Long-term portion</u>	<u>Current maturities</u>
Revenue bonds:			
3.30%-4.70%	1983 through 1988	\$ 9,080	\$ 1,865
4.50%-6.00%	1999	18,235	195
5.25%-5.70%	2000	48,195	1,660
4.00%-6.50%	2001	115,885	2,415
5.20%-6.50%	2009	<u>51,950</u>	<u>1,200</u>
		243,345	7,335
Advance refunded revenue bonds:			
6.40%-7.30%	1985	33,615	
5.00%-8.00	1988	<u>92,340</u>	
		125,955	
Less refunding cash and U.S. Govern- ment restricted for the refunding of revenue bonds, net of costs of refunding		<u>(130,281)</u>	
		<u>\$239,019</u>	
General obligation bonds:			
4.50%-5.25%	1990	\$ 8,965	950
5.00%-5.60%	1997	<u>15,565</u>	<u>610</u>
		33,505	1,560
Less refunding cash and U.S. Govern- ment securities restricted for refunding of general obligation bonds, net of costs of refunding		<u>(8,975)</u>	
		<u>\$ 24,530</u>	
Second lien revenue warrants:			
Variable	1981	<u>\$ -</u>	<u>25,000</u>
			<u>\$33,985</u>

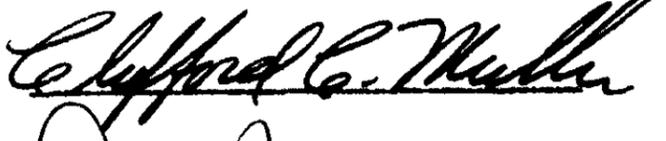
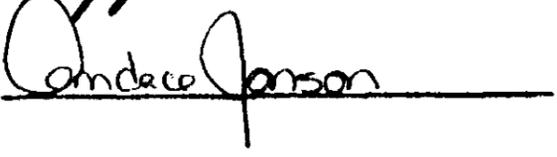
APPENDIX A

AUTHORIZATION SUMMARY

Personnel Authorized to Sign Instruments

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jack S. Block	1982 President, Port Commission	
Henry L. Kotkins	1982 Secretary, Port Commission	
Clifford C. Muller	Senior Director, Finance and Administration	

Personnel Authorized to Sign Confirmation Letters Only

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Richard D. Ford	Executive Director	
Clifford C. Muller	Senior Director, Finance and Administration	
Candace Jonson	Director of Accounting	

Personnel Authorized to Telephone Instructions

Same as above listed Personnel Authorized to Sign Confirmation Letters only.

Send Advices and Mail to:

Port of Seattle
2300 Alaskan Way
Seattle, Washington 98121
Attention: Clifford C. Muller
Senior Director,
Finance and Administration

Telex: 703-433
Telecopy: (206) 382-3249