

**SERIES RESOLUTION**  
**PORT OF SEATTLE, WASHINGTON**

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**RESOLUTION NO. 3242, AS AMENDED**

**A RESOLUTION of the Port Commission of the Port of Seattle, Washington, authorizing the sale and issuance of Revenue Bonds, Series 1997A and Revenue Bonds, Series 1997B of the Port in the principal amounts of \$120,375,000 and \$19,985,000, respectively, for the purpose of financing additions to its properties; fixing the date, forms, terms, and maturities for such bonds; authorizing the sale of such bonds; and approving an agreement for ongoing disclosure.**

ADOPTED: *May 2*, 1997

Prepared by:

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### Exhibit A - List of Projects to be financed from the proceeds of the Series 1997 Bonds

\* This Table of Contents and the Cover Page are for convenience of reference and are not intended to be a part of this Series Resolution.

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

WHEREAS, the airport facilities are in need of capital expansion and improvement; and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, adopted on February 2, 1990 and most recently amended by Resolution No. 3241, adopted on April 8, 1996 (the "Master Resolution"); and

WHEREAS, the Port has issued and currently has outstanding fourteen series of revenue bonds pursuant to the Master Resolution, as follows:

<u>Resolution Number</u>	<u>Date of Issue</u>	<u>Original Principal Amt.</u>	<u>Currently Outstanding (3/1/97)</u>	<u>Final Maturity Dates</u>
3060	2/1/90	(A) \$ 66,240,492.05	\$ 40,765,492.05	12/1/14
3060	2/1/90	(B) 59,969,771.35	57,659,771.35	12/1/14
3060	2/1/90	(C) 24,805,000.00	16,675,000.00	12/1/03
3111	4/1/92	(A) 25,450,000.00	21,610,000.00	11/1/17
3111	4/1/92	(B) 115,440,000.00	98,270,000.00	11/1/17
3120	2/1/93	(A) 21,655,000.00	10,940,000.00	4/1/00
3120	2/1/93	(B) 60,750,000.00	35,560,000.00	11/1/01
3160	11/1/93	(C) 21,170,000.00	8,930,000.00	1/1/99
3155	2/1/94	(A) 27,135,000.00	26,140,000.00	12/1/11
3155	2/1/94	(B) 50,000,000.00	50,000,000.00	5/1/19
3155	2/1/94	(C) 51,755,000.00	45,665,000.00	7/1/09
3196	9/1/95	(A) 26,345,000.00	15,860,000.00	2/1/01
3215	4/1/96	(A) 31,820,000.00	31,820,000.00	9/1/21
3215	4/1/96	(B) 74,520,000.00	74,520,000.00	9/1/17

(the "Outstanding Bonds"), and

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

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, the Port Commission has held a public hearing on the issuance of one series of the revenue bonds as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is necessary that the date, form, terms and maturities of such revenue bonds of each series be fixed and that the lien thereof on the Net Revenues of the Port be established as herein provided; and

WHEREAS, it is deemed necessary and desirable that such series of bonds be sold pursuant to negotiated sale as herein provided;

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

Section 1. Definitions. Unless otherwise defined herein, the terms used in this Series Resolution, including the preamble hereto, which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this Series Resolution:

"Annual Disclosure Report" has the meaning given such term in Section 17(b) of this Series Resolution.

"Arbitrage Certificate" means the certificate of that named executed and delivered by the Port at the time of issuance and delivery of the Series 1997 Bonds.

"Beneficial Owner" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 1997 Bonds (including persons holding Series 1997 Bonds through nominees, depositories or other intermediaries).

"Bond Purchase Contract" means the Bond Purchase Contract dated this date among the Port and the Underwriters.

"Bond Year" means each one-year period that ends on the date selected by the Port. The first and last Bond Years may be short periods. If no day is selected by the Port before the earlier of the final maturity date of the Series 1997 Bonds of a series or the date that is five years after the date of issuance of the Series 1997 Bonds of such series, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Series 1997 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

"Computation Date" means the date selected by the Port to make arbitrage rebate computations.

"Computation Period" means the period between Computation Dates.

"Construction Fund-1997A" means the account or fund by that name maintained in the office of the Treasurer for the purpose of holding certain proceeds of the Series 1997A Bonds.

"Construction Fund-1997B" means the account or fund by that name maintained in the office of the Treasurer for the purpose of holding certain proceeds of the Series 1997B Bonds.

"Default" has the meaning given such term in Section 15 of this Series Resolution.

"Discharge" occurs on the date that all amounts due under the terms of a Series 1997 Bond is actually and unconditionally due if cash is available at the place of payment, and no interest accrues with respect to such Series 1997 Bond after such date.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 1997 Bonds of each series pursuant to Section 6 hereof.

"Future Parity Bonds" means those revenue bonds or other revenue obligations which will be issued by the Port in the future as Parity Bonds.

"Government Obligations" has the meaning given such term in RCW Ch. 39.53, as now or hereafter amended.

"Insurance Commitment" means the commitment for the issuance of the Insurance Policies issued by the Insurer under date of April 17, 1997.

"Insurance Policies" means the policies of municipal bond insurance delivered by the Insurer at the time of issuance and delivery of the Series 1997 Bonds.

"Insurer" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto, as issuer of the Insurance Policies with respect to the Series 1997 Bonds.

"Letter of Representations" means a blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

"Master Resolution" means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as most recently amended by Resolution No. 3214, adopted on March 26, 1996 and Resolution No. 3241, adopted on April 8, 1997.

"MSRB" means the Municipal Securities Rulemaking Board or any successor to its functions.

"Net Proceeds," when used with reference to Series 1997 Bonds, means the principal amount of such Series 1997 Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds, if any, deposited in such Series 1997 Reserve Account.

"NRMSIR" means a nationally recognized municipal securities information repository for purposes of the Rule.

"Outstanding Bonds" means the Port's Revenue Bonds, Series 1990A, Revenue Bonds, Series 1990B and Revenue Bonds, Series 1990C, issued pursuant to Resolution No. 3060, as amended; the Revenue Bonds, Series 1992A and Series 1992B, issued pursuant to Resolution No. 3111, as amended; the Revenue Refunding Bonds, Series 1993A and Series 1993B, issued pursuant to the Resolution No. 3120; the Revenue Refunding Bonds, Series 1993C, issued pursuant to Resolution No. 3160; the Revenue Refunding Bonds, Series 1994A, the Revenue Bonds, Series 1994B, the Revenue Refunding Bonds, Series 1994C issued pursuant to Resolution No. 3155, as amended, the Revenue Refunding Bonds, Series 1995A issued pursuant to Resolution No. 3196, as amended, and the Revenue Bonds, Series 1996A and Series 1996B

issued pursuant to Resolution No. 3215, as amended; and as further described in the recitals to this Series Resolution.

"Payments" means:

- (a) Amounts actually or constructively paid to acquire an investment.
- (b) In the case of an investment that is first allocated to the Series 1997 Bonds or becomes subject to a rebate requirement on a date after it is actually acquired, the value of the investment at the beginning of the Computation Period.
- (c) In the case of an investment that was allocated to the Series 1997 Bonds at the end of the preceding Computation Period, the value of that investment at the beginning of the Computation Period.
- (d) On the last day of each Bond Year during which there are amounts allocated to the Series 1997 Bonds and subject to the rebate requirements, and on the final maturity date of the Series 1997 Bonds, a computation credit of \$1,000.
- (e) Any Yield Reduction Payments.

"Private Person" means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

"Private Person Use" means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

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

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

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

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

"Rebatable Arbitrage" means the payment obligations of the Port calculated as provided in the Arbitrage Certificate and Section 10(c) of this Series Resolution.

"Receipts" mean:

(a) Amounts actually or constructively received with respect to an investment such as earnings and return of principal.

(b) In the case of an investment that ceases to be allocated to the Series 1997 Bonds before its disposition or redemption date, the value of that investment on the date it ceases to be allocated to the Series 1997 Bonds.

(c) In the case of an investment that is held at the end of any Computation Period, the value of that investment at the end of the Computation Period.

"Registered Owner" means the person named as the registered owner of a Series 1997 Bond in the Bond Register.

"Registrar" means, collectively, the fiscal agency of the State of Washington in Seattle, Washington, and New York, New York, appointed by the Treasurer for the purposes of registering and authenticating the Series 1997 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 1997 Bonds. The term "Registrar" shall include any successor to the fiscal agency, if any, hereinafter appointed by the Treasurer.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"Series 1997 Bonds" means, collectively, the Series 1997A Bonds and the Series 1997B Bonds.

"Series 1997A Bond Fund" means the Port of Seattle Revenue Bond Fund, Series 1997A created in the office of the Treasurer by Section 7(a) of this Series Resolution.

"Series 1997A Bonds" means the Port of Seattle, Washington, Revenue Bonds, Series 1997A, authorized to be issued by Section 3(a) of this Series Resolution.

"Series 1997A Capitalized Interest Account" means the account of that name created pursuant to Section 8(a) of this Series Resolution.

"Series 1997B Bond Fund" means the Port of Seattle Revenue Bond Fund, Series 1997B created in the office of the Treasurer by Section 7(b) of this Series Resolution.

"Series 1997B Bonds" means the Port of Seattle, Washington, Revenue Bonds, Series 1997B, authorized to be issued by Section 3(b) of this Series Resolution.

"Series 1997B Capitalized Interest Account" means the account of that name created pursuant to Section 8(b) of this Series Resolution.

"Series 1997 Reserve Fund" means the fund of that name created in the Series 1997A Bond Fund by Section 7(c) of this Series Resolution.

"Series 1997 Reserve Fund Requirement" means \$10,924,500.

"SID" means any public or private repository or entity designated by the State of Washington as the state repository for the purposes of the Rule and recognized as such by the SEC. As of the date of adoption of this Series Resolution, there is no such state repository.

"Term Bonds" means the Series 1997A Bonds maturing on October 1, 2017, and the Series 1997A Bonds maturing on October 1, 2022.

"Treasurer" means the King County Finance Department, as *ex officio* treasurer of the Port, or any successor to the functions of the Treasurer.

"Underwriters" mean, collectively, PaineWebber Incorporated; Goldman, Sachs & Co.; Lehman Brothers Inc.; Artemis Capital Group, Inc. and Siebert Brandford Shank & Co.

"Yield Reduction Payments" mean payments made to the United States in the manner permitted by Internal Revenue Service regulations that reduce the yield on investments.

Words importing the singular number include the plural number and vice versa.

## Section 2     Authorization of Series 1997 Bonds

(a) *Series 1997A Bonds.* The Port shall issue the Series 1997A Bonds in the principal amount of \$120,375,000 for the purpose of funding the projects listed in Exhibit A-1 attached hereto and to pay all costs incidental thereto and to the issuance of the Series 1997A Bonds, including all or a portion of the Insurance Policy premium and the deposit of the Series 1997 Reserve Fund Requirement.

(b) *Series 1997B Bonds.* The Port shall issue the Series 1997B Bonds in the principal amount of \$19,985,000 for the purpose of providing part of the funds necessary to fund the projects listed in Exhibit A-2 attached hereto and to pay all costs incidental thereto and to the issuance of the Series 1997B Bonds including all or a portion of the Insurance Policy premium.

## Section 3     Bond Details

(a) *Series 1997 A Bonds.* The Series 1997A Bonds shall be designated as "Port of Seattle, Washington, Revenue Bonds, Series 1997A," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated



May 1, 1997, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, shall bear interest at the following per annum rates, from May 1, 1997 until the Series 1997A Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 1997, and shall mature in the following amounts on October 1 of the following years:

<u>Maturity Dates (October 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2005	\$ 1,895,000	5.125%
2006	4,335,000	6.000
2007	4,595,000	6.000
2008	4,870,000	6.000
2009	5,165,000	5.300
2010	5,440,000	5.400
2011	5,730,000	5.500
2012	6,045,000	5.600
2013	6,385,000	5.625
2014	6,745,000	5.500
2017	22,540,000	5.500
2022	46,630,000	5.500

The Series 1997A Bonds shall be obligations only of the Series 1997A Bond Fund and the Series 1997 Reserve Fund created hereunder and shall be payable and secured as provided herein. The Series 1997A Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

(b) *Series 1997B Bonds.* The Series 1997B Bonds shall be designated as "Port of Seattle, Washington, Revenue Bonds, Series 1997B," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated May 1, 1997, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, shall bear interest at the following per annum rates, from May 1, 1997 until the Series 1997B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 1997, and shall mature in the following amounts on October 1 of the following years:

<u>Maturity Dates (October 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2000	\$ 3,195,000	5.250%
2001	3,360,000	5.375
2002	3,540,000	5.375
2003	3,735,000	5.100
2004	3,925,000	5.125
2005	2,230,000	5.250

The Series 1997B Bonds shall be obligations only of the Series 1997B Bond Fund and the Series 1997 Reserve Fund created hereunder and shall be payable and secured as provided herein.

The Series 1997B Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

**Section 4. Redemption and Purchase.**

**(a) *Optional Redemption.***

(i) The Series 1997A Bonds are subject to redemption on and after October 1, 2007 in whole or in part at any time, with maturities to be selected by the Port, at the following prices, expressed as a percentage of par, plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

(ii) The Series 1997B Bonds are not subject to redemption prior to their scheduled maturities.

**(b) *Mandatory Redemption.***

(i) Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1997A Term Bonds stated to mature on October 1, 2017, are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
2015	\$7,115,000
2016	7,505,000
2017*	7,920,000

\* Maturity

(ii) Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1997A Term Bonds stated to mature on October 1, 2022, are subject to mandatory redemption on October 1 of the following years in the following principal amounts at a price of par:

<u>Redemption Years</u>	<u>Redemption Prices</u>
2018	\$8,355,000
2019	8,815,000
2020	9,300,000
2021	9,810,000
2022*	10,350,000

\* Maturity

(b) *Purchase of Series 1997 Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraph First through Fifth of Section 2(a) of the Master Resolution to purchase for

retirement any of the Series 1997 Bonds offered to the Port at any price deemed reasonable to the Port's Chief Financial Officer.

(c) *Effect of Optional Redemption/Purchase.* To the extent that the Port shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the Port may reduce the principal amount of the Term Bonds to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Port Representative.

(d) *Selection of Series 1997 Bonds for Redemption.* As long as the Series 1997A Bonds of a series are held in book-entry only form, the maturities to be redeemed shall be selected by the Port and, within a maturity, the selection of Series 1997 Bonds of such series to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 1997 Bonds are no longer held in uncertificated form, the selection of such Series 1997 Bonds to be redeemed shall be made as provided in this subsection (d). If the Port redeems at any one time fewer than all of the Series 1997 Bonds having the same series and maturity date, the particular Series 1997 Bonds or portions of Series 1997 Bonds of such series and maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 1997 Bond of a denomination greater than \$5,000, the Port and Registrar shall treat each Series 1997 Bond as representing such number of separate Series 1997 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 1997 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 1997 Bond is redeemed, upon surrender of the such Series 1997 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Series 1997 Bond or Series 1997 Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption*

(i) Official Notice. Unless waived by any owner of Series 1997 Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 1997 Bond or Series 1997 Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

- (B) the redemption price,
- (C) if fewer than all Outstanding Series 1997 Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 1997 Bonds to be redeemed,
- (D) that on the redemption date, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 1997 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Series 1997 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the Port has revoked a the notice of redemption, on or prior to any redemption date, the Treasurer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 1997 Bonds or portions of Series 1997A Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 1997 Bond or any defect in such notice shall not invalidate redemption of any other Series 1997 Bond.

Notwithstanding the foregoing, if the Series 1997 Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than thirty (30) days prior to the date of redemption.

(ii) Effect of Notice, Bonds Due. Official notice of redemption having been given as aforesaid, the Series 1997 Bonds or portions of Series 1997 Bonds so to be redeemed shall, on the redemption date (unless in the case of optional redemption the Port shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Series 1997 Bonds or portions of Series 1997 Bonds shall cease to bear interest. Upon surrender of such Series 1997 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 1997 Bond, there shall be prepared for the Registered Owner a new Series 1997 Bond or Series 1997 Bonds of the same series and maturity in the aggregate amount of the unpaid principal. All Series 1997 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness

of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 1997 Bonds being redeemed; (B) the date of issue of the Series 1997 Bonds as originally issued; (C) the rate of interest borne by each Series 1997A Bond being redeemed; (D) the maturity date of each Series 1997 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 1997 Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Insurer and to each NRMSIR, the SID, if any, and to the Underwriters or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 1997 Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of Series 1997 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity and series, the Series 1997 Bonds being redeemed with the proceeds of such check or other transfer.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 1997 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 1997 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 1997 Bonds of a series are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 1997 Bonds are no longer in fully immobilized form, interest on the Series 1997 Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Series 1997 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 1997 Bonds at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 1997 Bonds shall be payable upon presentation and surrender of such Series 1997 Bonds by the Registered Owners at the principal office of the Registrar.

Section 6      Registration.

(a)    *Registrar/Bond Register.* The Port hereby requests that the Treasurer appoint the fiscal agency of the State of Washington as the Registrar for the Series 1997 Bonds. The Port shall cause a bond register to be maintained by the Registrar. So long as any Series 1997 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 1997 Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, the Insurer, DTC, each NRMSIR and SID, if any, and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 1997 Bonds transferred or exchanged in accordance with the provisions of such Series 1997 Bonds and this Series Resolution and to carry out all of the Registrar's powers and duties under this Series Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 1997 Bonds.

(b)    *Registered Ownership.* The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 1997 Bond as the absolute owner thereof for all purposes (except as provided in Section 17 of this Series Resolution), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 1997 Bond shall be made only as described in Section 5 hereof, but such Series 1997 Bond may be transferred as herein provided. All such payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the Port upon such Series 1997 Bond to the extent of the amount or amounts so paid.

(c)    *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 1997 Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC a Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 1997 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Series 1997 Bonds, any notice which is permitted or required to be given to Registered Owners under this Series Resolution (except such notices as shall be required to be given by the Port to the Registrar or to DTC (or any successor depository) ), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 1997 Bonds are held in fully immobilized form hereunder, DTC or its successor depository

shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 1997 Bonds.

If any Series 1997 Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 1997 Bond until such Series 1997 Bond is paid.

(d) *Use of Depository.*

(i) The Series 1997 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 1997 Bond maturing on each of the maturity dates for each series of the Series 1997 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 1997 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Commission pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Commission to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Commission may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 1997 Bonds of such series, together with a written request on behalf of the Commission, issue a single new Series 1997 Bond for each maturity of the Series 1997 Bonds of such series then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Commission.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Commission determines that it is in the best interest of the beneficial owners of the Series 1997 Bonds that such owners be able to obtain such bonds in the form of Series 1997 Bond certificates, the ownership of such Series 1997 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Commission shall deliver a written request to the Registrar, together with a supply of

definitive Series 1997 Bonds, to issue Series 1997 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 1997 Bonds together with a written request on behalf of the Commission to the Registrar, new Series 1997 Bonds shall be issued in the appropriate denominations and series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 1997 Bond may be registered and Series 1997 Bonds may be exchanged, but no transfer of any such Series 1997 Bond shall be valid unless such Series 1997 Bond is surrendered to the Registrar with the assignment form appearing on such Series 1997 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 1997 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 1997 Bond (or Series 1997 Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 1997 Bond, in exchange for such surrendered and canceled Series 1997 Bond. Any Series 1997 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 1997 Bonds of the same date, series, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 1997 Bond during the 15 days preceding the date any such Series 1997 Bond is to be redeemed.

(f) *Registrar's Ownership of Series 1997 Bonds.* The Registrar may become the Registered Owner of any Series 1997 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 1997 Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Series 1997 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 1997 Bond that complies with the provisions of Section 149 of the Code.

Section 7. Bond Funds and Reserve Fund.

(a) *Series 1997A Bond Fund.* A special fund of the Port designated the "Port of Seattle Revenue Bond Fund, Series 1997A" (the "Series 1997A Bond Fund") is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Series 1997A Bonds. The Series 1997A Bond Fund shall be held



separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners, from time to time, of the Series 1997A Bonds.

The Port hereby irrevocably obligates and binds itself for so long as any Series 1997A Bonds remain Outstanding to set aside and pay into the Series 1997A Bond Fund from Net Revenues or money in the Revenue Fund, on or prior to the respective dates on which the same become due:

(A) such amounts as are required to pay the interest scheduled to become due and redemption premium, if any, on Outstanding Series 1997A Bonds; and

(B) such amounts as are required to pay maturing principal or principal being redeemed of Outstanding Series 1997A Bonds.

(b) *Series 1997B Bond Fund.* A special fund of the Port designated the "Port of Seattle Revenue Bond Fund, Series 1997B" (the "Series 1997B Bond Fund") is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Series 1997B Bonds. The Series 1997B Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners, from time to time, of the Series 1997B Bonds.

The Port hereby irrevocably obligates and binds itself for so long as any Series 1997B Bonds remain Outstanding to set aside and pay into the Series 1997B Bond Fund from Net Revenues or money in the Revenue Fund, on or prior to the respective dates on which the same become due:

(A) such amounts as are required to pay the interest scheduled to become due and redemption premium, if any, on Outstanding Series 1997B Bonds; and

(B) such amounts as are required to pay maturing principal or principal being redeemed of Outstanding Series 1997B Bonds.

(c) *Series 1997 Reserve Fund.* A Series 1997 Bond Reserve Fund (the "Series 1997 Reserve Fund") is hereby authorized to be created for the purpose of securing the payment of the principal of, premium, if any, and interest on the Series 1997 Bonds.

The Port hereby covenants and agrees that on the date of issuance of the Series 1997 Bonds, it will deposit (from the proceeds of Series 1997A Bonds) the sum of \$10,924,500 in the Series 1997 Reserve Fund in satisfaction of the Series 1997 Reserve Fund Requirement.

The Series 1997 Reserve Fund Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Series 1997 Reserve Fund, all or a portion of the money on hand in the Series 1997 Reserve Fund shall be transferred to the fund or account, specified by the Designated Port Representative within the limitations permitted by Section 10(c) of this Series Resolution. In

computing the amount on hand in the Series 1997 Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at cost. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Series 1997 Reserve Fund may be satisfied by the transfer of qualified investments to such account.

If the balance on hand in the Series 1997 Reserve Fund is sufficient to satisfy the Series 1997 Reserve Fund Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Series 1997A Bond Fund, the Series 1997B Bond Fund, and the Series 1997 Reserve Fund to pay the principal of, premium, if any, and interest on all Outstanding Series 1997 Bonds, the money in the Series 1997A Reserve Fund may be used to pay such principal and interest. So long as the money left remaining on deposit in the Series 1997 Reserve Fund is equal to the Series 1997 Reserve Fund Requirement, money in the Series 1997 Reserve Fund may be transferred to the fund or account specified by the Designated Port Representative within the limitations permitted by Section 10 of this Series Resolution. The Port also may transfer out of the Series 1997 Reserve Fund any money required in order to prevent any Series 1997 Bonds from becoming "arbitrage bonds" under the Code.

If a deficiency in the Series 1997A Bond Fund or Series 1997B Bond Fund shall occur, such deficiency shall be made up from the Series 1997 Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Series 1997 Reserve Fund, in such amounts as will provide cash in the Series 1997 Reserve Fund sufficient to make up any such deficiency with respect to the Series 1997 Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance for the Series 1997 Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of Section 2(a) of the Master Resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for the Series 1997 Bonds, the issuer shall be entitled to exercise all remedies available at law or under this Series Resolution, provided, however, that no acceleration of the Series 1997 Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the Series 1997 Bonds shall be permitted. Any deficiency created in the Series 1997 Reserve Fund by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of any

other moneys on hand legally available for such purpose) (in 12 equal installments) after making necessary provision for the payments required to be made into the Series 1997A Bond Fund or Series 1997B Bond Fund, as the case may be, within such year.

In making the payments and credits to the Series 1997 Reserve Fund required by this Section 7(c), to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Series 1997 Reserve Fund such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Series 1997 Reserve Fund by this Section 7(c) to the extent that such payments and credits to be made are to be made or insured by an insurance company, or are to be made or guaranteed by a letter of credit from a financial institution. In the event of termination of a Qualified Letter of Credit or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the Series 1997 Reserve Fund Requirement shall be satisfied (A) within one year of the insolvency or incapacity, but no later than the date of cancellation, with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal installments) after the insolvency of the issuer of a Qualified Letter of Credit or Qualified Insurance or termination of a Qualified Letter of Credit, out of Net Revenues (or out of other money on hand and legally available for such purpose) after making necessary provisions for the payments required to be made into the Series 1997A Bond Fund or Series 1997B Bond Fund, as the case may be.

(d) *Pledge and Lien.* Said amounts so pledged to be paid into the Series 1997A Bond Fund, the Series 1997B Bond Fund and the Series 1997 Reserve Fund are hereby declared to be an equal and prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to the lien and charge thereon of the Outstanding Bonds, and to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(e) *Use of Excess Money.* Money in the Series 1997A Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Series 1997A Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Series 1997A Bonds within the limitations provided in Section 2 of the Master Resolution. Money in the Series 1997B Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Series 1997B Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Series 1997B Bonds within the limitations provided in Section 2 of the Master Resolution. Money in the Series 1997A Bond Fund, the Series 1997 and the Series 1997 Reserve Fund and money in the Revenue Fund of the Port may

be invested in any investments legal for port districts; subject to the limitations set forth in Section 10 hereof.

Section 8. Disposition of the Proceeds of Sale of Series 1997 Bonds.

(a) *Series 1997A Bonds.* The proceeds of the Series 1997A Bonds shall be applied as follows:

(i) All interest on the Series 1997A Bonds accrued from their date to the date of delivery shall be paid into the Series 1997A Bond Fund;

(ii) A sum equal to the Series 1997 Reserve Fund Requirement shall be deposited in the Series 1997 Reserve Fund;

(iii) A sum specified by the Designated Port Representative to the Treasurer prior to the closing and delivery of the Series 1997A Bonds shall be deposited in the Series 1997A Capitalized Interest Account (hereinafter authorized to be created);

(iv) A portion of the premium cost for the Insurance Policy for the Series 1997A Bonds designated by the Designated Port Representative, shall be paid from the proceeds of the Series 1997A Bonds on the date of issuance and delivery of the Series 1997A Bonds; and

(v) The remainder of the proceeds of the Series 1997A Bonds shall be paid into the Construction Fund-1997A (hereinafter authorized to be created).

The Treasurer of the Port is hereby authorized and directed to create a special account, the "Port of Seattle Series 1997A Capitalized Interest Account" (the "Series 1997A Capitalized interest Account") for the purpose of holding Series 1997A Bond proceeds and interest earnings thereon to be used and disbursed to pay interest expense on the Series 1997A Bonds pending substantial completion of the projects authorized in Section 2(a) of this Series Resolution.

The Treasurer of the Port is hereby authorized and directed to create a special fund or account of the Port, designated as the "Port of Seattle Construction Fund, 1997A" (the "Construction Fund-1997A"). The money on deposit in the Construction Fund-1997A shall be utilized to pay costs of the projects identified in Section 2(a) hereof and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Series 1997A Bonds, to the extent designated by the Port.

All or part of the proceeds of the Series 1997A Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law which will mature prior to the date on which such money shall be needed.

In the event that it shall not be possible or practicable to accomplish all of the Projects specified in Section 2(a), the Port may apply the proceeds of the Series 1997A Bonds to pay the

costs of such portion thereof or such other projects as the Commission shall determine to be in the best interests of the Port, subject to the limitations of Section 10 of this Series Resolution.

Any part of the proceeds of the Series 1997A Bonds remaining in the Construction Fund-1997A and the Series 1997A Capitalized Interest Account after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to the facilities of the Port subject to the limitations of Section 10 hereof or may be transferred to the Series 1997A Bond Fund or the Series 1997 Reserve Fund for the uses and purposes therein provided.

(b) *Series 1997B Bonds.* The proceeds of the Series 1997B Bonds shall be applied as follows:

(i) All interest on the Series 1997B Bonds accrued from their date to the date of delivery shall be paid into the Series 1997B Bond Fund;

(ii) A sum specified by the Designated Port Representative to the Treasurer prior to the closing and delivery of the Series 1997B Bonds shall be deposited in the Series 1997B Capitalized Interest Account (hereinafter authorized to be created);

(iii) An allocable portion of the premium cost for the Insurance Policy for the Series 1997B Bonds designated by the Designated Port Representative, shall be paid from the proceeds of the Series 1997B Bonds on the date of issuance and delivery of the Series 1997B Bonds; and

(iv) The remainder of the proceeds of the Series 1997B Bonds shall be paid into the Construction Fund-1997B (hereinafter authorized to be created).

The Treasurer of the Port is hereby authorized and directed to create a special account, the "Port of Seattle Series 1997B Capitalized Interest Account" (the "Series 1997B Capitalized Interest Account") for the purpose of holding Series 1997B Bond proceeds and interest earnings thereon to be used and disbursed to pay interest expense on the Series 1997B Bonds pending substantial completion of the projects authorized in Section 2(b) of this Series Resolution.

The Treasurer of the Port is hereby authorized and directed to create a special fund or account of the Port, designated as the "Port of Seattle Construction Fund, 1997B" (the "Construction Fund-1997B"). The money on deposit in the Construction Fund-1997B shall be utilized to pay costs of the projects identified in Section 2(b) hereof and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Series 1997B Bonds, to the extent designated by the Port.

All or part of the proceeds of the Series 1997B Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law which will mature prior to the date on which such money shall be needed.

In the event that it shall not be possible or practicable to accomplish all of the Projects specified in Section 2(b), the Port may apply the proceeds of the Series 1997B Bonds to pay the costs of such portion thereof or such other projects as the Commission shall determine to be in the best interests of the Port, subject to the limitations of Section 10 of this Series Resolution.

Any part of the proceeds of the Series 1997B Bonds remaining in the Construction Fund-1997B and the Series 1997B Capitalized Interest Account after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to the Facilities of the Port subject to the limitations of Section 10 hereof or may be transferred to the Series 1997B Bond Fund or the Series 1997 Reserve Fund for the uses and purposes therein provided.

Section 9. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any Series 1997 Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Series 1997 Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Series 1997A Bond Fund or the Series 1997B Bond Fund, as applicable or any account therein for the payment of the principal of, premium, if any, and interest on the Series 1997 Bonds so provided for and such Series 1997 Bonds shall then cease to be entitled to any lien, benefit or security of this Series Resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Series 1997 Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

Within 45 days of any defeasance of Series 1997 Bonds, the Port shall provide notice of defeasance of Series 1997 Bonds to Registered Owners of Series 1997 Bonds being defeased, to the Insurer and to each NRMSIR and SID, if any, in accordance with Section 17.

Section 10. Tax Covenants. The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 1997 Bonds 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 on the Series 1997 Bonds.

(a) *Arbitrage Covenant.* 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 proceeds of sale of the Series 1997 Bonds or any other funds of the Port which may be deemed to be proceeds of the Series 1997 Bonds pursuant to Section 148 of the Code and the regulations

promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Series 1997 Bonds to the initial purchasers thereof, would have caused the Series 1997 Bonds as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

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 an issuer whose arbitrage certifications may not be relied upon. The Port will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 1997 Bonds.

(b) *Rebatable Arbitrage.*

(i) General Rule. The Port will pay to the United States of America in accordance with the provisions of this Section 10(b): (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made with respect to the Series 1997 Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Series 1997 Bonds, and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Series 1997 Bonds, equals 100% of the Rebatable Arbitrage.

(ii) Computation of Rebatable Arbitrage. As of any Computation Date, the Rebatable Arbitrage for the Series 1997 Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) Payment Procedure. (A) The first rebate installment payment shall be made for a Computation Date that is no later than five years after the issue date of the Series 1997 Bonds. Subsequent rebate installment payments shall be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment shall be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment shall be paid within 60 days of the date the Series 1997 Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatable Arbitrage shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19445 and shall be accompanied by IRS Form 8038-T.

(c) *Private Person Use Limitation for Series 1997A Bonds.* The Port covenants that for as long as the Series 1997A Bonds are outstanding, it will not permit:

(i) More than 10% of the Net Proceeds of the Series 1997A Bonds to be used for any Private Person Use; and

(ii) More than 10% of the principal or interest payments on the Series 1997A Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in

property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Port further covenants that, if:

(iii) More than five percent of the Net Proceeds of the Series 1997A Bonds are to be used for any Private Person Use; and

(iv) More than five percent of the principal or interest payments on the Series 1997A Bonds in a Bond Year are (under the terms of this Series Resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (1) any Private Person Use of the projects described in subsection (iii) hereof or Private Person Use payments described in subsection (iv) hereof that is in excess of the five percent limitations described in such subsections (iii) or (iv) will be for a Private Person Use that is related to the state or local governmental use of the Project, and (2) any Private Person Use will not exceed the amount of Net Proceeds of the Series 1997A Bonds used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the Projects relates. The Port further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Series 1997A Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1997A Bonds.

(d) *Use of Proceeds of the Series 1997B Bonds.* The projects financed with the Series 1997B Bonds which are listed in Exhibit A-2 (collectively, the "projects") include only facilities that are directly related and essential to:

- (i) servicing aircraft or enabling aircraft to take off and land or
- (ii) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities

The Port will, at all times while the Series 1997B Bonds are Outstanding be the owner of all elements of the projects being financed with such Series 1997B Bonds. If any portion of the projects is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The projects shall not include any:



- (i) lodging facility,
- (ii) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,
- (iii) retail facility (other than parking) for passengers or the general public located outside the airport,
- (iv) office building for persons who are not employees of a governmental unit or the Port, or
- (v) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any project that is an office must be located at the airport and no more than a *de minimis* amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the projects need to be located at or in close proximity to the take-off and landing area in order to perform their functions.

Any land acquired by the Port as a part of the projects will be (A) acquired solely to mitigate damages attributable to airport noise or (B) land that is adjacent to the airport, impaired by a significant level of airport noise and (1) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (2) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(e) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1997 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the Port's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 1997 Bonds.

Section 11. Lost, Stolen, Mutilated or Destroyed Bonds. In case any Series 1997 Bond or Series 1997 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 1997 Bond or Series 1997 Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 1997 Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

**Section 12. Forms of Series 1997 Bonds and Registration Certificate.**

(a) *Series 1997A Bonds.* The Series 1997A Bonds shall be in substantially the following form:

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Port of Seattle, Washington, Revenue Bonds, Series 1997A (the "Bonds"), such policy being on file at the principal office of the fiscal agency of the State of Washington, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

**FINANCIAL GUARANTY INSURANCE COMPANY**

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

PORT OF SEATTLE

REVENUE BOND, SERIES 1997A

Maturity Date:

CUSIP No. \_\_\_\_\_

Interest Rate:

Registered Owner:

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Bond Fund, Series 1997A" (the "Series 1997A Bond Fund") created by Resolution No. 3242 of the Port Commission, as amended (together with Resolution No. 3059, as amended, most recently by Resolution No. 3241, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Series 1997A Bond Fund from May 1, 1997, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 1997. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$120,375,000, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to finance additions and improvements to its properties and facilities. Simultaneously herewith, the Port is issuing another series of bonds, Series 1997B in the aggregate principal amount of \$19,985,000.

The bonds of this issue maturing on and after October 1, 2008 shall be subject to optional redemption in advance of their scheduled maturity on and after October 1, 2007 in whole or in part on any date at the following prices, expressed as a percentage of par, plus accrued interest to the date of redemption.

Redemption Periods	Redemption Prices
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturity on October 1, 2017 shall be redeemed by the Port on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Year	Redemption Amount
2015	\$7,115,000
2016	7,505,000
2017*	7,920,000

\* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturity on October 1, 2022 shall be redeemed by the Port on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Year	Redemption Amount
2018	\$8,355,000
2019	8,815,000
2020	9,300,000
2021	9,810,000
2022*	10,350,000

\* Maturity

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from Gross Revenue after payment of Operating Expenses, and to pay into the Series 1997A Bond Fund and the Series 1997 Reserve Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Funds, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into the Series 1997A Bond Fund and Series 1997 Reserve Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to payment of the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Bonds, the Series 1997B Bonds and any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

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

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

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the 1st day of May, 1997.

PORT OF SEATTLE, WASHINGTON

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

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

King County Comptroller's Reference No. \_\_\_\_\_

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Revenue Bonds, Series 1997A of the Port of Seattle, Washington, dated May 1, 1997.

WASHINGTON STATE FISCAL  
AGENCY, Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 1997A Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this Series Resolution.

(b) *Series 1997B Bonds.* The Series 1997B Bonds shall be in substantially the following form:

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Port of Seattle, Washington, Revenue Bonds, Series 1997B (the "Bonds"), such policy being on file at the principal office of the fiscal agency of the State of Washington, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call

for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

PORT OF SEATTLE

REVENUE BOND, SERIES 1997B

Maturity Date:

CUSIP No. \_\_\_\_\_

Interest Rate:

Registered Owner:

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Bond Fund, Series 1997B" (the "Series 1997B Bond Fund") created by Resolution No. 3242 of the Port Commission, as amended (together with Resolution No. 3059, as amended, most recently by Resolution No. 3241, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Series 1997B Bond Fund from May 1, 1997, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 1997. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized

terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$19,985,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to finance additions and improvements to its properties and facilities. Simultaneously herewith, the Port is issuing another series of bonds, Series 1997A in the aggregate principal amount of \$120,375,000.

The bonds of this issue are not subject to redemption prior to their scheduled maturities.

The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside from Gross Revenue after payment of Operating Expenses, and to pay into the Series 1997B Bond Fund and the Series 1997 Reserve Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund and Account, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into the Series 1997B Bond Fund and Series 1997 Reserve Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to payment of the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Bonds, the Series 1997A Bonds and any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

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

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

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the 1st day of May, 1997.

PORT OF SEATTLE, WASHINGTON

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

ATTEST:

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

King County Comptroller's Reference No. \_\_\_\_\_

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Revenue Bonds, Series 1997B of the Port of Seattle, Washington, dated May 1, 1997.

WASHINGTON STATE FISCAL  
AGENCY, Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 1997B Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this Series Resolution.

Section 13. Execution. The Series 1997 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 1997 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Series Resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 1997 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Series Resolution.

In case either of the officers of the Port who shall have executed the Series 1997 Bonds shall cease to be such officer or officers of the Port before the Series 1997 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 1997 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had



continued to be such officers of the Port. Any Series 1997 Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Series 1997 Bond shall be the proper officers of the Port although at the original date of such Series 1997 Bond any such person shall not have been such officer.

Section 14. Additional Covenant, Defaults and Remedies.

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

(b) *Defaults and Remedies.* The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this Series Resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this Series Resolution:

(1) The Port shall fail to make payment of the principal of any Series 1997 Bond when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; or

(2) The Port shall fail to make payments of any installment of interest on any Series 1997 Bond when the same shall become due and payable; or

(3) The Port shall default in the observance or performance of any other covenants other than conditions, or agreements on the part of the Port contained in Section 17 of this Series Resolution, and such default shall have continued for a period of 90 days.

In determining whether a payment default has occurred or whether a payment on the Series 1997 Bonds has been made under this Series Resolution, no effect shall be given to payments made under the Insurance Policy. Upon the occurrence and continuation of any Default, the Registered Owners of the Series 1997 Bonds shall be entitled to exercise the remedies specified in Section 20 of the Master Resolution; but only with respect to the particular series in Default.

Section 15. Sale of Bonds. The Series 1997 Bonds shall be sold by negotiated sale to PaineWebber Incorporated, Goldman, Sachs & Co., Lehman Brothers Inc., Artemis Capital Group, Inc. and Siebert Brandford Shank & Co. (collectively, the "Underwriters") under the

terms of a Bond Purchase Contract, dated this date (the "Bond Purchase Contract"). The Bond Purchase Contract is hereby approved, and the Designated Port Representative is hereby authorized and directed to execute the Bond Purchase Contract. For purposes of executing the Bond Purchase Contract and for all other purposes under the Master Resolution, Daniel R. Thomas, Manager of Finance of the Port, is hereby named as an additional Designated Port Representative. Upon the adoption of this Series Resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Series 1997 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 1997 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Series 1997 Bonds and the distribution of the Series 1997 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 16. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5 of the Master Resolution, as follows:

First: The Port has not been in default of its covenant under Section 7(a) of the Master Resolution for the immediately preceding fiscal year (1996); and

Second: This Commission has been assured that prior to the issuance and delivery of the Series 1997 Bonds, it will have on hand a certificate from the Designated Port Representative (prepared as prescribed in subsection 5(b) or 5(c) of the Master Resolution) demonstrating fulfillment of the Coverage Requirement, commencing on the first full fiscal year following the earlier of (1) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Series 1997 Bonds or (2) the date on which any portion of interest on the Series 1997 Bonds no longer will be paid from the proceeds thereof, and for the following two fiscal years.

The limitations contained in the conditions provided in Sections 5 and 6 of the Master Resolution having been complied with, the payments required herein to be made out of the Net Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 1997 Bonds shall constitute a lien and charge upon such Net Revenues equal in rank to the lien and charge thereon of the Outstanding Bonds.

Section 17. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the Port's written undertaking for the benefit of the Beneficial Owners of the Series 1997 Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The Port covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 1998 for the fiscal year ending December 31, 1997, the Port shall provide or cause to be provided to each NRMSIR and to the SID, if any, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (b); provided that any Audited Financial Statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection 17(c) hereof, and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the NRMSIRs and to the SID, if any, by the Submission Date, the Port shall send a notice to each NRMSIR and to the MSRB.

(2) *Content of Annual Disclosure Reports.* The Port's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited financial statements.* Audited financial statements, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Tax levy.* Updated versions of the type of information contained in the final Official Statement in the charts entitled "Port of Seattle Recent Tax Levy Activity" and "Port of Seattle Tax Collection Record 1992-1996."

(C) *Aviation.* Updated versions of the type of information contained in the final Official Statement:

(i) in the charts entitled "Seattle-Tacoma International Airport Primary Domestic Origin and Destination Markets 1996" but only to the extent such information is provided to the Port by Black Information Services or by another third-party prior to the Submission Date; "Seattle-Tacoma International Airport Annual Enplanements 1987 - 1996;" "Seattle-Tacoma International Airport Enplanement Market Share by Airline 1992 - 1996;" "Seattle-Tacoma International Airport Landed Weights of Top Ten Passenger Carriers 1992 - 1996 Landed Weights;" and "Port of Seattle Aviation Division Operating Statement 1992 - 1996;"

(ii) relating to (A) the number of total operations for the year and (B) the number of domestic and foreign all-cargo carriers that provide air-cargo service to the Airport and the number of metric tons of enplaned and deplaned cargo at the Airport each year; and

(iii) relating to any change in the method of charging for use of Airport facilities.

(D) *Marine Division.* Updated versions of the type of information contained in the final Official Statement in the charts entitled "Port of Seattle International Containerized Trade (1986 - 1996)," "Seattle Harbor Top Ten Foreign Trade Partners Total Exports and Imports (1995)," and "West Coast Ports International Containerized Trade 1991 - 1995" but only to the extent such information is provided to the Port by a third party prior to the Submission Date; "Major Marine Terminal Agreements," and "Port of Seattle Marine Division Operating Statement 1992-1996" and updated versions of the type of operating data relating to the value and type of goods imported and exported through the Port, but only to the extent information as to the value of such goods is provided to the Port by the U.S. Customs Bureau prior to the Submission Date."

(E) *Other Financial Information.* Updated versions of the type of historical financial information and operating data contained in the final Official Statement (i) under the headings "Management Discussion of Historical Financial Results 1992 - 1996" and "Management Discussion of Expected Results 1997 - 2001" and (ii) in the chart entitled "Port of Seattle Historical Debt Service Coverage (in thousands) for the Years Ended December 31."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to each of the NRMSIRs and the SID, if any, or to the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Port shall identify clearly each document so included by reference.

If not provided as part of the annual financial information discussed above, the Port shall provide the Port's audited annual financial statements prepared in accordance with regulations prescribed by the State auditor pursuant to the statute cited above (or any successor statutes) when and if available to each then existing NRMSIR and the SID, if any.

(c) *Material Events.* The Port agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Series 1997 Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;

- **Unscheduled draws on debt service reserves reflecting financial difficulties;**
- **Unscheduled draws on credit enhancements reflecting financial difficulties;**
- **Substitution of credit or liquidity providers, or their failure to perform;**
- **Adverse tax opinions or events affecting the tax-exempt status of the Series 1997 Bonds;**
- **Modifications to rights of owners;**
- **Optional, contingent or unscheduled Series 1997 Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856;**
- **Defeasances;**
- **Release, substitution or sale of property securing the repayment of the Series 1997 Bonds; and**
- **Rating changes.**

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Series 1997 Bonds, the Port will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Series 1997 Bonds. The Port shall promptly determine whether the events described above are material.

(d) *Notice Upon Failure to Provide Financial Data.* The Port agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID, if any, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Termination/Modification.* The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Series 1997 Bonds. This section, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Series 1997 Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this Series Resolution, the Port may amend this Section 17 and any provision of this Section 17 may be waived, provided that the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions of Section 17(b) or (c), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 1997 Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 1997 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver either (A) is approved by the Beneficial Owners in the same manner as provided in this Series Resolution for amendments to this Series Resolution with the consent of Registered Owners, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Series 1997 Bonds.

In the event of any amendment of or waiver of a provision of this Section 17, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Registered Owner's and Beneficial Owners' Remedies Under this Section.*

A Registered Owner's and the Beneficial Owners' right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Port's obligations hereunder, and any failure by the Port to comply with the provisions of this undertaking shall not be a default with respect to the Series 1997 Bonds under this Series Resolution.

(g) *Additional Information.* Nothing in this Section 17 shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Section 17 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by this Section 17. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 17, the Port shall have no obligation under this Series Resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

Section 18. Insurance Policies. Provisions Relating to Insurer. The Port has received a commitment dated April 17, 1997 (the "Insurance Commitment") for the issuance of a policy of

municipal bond insurance (each an "Insurance Policy") with respect to each Series of the Series 1997 Bonds. The execution of the Insurance Commitment and delivery of the same to the Insurer by the Designated Port Representative is hereby ratified and approved. The issuance of the Series 1997 Bonds shall be made in accordance with the Insurance Commitment, with only those changes that shall have been agreed upon by the Insurer and the Port which agreement may be presumed upon the issuance and delivery of the Insurance Policy and the remittance by the Port of the premium to the Insurer for such Insurance Policy. To that end, the Designated Port Representative is hereby further authorized to deliver such certificates and additional documentation as shall be necessary to comply with the agreed upon terms of the Insurance Commitment.

(a) *Investment Guidelines.* If the Port has not adopted an investment policy that has been approved in writing by the Insurer permitting the waiver of the following notification requirement, the Port shall provide notice to the Insurer within 30 days after the release of its annual year-end audit if the total dollar amount of Port funds invested in investments not meeting the minimum investment criteria set forth in the Insurance Commitment (Exhibit E thereto) exceeds 25% of the Port's Net Revenues for such fiscal year.

(b) *Information Reporting.* The Insurer shall be provided with the following information by the Port:

(i) Within 120 days after the end of each of fiscal year, a budget for the new year, annual audited financial statements and, if not presented in the audited financial statements, a statement of the net revenues pledged to the payment of Series 1997 Bonds in each such fiscal year;

(ii) Official statement or other disclosure, if any, prepared in connection with the issuance of additional indebtedness by the Port whether or not on a parity with the Series 1997 Bonds within 30 days of the sale thereof;

(iii) Notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Series 1997 Reserve Fund;

(iv) Notice of the redemption, other than mandatory sinking fund redemption, of any Series 1997 Bonds, or of any advance refunding of Series 1997 Bonds, including the series, principal amount, maturities and CUSIP numbers thereof;

(v) Simultaneously with the delivery of the annual audited financial statements:

(A) Annual traffic data, including number of enplanements/deplanements and number of airlines operating and percentage of enplanements/deplanements allocable to each such airline;

(B) Number and names of airlines that maintain maintenance facilities at Seattle -Tacoma International Airport;

(C) Current landing fee rates (\$/1000 pounds);

(D) Current terminal space rental rate (\$/square foot); and

(E) Expansion and improvement projects planned or undertaken since the last reporting date; and

(vi) Such additional information as the Insurer may reasonably request from time to time.

The foregoing information reporting requirements may be modified as to time of receipt and content by agreement between the Insurer and the Port from time to time.

(c) *Amendments or Supplements.* Any amendment to the Master Resolution, other than an amendment or supplement relating to the issuance of Future Parity Bonds, shall be subject to the prior written consent of the Insurer for so long as the Insurance Policies remain in full force and effect and the Insurer is not in default thereunder. Notice of any such amendment to the Master Resolution and a copy thereof also shall be provided to the Rating Agencies then maintaining a rating on the Series 1997 Bonds at least 15 days prior to its execution or adoption. The Insurer shall receive a transcript of all proceeding relating to the execution of any such amendment or supplement.

(d) *Payments Under Insurance Policies.*

(i) If, on third day preceding any interest payment date for the Series 1997 Bonds, either the Port or the Registrar shall have knowledge that sufficient funds will not be available on such upcoming interest payment date to pay all principal of and interest on such Series 1997 Bonds coming due on such date, the Registrar shall notify the Insurer and State Street Bank and Trust Company, N.A., New York, New York or its successor as fiscal agent for the Insurer (the "Fiscal Agent") immediately (and in any event shall notify the Insurer and "Fiscal Agent" immediately upon the occurrence of a payment default) of the amount of such deficiency. If, by said interest payment date, the Port has not provided the amount of such deficiency, the Registrar shall simultaneously make available to the Insurer and to the "Fiscal Agent" the registration books for the Series 1997 Bonds maintained by the Registrar. In addition:

(A) The Registrar shall provide the Insurer with a list of Registered Owners entitled to receive principal or interest payments from the Insurer under the terms of the applicable Insurance Policy and shall make arrangements for the Insurer and its "Fiscal Agent" (1) to mail checks or drafts to Registered Owners entitled to receive full or partial interest payments from the Insurer and (2) to pay principal of the Series 1997 Bonds surrendered to the Fiscal Agent by the Registered Owners entitled to receive full or partial principal payments from the Insurer; and



(B) The Registrar shall, at the time it makes the registration books available to the Insurer pursuant to (A) above, notify the Registered Owners entitled to receive the payment of principal of or interest on the Series 1997 Bonds from the Insurer (1) as to the fact of such entitlement, (2) that the Insurer will remit to them all or part of the interest payments coming due subject to the terms of the respective Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Registered Owner is entitled to receive full payment of principal from the Insurer, such Registered Owner must tender his Series 1997 Bond with the instrument of transfer in the form provided on the Series 1997 Bond executed in the name of the Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Registered Owner is entitled to receive partial payment of principal from the Insurer, such Registered Owner must tender his Series 1997 Bond for payment first to the Registrar, which shall note on such Series 1997 Bond the portion of principal paid by the Registrar, and then, with an acceptable form of assignment executed in the name of the Insurer, to the "Fiscal Agent", which will then pay the unpaid portion of principal to the Registered Owner subject to the terms of the respective Insurance Policy.

(ii) In the event that the Registrar has notice that any payment of principal of or interest on a Series 1997 Bond has been recovered from a Registered Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Registrar shall, at the time it provides notice to the Insurer, notify all Registered Owners that in the event that any Registered Owner's payment is so recovered, such Registered Owner will be entitled to payment from the Insurer to the extent of such recovery, and the Registrar shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Series 1997 Bonds which have been made by the Registrar and subsequently recovered from Registered Owners, and the dates on which such payments were made.

(iii) The Insurer shall, to the extent it makes payment of principal of or interest on the Series 1997 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the respective Insurance Policies and, to evidence such subrogation, (A) in the case of subrogation as to claims for past due interest, the Registrar shall note the Insurer's rights as subrogee on the registration books maintained by the Registrar upon receipt from the Insurer of proof of the payment of interest thereon to the Registered Owners of such Series 1997 Bonds and (B) in the case of subrogation as to claims for past due principal, the Registrar shall note the Insurer's rights as subrogee on the registration books for the Series 1997 Bonds maintained by the Registrar upon receipt of proof of the payment of principal thereof to the Registered Owners of such Series 1997 Bonds. Notwithstanding anything in this Series Resolution or the Series 1997 Bonds to the contrary, the Registrar shall make payment of such

past due interest and past due principal directly to the Insurer to the extent that the Insurer is a subrogee with respect thereto.

(e) Notice Addresses. For purposes of delivering notices to the Insurer and the "Fiscal Agent" required by this Series Resolution, notices may be delivered by first class mail to the following:

Insurer: Financial Guaranty Insurance Company  
115 Broadway  
New York, New York 10006  
Attention: General Counsel

"Fiscal Agent": State Street Bank and Trust Company, N.A.  
61 Broadway  
New York, New York 10006  
Attention: Corporate Trust Department

The foregoing notice addresses may be changed by delivery of a written notice to the Port and the Registrar from the Insurer and/or the "Fiscal Agent".

Section 19. Severability. If any one or more of the covenants or agreements provided in this Series 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, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of any Parity Bonds.

Section 20. Effective Date. This Series Resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at a <sup>special</sup> meeting thereof, held this 2nd day of May, 1997, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission duly affixed.

PORT OF SEATTLE, WASHINGTON

Raige R. Miller

Gay Grant

Patricia Davis

Commissioners

## EXHIBIT A-1

### Description of projects funded with Series 1997A Bonds

1. Acoustical insulation of homes near Sea Tac Airport as part of an on-going program of noise mitigation.
2. Purchase and installation of the Airport's portion of a Management Information System to replace Portwide accounting, financial and human resources computer systems.
3. Design and construction of additional parking to expand the existing Airport parking garage.
4. Land Acquisition.

**EXHIBIT A-2**

**Description of projects funded with Series 1997B Bonds**

1. **Design and construction of curbside baggage conveyor systems.**
2. **Planning and design of a replacement to the Satellite Transit System.**
3. **Installation of fire sprinklers at various locations in the Terminal building.**
4. **Design and construction of an employee parking lot North of SR 518. A portion of the lot initially will be used for construction parking.**