

**PFC
SERIES RESOLUTION**

PORT OF SEATTLE, WASHINGTON

RESOLUTION NO 3285, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, AUTHORIZING THE SALE AND ISSUANCE OF PASSENGER FACILITY CHARGE REVENUE BONDS, SERIES 1998A OF THE PORT IN THE PRINCIPAL AMOUNT OF \$118,490,000 AND PASSENGER FACILITY CHARGE REVENUE BONDS, SERIES 1998B IN THE PRINCIPAL AMOUNT OF \$144,010,000 FOR THE PURPOSE OF PAYING PART OF THE COSTS OF CAPITAL IMPROVEMENTS TO THE PORT'S AIRPORT FACILITIES, FIXING THE DATE, FORMS, TERMS, AND MATURITIES FOR SUCH BONDS, AUTHORIZING THE SALE OF SUCH BONDS, AND PROVIDING FOR ONGOING DISCLOSURE

ADOPTED. July 16, 1998

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RESOLUTION NO 3285, AS AMENDED

A RESOLUTION of the Port Commission of the Port of Seattle, Washington, authorizing the sale and issuance of Passenger Facility Charge Revenue Bonds, Series 1998A of the Port in the principal amount of \$118,490,000 and Passenger Facility Charge Revenue Bonds, Series 1998B in the principal amount of \$144,010,000 for the purpose of paying part of the costs of capital improvements to the Port's airport facilities, fixing the date, forms, terms, and maturities for such bonds, authorizing the sale of such bonds, and providing for ongoing disclosure

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

WHEREAS, the Airport is in need of capital expansion and improvement, and

WHEREAS, the Port has authorized the issuance of passenger facility charge revenue bonds in one or more series pursuant to Resolution No 3284, as amended, adopted on July 16, 1998 (the "PFC Master Resolution") in order to pay all or a portion of the costs of capital improvements to the Airport (defined with further particularity in the PFC Master Resolution as "Costs of Projects"), and

WHEREAS, the passenger facility charge revenue bonds (defined as "PFC Bonds" in the PFC Master Resolution) authorized by the PFC Master Resolution shall be approved by Series Resolutions (as such term is defined in the PFC Master Resolution), and

WHEREAS, it is necessary that the date, form, terms and maturities of two Series of PFC Bonds constituting First Lien PFC Bonds under the PFC Master Resolution be fixed as provided in this Series Resolution, and

WHEREAS, it is deemed necessary and desirable that such Series of First Lien PFC 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 PFC Master Resolution shall have the meanings set forth in the PFC 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 16(b) of this Series Resolution.

"Arbitrage Certificate" means the certificate of that name executed and delivered by the Port at the time of issuance and delivery of the Series 1998 Bonds

"Beneficial Owner" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 1998 Bonds (including persons holding Series 1998 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 Register" means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Series 1998 Bond or nominee of such owner and the principal amount and number of Series 1998 Bonds held by each owner or nominee

"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 1998 Bonds or the date that is five years after the date of issuance of the Series 1998 Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Series 1998 Bonds

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

"Computation Period" means the period between Computation Dates

"Construction Fund-1998A" 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 1998A Bonds.

"Construction Fund-1998B" 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 1998B Bonds.

"Discharge" occurs on the date that all amounts due under the terms of a Series 1998 Bond is actually and unconditionally due if cash is available at the place of payment, and no interest accrues with respect to such Series 1998 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 1998 Bonds pursuant to Section 6 hereof

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

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

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

"Net Proceeds," when used with reference to Series 1998A Bonds, means the principal amount of such Series 1998A Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any, and proceeds, if any, deposited in the Series 1998A Reserve Fund

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

"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 1998 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 1998 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 1998 Bonds and subject to the rebate requirements, and on the final maturity date of the Series 1998 Bonds, a computation credit of \$1,000
- (e) Any Yield Reduction Payments

"PFC Master Resolution" means Resolution No 3284, as amended, of the Commission adopted on July 16, 1998, as the same may hereafter be amended in accordance with its terms

"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

"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 1998 Bonds before its disposition or redemption date, the value of that investment on the date it ceases to be allocated to the Series 1998 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 1998 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 1998 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 1998 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 Default" has the meaning given such term in Section 15 of this Series Resolution

"Series 1998 Bonds" means, collectively, the Series 1998A Bonds and the Series 1998B Bonds

"Series 1998A Bonds" means the Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998A, authorized to be issued by Section 2(a) of this Series Resolution

"Series 1998B Bonds" means the Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998B, authorized to be issued by Section 2(b) of this Series Resolution

"Series 1998A Insurer" means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York

"Series 1998B Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company

"Series 1998A Bond Insurance Policy" means the financial guaranty insurance policy issued by the Series 1998A Insurer insuring the payment when due of the principal of and interest on the Series 1998A Bonds as provided therein

"Series 1998B Bond Insurance Policy" means the municipal bond insurance policy issued by the Series 1998B Insurer insuring the payment when due of the principal of and interest on the Series 1998B Bonds as provided therein.

"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 1998A Bonds maturing on December 1, 2019 and December 1, 2023

"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, Goldman, Sachs & Co., Lehman Brothers Inc., FaineWebber Incorporated, Artemis Capital Group, Inc., and Siebert Brandford Shank & Co., a Division of Muriel Siebert & 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

Rules of Interpretation In this Series Resolution, unless the context otherwise requires

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

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

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

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

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative or his or her designee, respectively, and all references herein to the Designated Port Representative shall be deemed to include references to his or her designee, as the case may be

Section 2. Authorization of Series 1998 Bonds

(a) *Series 1998A Bonds* The Port shall issue the Series 1998A Bonds in the principal amount of \$118,490,000 the purpose of providing part of the funds necessary to (i) pay the costs of runway and airfield improvements at Seattle-Tacoma International Airport, (ii) fund the First Lien Reserve Account Requirement, and (iii) pay all costs incidental to the foregoing and to the issuance of the Series 1998A Bonds including the Insurance Policy premium for the Series 1998A Bonds.

(b) *Series 1998B Bonds* The Port shall issue the Series 1998B Bonds in the principal amount of \$144,010,000 for the purpose of providing part of the funds necessary to (i) pay the costs of any or all of the Projects described on Exhibit A attached hereto as such Exhibit A may be revised from time to time without any prior consent other than bond counsel, (ii) fund the First Lien Reserve Account Requirement, and (iii) pay all costs incidental to the foregoing and to the issuance of the Series 1998B Bonds including the Insurance Policy premium for the Series 1998B Bonds

Section 3 Bond Details

(a) *Series 1998A Bonds* The Series 1998A Bonds shall be designated as "Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998A," 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 July 1, 1998, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided that no Series 1998A Bonds shall represent more than one maturity, shall bear interest from July 1, 1998 until the Series 1998A Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each June and December, beginning on December 1, 1998, and shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2016	\$ 670,000	5.00%
2017	14,380,000	5.00
2019	31,020,000	5.50
2023	72,420,000	5.00

(b) *Series 1998B Bonds* The Series 1998B Bonds shall be designated as "Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998B " 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 July 1, 1998, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided that no Series 1998B Bonds shall represent more than one maturity, shall bear interest from July 1, 1998 until the Series 1998B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each June and December, beginning on December 1, 1998, and shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2002	\$ 4,450,000	5 000%
2003	7,110,000	5 000
2004	7,465,000	5 000
2005	7,840,000	5 000
2006	8,230,000	5 000
2007	8,645,000	5 000
2008	9,075,000	5.000
2009	9,530,000	5 250
2010	10,030,000	5 250
2011	10,555,000	5 250
2012	11,110,000	5 250
2013	11,690,000	5 375
2014	12,325,000	5 250
2016	25,955,000	5 300

(c) *Series 1998 Bonds a Special Fund Obligation* The Series 1998 Bonds are not general obligations of the Port, and no tax revenues of the Port may be used to pay the principal of, premium, if any, and interest on the Series 1998 Bonds

The Series 1998 Bonds shall be obligations only of the First Lien Bond Account and the First Lien Reserve Account and shall be payable and secured as provided herein and in the PFC Master Resolution. The Series 1998 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 1998A Bonds (other than the Series 1998A Bonds maturing on December 1, 2019, which are non-callable) are subject to redemption on and after December 1, 2008 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 fixed for redemption

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 2008 through November 30, 2009	101 0%
December 1, 2009 through November 30, 2010	100 5
December 1, 2010 and thereafter	100

(ii) The Series 1998B Bonds are subject to redemption on and after December 1, 2008 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 fixed for redemption

Redemption Dates	Redemption Prices
December 1, 2008 through November 30, 2009	101 0%
December 1, 2009 through November 30, 2010	100.5
December 1, 2010 and thereafter	100

(b) *Mandatory Redemption* Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1998A Term Bonds stated to mature on December 1, 2019 are subject to mandatory redemption on December 1 of the following years in the following principal amounts, at a price of par

Redemption Dates	Amounts
2018	\$ 15,095,000
2019*	15,925,000

* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1998A Term Bonds stated to mature on December 1, 2023 are subject to mandatory redemption on December 1 of the following years in the following principal amounts, at a price of par

Redemption Dates	Amounts
2020	\$ 16,805,000
2021	17,640,000
2022	18,525,000
2023*	19,450,000

* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1998B Term Bonds stated to mature on December 1, 2016 are subject to mandatory

redemption on December 1 of the following years in the following principal amounts, at a price of par

	Redemption Dates	Amounts
	2015	\$ 12,970,000
	2016*	12,985,000

* Maturity

(c) *Extraordinary Mandatory Redemption* The Series 1998 PFC Bonds shall be subject to mandatory redemption prior to maturity as a whole or in part (and if in part *pro rata* in accordance with the principal amount of Series 1998 Bonds of each maturity and series and within a maturity by lot or otherwise in accordance with DTC operational procedures then Outstanding), on any date selected by the Standby Trustee after the issuance by the FAA of notice that the Port's Authority has been reduced as set forth in the June 1998 PFC Approval. In such event the redemption price of the Series 1998 PFC Bonds shall be 100% of the principal amount thereof, plus accrued interest to the redemption date. The redemption date shall be selected by the Standby Trustee at least 45 days (a) after the Standby Trustee receives from the FAA notice that as to one or more bond financed Projects, the Port's PFC Authority has been reduced or terminated and (b) after the Standby Trustee confirms that PFC Revenues and Additional Pledged Revenue, if any, are available to the Standby Trustee (when added to available moneys in the Reserve Account, the PFC Capital Fund and the First Lien Bond Account) to pay the entire redemption price of the Series 1998 PFC Bonds being redeemed. No redemption notice shall be mailed until there are sufficient PFC Revenues available to the Standby Trustee (when added to available moneys in the Reserve Account PFC Capital Fund and the First Lien Account) to pay the entire redemption price of the Series 1998 PFC Bonds to be redeemed.

(d) *Purchase of Series 1998 Bonds for Retirement* The Port reserves the right to use at any time any PFC Revenue on deposit in the PFC Capital Fund available after providing for the payments required by paragraph First through Fourth of Section 2(a) of the PFC Master Resolution to purchase for retirement any of the Series 1998 Bonds offered to the Port at any price deemed reasonable to the Port's Chief Financial Officer.

(e) *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 of

the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Port Representative.

(f) *Selection of Series 1998 Bonds for Redemption* The Series and maturities to be redeemed shall be selected by the Port and, within a maturity, as long as the Series 1998 Bonds are held in book-entry only form, the selection of Series 1998 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 1998 Bonds are no longer held in uncertificated form, the selection of such Series 1998 Bonds to be redeemed shall be made as provided in this subsection (f). If the Port redeems at any one time fewer than all of the Series 1998 Bonds of a Series having the same maturity date, the particular Series 1998 Bonds or portions of Series 1998 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 1998 Bond of a denomination greater than \$5,000, the Port and Registrar shall treat each Series 1998 Bond as representing such number of separate Series 1998 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 1998 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 1998 Bond is redeemed, upon surrender of the such Series 1998 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 or, at the option of the Registered Owner, a Series 1998 Bond of like maturity and interest rate in any of the denominations herein authorized.

(g) *Notice of Redemption*

(i) Official Notice Unless waived by any owner of Series 1998 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 1998 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 1998 Bonds are to be redeemed, the identification by maturity and Series (and, in the case of partial redemption, the respective principal amounts) of the Series 1998 Bonds to be redeemed,

(D) that on the date fixed for redemption, 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 1998 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 1998 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 in the case of an optional 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 1998 Bonds or portions of Series 1998 Bonds which are to be redeemed on that date

Failure to give notice as to redemption of any Series 1998 Bond or any defect in such notice shall not invalidate redemption of any other Series 1998 Bond.

Notwithstanding the foregoing, if the Series 1998 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 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 1998 Bonds or portions of Series 1998 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 1998 Bonds or portions of Series 1998 Bonds shall cease to bear interest. Upon surrender of such Series 1998 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 1998 Bond, there shall be prepared for the Registered Owner a new

Series 1998 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 1998 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 1998 Bonds being redeemed, (B) the date of issue of the Series 1998 Bonds as originally issued, (C) the rate of interest borne by each Series 1998 Bond being redeemed, (D) the Series designation and maturity date of each Series 1998 Bond being redeemed, and (E) any other descriptive information needed to identify accurately the Series 1998 Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Municipal Bond 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 1998 Bonds.

(iv) Use of CUSIP Numbers Upon the payment of the redemption price of Series 1998 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 1998 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 without the consent of any owners of Series 1998 Bonds 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 1998 Bonds shall be payable in lawful money of the United States of

America Interest on the Series 1998 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months) For so long as all Series 1998 Bonds 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 1998 Bonds are no longer in fully immobilized form, interest on the Series 1998 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 1998 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 1998 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 1998 Bonds shall be payable upon presentation and surrender of such Series 1998 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 1998 Bonds The Port shall cause a bond register to be maintained by the Registrar So long as any Series 1998 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 1998 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 FAA, the Municipal Bond Insurer, DTC, each NRMSIR and the 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 1998 Bonds transferred or exchanged in accordance with the provisions of such Series 1998 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 1998 Bonds

(b) *Registered Ownership* The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 1998 Bond as the absolute owner thereof for all purposes (except as provided in Section 15 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 1998 Bond shall be made only as described in Section 5 hereof, but such Series 1998 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 1998 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations*. To induce DTC to accept the Series 1998 Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC the 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 1998 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 1998 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 1998 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 1998 Bonds.

If any Series 1998 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 1998 Bond until such Series 1998 Bond is paid.

(d) *Use of Depository.*

(i) The Series 1998 Bonds shall be registered initially in the name of "Cede & Co", as nominee of DTC, with one Series 1998 Bond maturing on each of the maturity dates for the Series 1998 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 1998 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 1998 Bonds, together with a written request on behalf of the Commission, issue a single new Series 1998 Bond for each maturity of the Series 1998 Bonds 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 1998 Bonds that such owners be able to obtain such bonds in the form of Series 1998 Bond certificates, the ownership of such Series 1998 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 1998 Bonds, to issue Series 1998 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 1998 Bonds together with a written request on behalf of the Commission to the Registrar, new Series 1998 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 1998 Bond may be registered and Series 1998 Bonds may be exchanged, but no transfer of any such Series 1998 Bond shall be valid unless such

Series 1998 Bond is surrendered to the Registrar with the assignment form appearing on such Series 1998 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 1998 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 1998 Bond (or Series 1998 Bonds at the option of the new Registered Owner) of the same date, Series, 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 1998 Bond, in exchange for such surrendered and canceled Series 1998 Bond. Any Series 1998 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 1998 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 1998 Bond during the 15 days preceding the date any such Series 1998 Bond is to be redeemed.

(f) *Registrar's Ownership of Series 1998 Bonds* The Registrar may become the Registered Owner of any Series 1998 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 1998 Bonds.

(g) *Registration Covenant* The Port covenants that, until all Series 1998 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 1998 Bond that complies with the provisions of Section 149 of the Code.

Section 7 Use of Excess Money

(a) *Use of Excess Money* Money in the First Lien Bond Account not needed to pay the interest or principal and interest next coming due on any Outstanding First Lien PFC Bonds may be used to purchase or redeem and retire First Lien PFC Bonds within the limitations provided in Section 2 of this Series Resolution. Money in the First Lien Bond Account shall be used solely to pay principal of, interest on and premium, if any, on First Lien PFC Bonds, whether at maturity or redemption or purchase in advance of maturity of such First Lien PFC Bonds. As provided in this Series Resolution, the Monthly Debt Service Deposit shall be

adjusted from time to time, so as to ensure compliance with requirements of the Code and avoid excessive accumulations in the First Lien Bond Account

Money on hand in the First Lien Reserve Account in excess of the First Lien Reserve Account Requirement shall be transferred to one or more accounts in accordance with the priorities established in Section 2(a) of this Series Resolution.

Section 8 **Disposition of the Proceeds of Sale of Series 1998 Bonds**

(a) *Series 1998A Bonds* The proceeds of the Series 1998A Bonds shall be applied as follows

(i) All interest on the Series 1998A Bonds accrued from their date to the date of delivery shall be paid into the First Lien Bond Account,

(ii) A sum specified by the Designated Port Representative to the Treasurer prior to the closing and delivery of the Series 1998 Bonds shall be deposited in the First Lien Reserve Account in satisfaction of a portion of the First Lien Reserve Account Requirement, and

(iii) The remainder of the proceeds of the Series 1998A Bonds shall be paid into the Construction Fund-1998A (hereinafter authorized to be created)

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, 1998A" (the "Construction Fund-1998A") The money on deposit in the Construction Fund-1998A shall be utilized to pay costs of the projects identified in Section 2 hereof and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Series 1998A Bonds, to the extent designated by the Port

All or part of the proceeds of the Series 1998A 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 provided, however, such proceeds shall not be invested in the obligations of any municipality with a credit rating lower than that of the Port. Interest earnings on the Construction Fund-1998A shall be retained in Construction Fund-1998A until completion of the Projects identified in Section 2(b) or a determination as hereafter provided that money should be transferred to the First Lien Bond Account

Upon the completion of each Project, the Port shall file a certificate with the FAA in accordance with the PFC Authority, verifying that such Project is complete and that the proceeds of the Series 1998A Bonds have been used in accordance with the PFC Master Resolution, this Series Resolution PFC Regulations, PFC Authority and the PFC Act to pay Costs of such Project or to pay costs of other Approved Projects and all remaining proceeds, if any, of the Series 1998 Bonds allocable to such Project have been transferred to the First Lien Bond Account to be used to pay debt service on the Series 1998A Bonds or, with the consent of the FAA, to pay costs of other Approved Projects

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 1998A 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 and Section 8 of the PFC Master Resolution

Any part of the proceeds of the Series 1998A Bonds remaining in the Construction Fund-1998A after all costs referred to in this section have been paid may be used to acquire, construct and equip other Projects subject to the limitations of Section 10 hereof and Section 8 of the PFC Master Resolution or may be transferred to the First Lien Bond Account for the uses and purposes therein provided All or a portion of the amounts then on deposit in the Construction Fund shall be transferred to the First Lien Bond Account (i) if so directed by the Insurers following a Default and (ii) if and to the extent directed by the FAA following an FAA Notice but only to the extent such proceeds relate to the PFC Bond financed Project that is the subject of the FAA Notice

(b) *Series 1998B Bonds* The proceeds of the Series 1998B Bonds shall be applied as follows

(i) All interest on the Series 1998B Bonds accrued from their date to the date of delivery shall be paid into the First Lien Bond Account;

(ii) A sum specified by the Designated Port Representative to the Treasurer prior to the closing and delivery of the Series 1998 Bonds shall be deposited in the First Lien Reserve Account in satisfaction of a portion of the First Lien Reserve Account Requirement, and

(iii) The remainder of the proceeds of the Series 1998B Bonds shall be paid into the Construction Fund-1998B (hereinafter authorized to be created)

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, 1998B" (the "Construction Fund-1998B") The money on deposit in the Construction Fund-1998B shall be utilized to pay costs of the Projects identified on Exhibit B and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Series 1998B Bonds, to the extent designated by the Port

All or part of the proceeds of the Series 1998B 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 provided, however, such proceeds shall not be invested in the obligations of any municipality with a credit rating lower than that of the Port Interest earnings on the Construction Fund-1998B shall be retained in Construction Fund-1998B until completion of the Projects identified in Section 2(b) or a determination as hereafter provided that money should be transferred to the First Lien Debt Service Account

Upon the completion of each Project, the Port shall file a certificate with the FAA in accordance with the PFC Authority, verifying that such Project is complete and that the proceeds of the Series 1998B Bonds allocable to such Project have been used in accordance with the PFC Master Resolution, this Series Resolution PFC regulations, PFC Authority and the PFC Act to pay Costs of such Project or to pay costs of other Approved Projects and all remaining proceeds, if any, of the Series 1998 Bonds allocable to such Project have been transferred to the First Lien Bond Account to be used to pay debt service on the Series 1998A Bonds or, with the consent of the FAA, to pay costs of other projects

In the event that it shall not be possible or practicable to accomplish all of the improvements specified in Section 2(b), the Port may apply the proceeds of the Series 1998B 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 and Section 8 of the PFC Master Resolution

Any part of the proceeds of the Series 1998B Bonds remaining in the Construction Fund-1998B after all costs referred to in this section have been paid may be used to acquire, construct

and equip other Projects subject to the limitations of Section 10 hereof and Section 8 of the PFC Master Resolution or may be transferred to the First Lien Bond Account for the uses and purposes therein provided. All or a portion of the amounts then on deposit in the Construction Fund shall be transferred to the First Lien Bond Account (i) if so directed by the Insurers following a Default and (ii) if and to the extent directed by the FAA following an FAA Notice but only to the extent such proceeds relate to the PFC Bond financed Project that is the subject of the FAA Notice.

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 1998 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 1998 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 First Lien Bond Account or any account therein for the payment of the principal of, premium, if any, and interest on the Series 1998 Bonds so provided for and such Series 1998 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 1998 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 1998 Bonds, the Port shall provide notice of defeasance of Series 1998 Bonds to Registered Owners of Series 1998 Bonds being defeased, to the Municipal Bond Insurer and to each NRMSIR and SID, if any, in accordance with Section 16.

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 1998 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 1998 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 1998 Bonds or any other funds of the Port which may be deemed to be proceeds of the Series 1998 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 1998 Bonds to the initial purchasers thereof, would have caused the Series 1998 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 1998 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 1998 Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Series 1998 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 1998 Bonds, equals 100% of the Rebatable Arbitrage

(ii) *Computation of Rebatable Arbitrage* As of any Computation Date, the Rebatable Arbitrage for the Series 1998 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 will be made for a Computation Date that is no later than five years after the issue date of the Series 1998 Bonds. Subsequent rebate installment payments will 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 will be paid no later than 60 days after the Computation Date to which the payment relates

(B) A final rebate payment will be paid within 60 days of the date the Series 1998 Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations

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

(c) *Private Person Use Limitation for Series 1998A Bonds* The Port covenants that for as long as the Series 1998A Bonds are outstanding, it will not permit

(i) More than 10% of the Net Proceeds of the Series 1998A Bonds to be used for any Private Person Use, and

(ii) More than 10% of the principal or interest payments on the Series 1998A 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 1998A 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 1998A 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 are 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 1998A 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 1998A Bonds. The covenants

of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1998A Bonds

(d) *Use of Proceeds of the Series 1998B Bonds* The Projects financed with the Series 1998B Bonds which are listed in Exhibit B (collectively, the "Series 1998B 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 1998B Bonds are Outstanding be the owner of all elements of the Series 1998B Projects being financed with such Series 1998B Bonds. If any portion of the Series 1998B 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 Series 1998B 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,
- (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 Series 1998B 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 Series 1998B 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 Series 1998B 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 1998 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Insurers, the Trustee, the FAA or any Registered Owner) 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 1998 Bonds

Section 11 Lost, Stolen, Mutilated or Destroyed Series 1998 Bonds In case any Series 1998 Bond or Series 1998 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 1998 Bond or Series 1998 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 1998 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Bond) and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port

Section 12 Forms of Series 1998 Bonds and Registration Certificate.

(a) *Series 1998A Bonds* The Series 1998A Bonds shall be in substantially the following form

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal office of the Fiscal Agency of the State of Washington in Seattle, Washington, or New York, New York.

The Insurer, in consideration of the payment of the premium and subject to the terms of the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Port of Seattle, Washington (the "Issuer") to the Fiscal Agency of

the State of Washington, or its successor (the "Paying Agent"), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration), and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts" "Obligations" shall mean

\$118,490,000
Port of Seattle, Washington
Passenger Facility Charge Revenue Bonds, Series 1998A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer 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., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO _____

\$ _____

STATE OF WASHINGTON
 PORT OF SEATTLE
 PASSENGER FACILITY CHARGE REVENUE BOND, SERIES 1998A

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 Passenger Facility Charge Revenue Bond Account (First Lien)" (the "First Lien Bond Account") created by Resolution No 3284 as amended of the Port Commission (together with Resolution No 3285, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the First Lien Bond Account from July 1, 1998, 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 June and December, beginning on December 1, 1998. 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 \$118,490,000 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 passenger facility charge revenue bonds, Series 1998B, in the aggregate principal amount of \$144,010,000.

The bonds of this issue (other than the Series 1998A Bonds maturing on December 1, 2019, which are non-callable) shall be subject to optional redemption in advance of their scheduled maturity on and after December 1, 2008 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
December 1, 2008 through November 30, 2009	101.0%
December 1, 2009 through November 30, 2010	100.5
December 1, 2010 and thereafter	100

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

Redemption Dates	Amounts
2016	\$ 670,000
2017*	14,380,000

* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on December 1, 2019 shall be redeemed by the Port on December 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption

Redemption Dates	Amounts
2018	\$ 15,095,000
2019*	15,925,000

* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on December 1, 2023 shall be redeemed by the Port on December 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption

Redemption Dates	Amounts
2020	\$ 16,805,000
2021	17,640,000
2022	18,525,000
2023*	19,450,000

* 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 PFC Revenue and to pay into the First Lien Bond Account and the First Lien Reserve Account the various amounts required by the Bond Resolution to be paid into and maintained in said Accounts, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of PFC Revenue and Additional Pledged Revenue, if any, into the First Lien Bond Account and the First Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the PFC Revenue and Additional Pledged Revenue, if any, equal in rank to the lien and charge upon such PFC Revenue and Additional Pledged Revenue, if any, of the amounts required to pay and secure the payment of any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

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 July, 1998

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 Passenger Facility Charge Revenue Bonds, Series 1998A of the Port of Seattle, Washington, dated July 1, 1998

WASHINGTON STATE FISCAL
AGENCY, Registrar

By _____
Authorized Signer

In the event any Series 1998A 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 1998B Bonds* The Series 1998B Bonds shall be in substantially the following form

Municipal Bond Insurance Policy No _____ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance") The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee All payments required to be made under the Policy shall be made in accordance with the provisions thereof The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy

UNITED STATES OF AMERICA

NO _____

\$ _____

STATE OF WASHINGTON
PORT OF SEATTLE
PASSENGER FACILITY CHARGE REVENUE BOND, SERIES 1998B

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 Passenger Facility Charge Revenue Bond Account (First Lien)" (the "First Lien Bond Account") created by Resolution No 3284 as amended of the Port Commission, as amended (together with Resolution No 3285, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the First Lien Bond Account from July 1, 1998, 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 June and December, beginning on December 1, 1998. 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 \$144,010,000 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 passenger facility charge revenue bonds, Series 1998A, in the aggregate principal amount of \$118,490,000.

The bonds of this issue shall be subject to optional redemption in advance of their scheduled maturity on and after December 1, 2008 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
December 1, 2008 through November 30, 2009	101.0%
December 1, 2009 through November 30, 2010	100.5
December 1, 2010 and thereafter	100

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on December 1, 2016 shall be redeemed by the Port on December 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
2015	\$ 12,970,000
2016*	12,985,000

* Maturity

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 PFC Revenue and to pay into the First Lien Bond Account and the First Lien Reserve Account the various amounts required by the Bond Resolution to be paid into and maintained in said Accounts, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of PFC Revenue and Additional Pledged Revenue, if any, into the First Lien Bond Account and the First Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the PFC Revenue and Additional Pledged Revenue, if any, equal in rank to the lien and charge upon such PFC Revenue and Additional Pledged Revenue, if any, of the amounts required to pay and secure the payment of any revenue bonds of the Port hereafter issued on a par with the bonds of this issue.

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 July, 1998.

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 Passenger Facility Charge Revenue Bonds, Series 1998B of the Port of Seattle, Washington, dated July 1, 1998

**WASHINGTON STATE FISCAL
AGENCY, Registrar**

By _____
Authorized Signer

Section 13 Execution The Series 1998 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 1998 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 1998 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 1998 Bonds shall cease to be such officer or officers of the Port before the Series 1998 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 1998 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 1998 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 1998 Bond shall be the proper officers of the Port although at the original date of such Series 1998 Bond any such person shall not have been such officer

Section 14 Sale of Series 1998 Bonds The Series 1998 Bonds shall be sold by negotiated sale to Goldman, Sachs & Co.; Lehman Brothers Inc.; PaineWebber Incorporated, Artemis Capital Group, Inc., and Siebert Brandford Shank & Co., a Division of Muriel Siebert & 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. 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 1998 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 1998 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 1998 Bonds and the distribution of the Series 1998 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 15 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 1998 Bonds in order to assist the Underwriters in complying with 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, 1999 for the fiscal year ending December 31, 1998, 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 annual financial statements (as defined in RCW 43.09.200) 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 15(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 to each NRMSIR and to the MSRB notice of its failure to furnish such report.

(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) *Operating and Financial Information* Updated versions of the type of information contained in the final Official Statement, as follows

(i) Aggregate principal amount of PFC Bonds, Port revenue bonds and subordinate lien revenue bonds outstanding and any change in the aggregate principal amount of authorized subordinate lien commercial paper (as shown on page C-3 under the subheading "Financial Matters" of the final Official Statement,

(ii) Description and amount, if applicable, of any Additional Pledged Revenue, pledged to the repayment of PFC Bonds,

(iii) Any change in the expiration date, in the rate or in the total amount of PFCs the Port is authorized to impose or to use, any change in exemptions and any change from impose-only authority to impose-and-use authority,

(iv) Historical Enplaned Passengers (*e g*, Table 4 in Appendix B), Projects to be Funded with PFC Revenue –Costs and Sources of Funds (*e g*, Exhibit A-1 to Appendix B), Historical PFC Collections (*e g*, Exhibit D to Appendix B), Historical Application of PFC Revenue (*e g*, Exhibit D-1 to Appendix B); Annual PFC Debt Service Coverage (*e g*, Exhibit E to Appendix B); First Lien Sufficiency Covenant Coverage (*e g*, Exhibit F to Appendix B),

(v) Amounts received in AIP entitlement grants, in discretionary grants and in Letter of Intent, discretionary and entitlement payments (as shown on pages 26-27 of the final Official Statement in an aggregate amount),

(vi) Operating data of the type shown under Seattle-Tacoma International Airport- General of the final Official Statement,

(vii) Number of airline operations (as shown on page 34 of the final Official Statement),

(viii) Percentage of origin and destination passengers and, if and to the extent available, historical information of the type shown in the table entitled "1997 Seattle-Tacoma International Airport Domestic Passenger Origin-Destination Patterns and Airline Service Markets (and in Table 5 of Appendix B) but only to the extent such information is provided to the Port by a third-party prior to the Submission Date, "Seattle-Tacoma International Airport Annual Enplanements 1988-1997," "Seattle-Tacoma International Airport Enplanement Market Share by Airline 1993-1997," Market Share of Enplaned Passengers (e.g., Table 6 of Appendix B), Scheduled Departures by Airline (e.g., Table 8 of Appendix B), and Scheduled International Service (e.g., Table 9 of Appendix B),

(ix) The number of metric tons of enplaned and deplaned cargo at the Airport each year, and

(x) Relating to any change in the method of charging for use of Airport facilities,

(xi) Relating to any change in the identity of the Port's Treasurer,

(xii) If and to the extent that it was included in the final Official Statement, the percentage of the Airport's enplaned passengers who traveled to destinations in Asia

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 1998 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 1998 Bonds,
- Modifications to rights of owners,
- Optional, contingent or unscheduled Series 1998 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 1998 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 1998 Bonds, the Port will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Series 1998 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 1998 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 1998 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 15 and any provision of this Section 15 may be waived, in accordance with the Rule.

In the event of any amendment of or waiver of a provision of this Section 15, 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 Series Default.

(g) *Additional Information.* Nothing in this Section 15 shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Section 15 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 15. 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 15, 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 16 Municipal Bond Insurance Policy, Provisions Relating to Municipal Bond

Insurer Section 16 Bond Insurance

(a) *Series 1998A Bonds*

(1) Acceptance of Insurance In accordance with the offer of Underwriters to purchase the Series 1998A Bonds, the Port hereby approves the commitment of the Series 1998A Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Series 1998A Bonds (the "Series 1998A Bond Insurance Policy") The Port further authorizes and directs all proper officers, agents, attorneys and employees of the Port to cooperate with the Series 1998A Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the Port as shall be necessary or advisable in providing for the Series 1998A Bond Insurance Policy

(2) Payments Under the Series 1998A Bond Insurance Policy

(A) In the event that, on the second business day, and again on the business day, prior to the payment date on the Series 1998A Bonds, the Registrar has not received sufficient money to pay all principal of and interest on the Series 1998A Bonds due on the second following or following, as the case may be, business day, the Registrar shall immediately notify the Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the payment date, the Registrar shall so notify the Series 1998A Insurer or its designee.

(C) In addition, if the Registrar has notice that any Registered Owner of a Series 1998A Bond has been required to disgorge payments of principal or interest on the Series 1998A Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Registered Owner of a Series 1998A Bond within the meaning of any applicable bankruptcy laws, then the Registrar shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail

(D) The Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for owners of the Series 1998A Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Series 1998A Bonds, the Registrar shall (x) execute and deliver to State Street Bank and Trust Company, N A , or its successors under the Series 1998A Bond Insurance Policy (the "Series 1998A Insurance Paying Agent"), in form satisfactory to the Series 1998A Insurance Paying Agent, an instrument appointing the Series 1998A Insurer as agent for such owners in any legal proceeding related to the payment of such interest and an assignment to the Series 1998A Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 1998A Insurer, (y) receive as designee of the respective owners (and not as Series 1998A Registrar) in accordance with the tenor of the Series 1998A Bond Insurance Policy payment from the Series 1998A Insurance Paying Agent with respect to the claims for interest so assigned, and (z) disburse the same to such respective owners, and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Series 1998A Bonds, the Registrar shall (i) execute and deliver to the Series 1998A Insurance Paying Agent in form satisfactory to the Series 1998A Insurance Paying Agent an instrument appointing the Series 1998A Insurer as agent for such owner in any legal proceeding relating to the payment of such principal and an assignment to the Series 1998A Insurer of any of the Series 1998A Bonds surrendered to the Series 1998A Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Registrar and available for such payment (but such assignment shall be delivered only if payment from the Series 1998A Insurance Paying Agent is received), (ii) receive as designee of the respective owners (and not as Series 1998A Registrar) in accordance with the tenor of the Series 1998A Bond Insurance Policy payment therefor from the Series 1998A Insurance Paying Agent, and (iii) disburse the same to such owner

(E) Payments with respect to claims for interest on and principal of Series 1998A Bonds disbursed by the Registrar from proceeds of the Series 1998A Bond Insurance Policy shall not be considered to discharge the obligation of the Port with respect to such Series 1998A Bonds, and the Series 1998A Insurer shall become the owner of such unpaid Series 1998A Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise

(F) Irrespective of whether any such assignment is executed and delivered, the Port and the Registrar hereby agree for the benefit of the Series 1998A Insurer that

(i) They recognize that to the extent the Series 1998A Insurer makes payments, directly or indirectly (as by paying through the Registrar), on account of principal of or interest on the Series 1998A Bonds, the Series 1998A Insurer will be subrogated to the rights of such Registered Owners to receive the amount of such principal and interest from the Port, with interest thereon as provided and solely from the sources stated in this Series Resolution and the Series 1998A Bonds, and

(ii) They will accordingly pay to the Series 1998A Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Series 1998A Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Series Resolution and the Series 1998A Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 1998A Bonds to owners, and will otherwise treat the Series 1998A Insurer as the owner of such rights to the amount of such principal and interest

(3) Rights of Series 1998A Insurer

(A) In connection with the issuance of Future First Lien PFC Bonds, the Port shall deliver to the Series 1998A Insurer a copy of the disclosure document, if any, circulated with respect to such Future First Lien PFC Bonds

(B) The Series 1998A Insurer shall receive copies of the Port's audited financial statements and annual budget

(C) Copies of any amendments made to the documents executed in connection with the issuance of the Series 1998A Bonds which are consented to by the Series 1998A Insurer shall be sent to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc

(D) The Series 1998A Insurer shall receive notice of the resignation or renewal of the Registrar and the appointment of a successor, other than the designated state fiscal agent

(E) Any notices required to be given by any party under this Series Resolution shall also be given to the Series 1998A Insurer and sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention Surveillance

(b) *Series 1998B Bonds*

(1) Acceptance of Insurance In accordance with the offer of Underwriters to purchase the Series 1998B Bonds, the Port hereby approves the commitment of the Series 1998B Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Series 1998B Bonds (the "Series 1998B Bond Insurance Policy") The Port further authorizes and directs all proper officers, agents, attorneys and employees of the Port to cooperate with the Series 1998B Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the Port as shall be necessary or advisable in providing for the Series 1998B Bond Insurance Policy.

(2) Payments Under the Series 1998B Bond Insurance Policy As long as the Series 1998B Bond Insurance Policy shall be in full force and effect, the Port agrees to comply with the following provisions

(A) At least one day prior to any interest payment date, the Port will determine whether there will be sufficient funds in the First Lien Bond Account to pay the principal of or interest on the Series 1998B Bonds on such interest payment date. If the Port determines that there will be insufficient funds in such fund, it shall so notify the Series 1998B Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 1998B Bonds to which such deficiency is applicable and whether such Series 1998B Bonds will be deficient as to principal or interest, or both. If the Port has not so notified the Series 1998B Insurer at least one day prior to an interest payment date, the Series 1998B Insurer will make payments of principal or interest due on the Series 1998B Bonds on or before the first day next following the date on which the Series 1998B Insurer shall have received notice of nonpayment.

(B) The Port shall, after giving notice to the Series 1998B Insurer as provided in (A) above, make available to the Series 1998B Insurer and, at the Series 1998B Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Series 1998B Insurer or any successor insurance trustee (the "Series 1998B Insurance Trustee"),

the registration books of the Port maintained by the Registrar, if any, and all records relating to the funds and accounts maintained under this Series Resolution

(C) The Port shall provide the Series 1998B Insurer and the Series 1998B Insurance Trustee with a list of Registered Owners of Series 1998B Bonds entitled to receive principal or interest payments from the Series 1998B Insurer under the terms of the Series 1998B Bond Insurance Policy, and shall make arrangements with the Series 1998B Insurance Trustee (x) to mail checks or drafts to the registered owners of Series 1998B Bonds entitled to receive full or partial interest payments from the Series 1998B Insurer and (y) to pay principal upon Series 1998B Bonds surrendered to the Insurance Trustee by the registered owners of Series 1998B Bonds entitled to receive full or partial principal payments from the Series 1998B Insurer

(D) The Port shall, at the time it provides notice to the Series 1998B Insurer pursuant to (A) above, notify registered owners of Series 1998B Bonds entitled to receive the payment of principal or interest thereon from the Series 1998B Insurer (i) as to the fact of such entitlement, (ii) that the Series 1998B Insurer will remit to them all or a part of the interest payments next coming due upon proof from the Registered Owner of a Series 1998B Bond of entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Series 1998B Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 1998B Insurer, they must surrender their Series 1998B Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1998B Bonds to be registered in the name of the Series 1998B Insurer) for payment to the Series 1998B Insurance Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Series 1998B Insurer, they must surrender their Series 1998B Bonds for payment thereon first to the Registrar who shall note on such Series 1998B Bonds the portion of the principal paid by the Registrar, and then, along with an appropriate instrument of assignment in form satisfactory to the Series 1998B Insurance Trustee, to the Series 1998B Insurance Trustee, which will then pay the unpaid portion of principal

(E) In the event that the Registrar has notice that any payment of principal or interest on a Series 1998B Bond which has become due for payment and which is made to a Registered Owner of a Series 1998B Bond by or on behalf of the Port has been

deemed a preferential transfer and theretofore recovered from its 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 the Series 1998B Insurer is notified pursuant to (A) above, 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 Series 1998B Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Registrar shall furnish to the Series 1998B Insurer its records evidencing the payments of principal of and interest on the Series 1998B Bonds which have been made by the Registrar, and subsequently recovered from registered owners and the dates on which such payments were made

(F) In addition to those rights granted the Series 1998B Insurer under this Series Resolution, the Series 1998B Insurer shall, to the extent it makes payment of principal of or interest on Series 1998B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1998B Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar shall note the Series 1998B Insurer's rights as subrogee on the registration books of the Port maintained by the Registrar upon receipt from the Series 1998B Insurer of proof of the payment of interest thereon to the registered owners of the Series 1998B Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note the Series 1998B Insurer's rights as subrogee on the registration books of the Port maintained by the Registrar upon surrender of the Series 1998B Bonds by the registered owners thereof together with proof of the payment of principal thereof

(3) Consent of the Series 1998B Insurer Any provision of this Series Resolution expressly and specifically recognizing or granting rights in or to the Series 1998B Insurer may not be amended in any manner which affects the rights of the Series 1998B Insurer hereunder without the prior written consent of the Series 1998B Insurer

(4) Consent of the Series 1998B Insurer in Addition to Consent of Series 1998B Registered Owners Unless otherwise provided in this section, the Series 1998B Insurer's consent shall be required in addition to bondholder consent, when required, for the following purposes (i) execution and delivery of any amendment, supplement or change to or modification of this Series Resolution, (ii) removal of the Registrar and selection and

appointment of any successor Registrar (other than the designated State fiscal agent), and (iii) any initiation or approval of any action not described in (i) or (ii) above which requires bondholder consent of Registered Owners of Series 1998B Bonds

(5) Consent of the Series 1998B Insurer in the Event of Insolvency Any reorganization or liquidation plan with respect to the Port must be acceptable to the Series 1998B Insurer. In the event of any reorganization or liquidation, the Series 1998B Insurer shall have the right to vote on behalf of all Registered Owners of Series 1998B Bonds who hold Ambac Assurance Corporation-insured bonds absent a default by the Series 1998B Insurer under the Series 1998B Bond Insurance Policy

(6) Consent of the Series 1998B Insurer Upon Default Anything in this Series Resolution to the contrary notwithstanding, upon the occurrence and continuance of a Default, the Series 1998B Insurer shall be deemed to be a Registered Owner of the Series 1998B Bonds it insures for purposes of enforcement of all rights and remedies granted to the Registered Owner of Series 1998B Bonds for the benefit of such Registered Owners under this Series Resolution

(7) The Series 1998B Insurer as Third Party Beneficiary To the extent that this Series Resolution confers upon or gives or grants to the Series 1998B Insurer any right, remedy or claim under or by reason of this Series Resolution, the Series 1998B Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder

(8) Parties Interested Herein Nothing in this Section expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Port, the Series 1998B Insurer or the Registrar, and the Registered Owners of the Series 1998B Bonds, any right, remedy or claim under or by reason of this Series Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises or agreements in this Series Resolution contained by and on behalf of the Port shall be for the sole and exclusive benefit of the Port, the Series 1998B Insurer, the Registrar, and the Registered Owners of the Series 1998B Bonds

(9) Rights of Series 1998B Insurer While the Series 1998B Bond Insurance Policy is in effect, the Port shall furnish to the Series 1998B Insurer (to the attention of the Surveillance Department, unless otherwise indicated).

(A) as soon as practicable after the filing thereof, a copy of any financial statement of the Port and a copy of any audit and annual report of the Port,

(B) a copy of any notice to be given to the Registered Owners of the Series 1998B Bonds, including, without limitation, notice of any redemption of or defeasance of Series 1998B Bonds, and any certificate rendered pursuant to this Series Resolution relating to the security for the Series 1998B Bonds, and

(C) such additional information the Series 1998B Insurer may reasonably request

(10) The Port shall notify the Series 1998B Insurer of any failure of the Port to provide relevant notices or certificates

(11) The Port will permit the Series 1998B Insurer to discuss the affairs, finances and accounts of the Port or any information the Series 1998B Insurer may reasonably request regarding the security for the Series 1998B Bonds with appropriate officers of the Port. The Port will permit the Series 1998B Insurer to have access to and to make copies of all books and records relating to the Series 1998B Bonds at any reasonable time.

(12) The Series 1998B Insurer shall have the right to direct an accounting at the Port's expense, and the Port's failure to comply with such direction within 30 days after receipt of written notice at the direction from the Series 1998B Insurer shall be deemed a default hereunder, provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 1998B Bonds

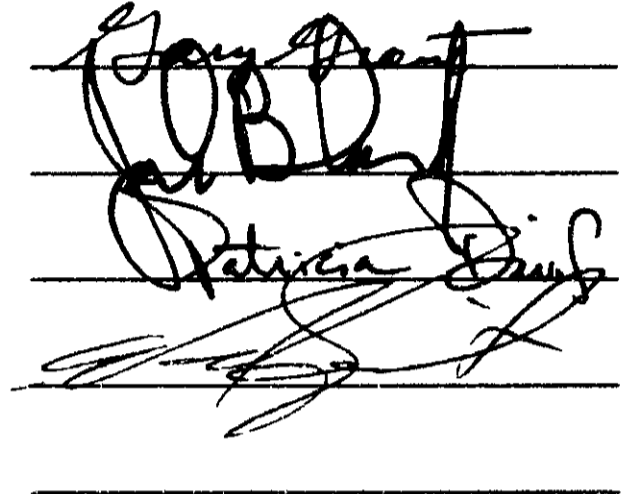
(13) Notwithstanding any other provision of this Series Resolution, the Port shall immediately notify the Series 1998B Insurer if at any time there are insufficient money to make any payments of principal and/or interest as required

Section 17 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 First Lien PFC Bonds.

Section 18. Effective Date. This Series Resolution shall be effective immediately upon its adoption

ADOPTED by the Port Commission of the Port of Seattle at a special meeting thereof, held this 16th day of July, 1998, 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

The image shows three handwritten signatures in black ink on a document with horizontal lines. The top signature is the most legible, appearing to read 'Guy Grant'. The middle signature is more stylized and appears to read 'Patricia Smith'. The bottom signature is very scribbled and illegible. The signatures are written over the lines of the document.

Commissioners

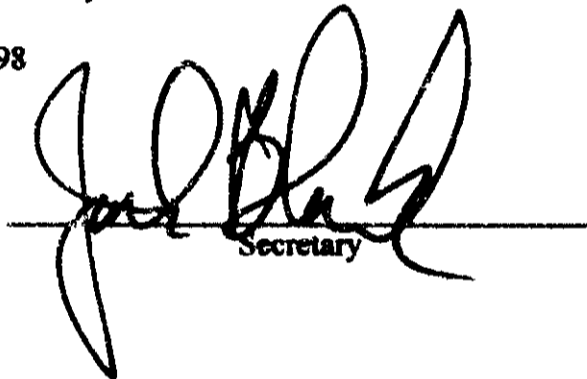
CERTIFICATE

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

1 That the attached resolution numbered 3295, as amended (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 16th day of July, 1998, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Port this 16th day of July, 1998


Secretary