

Original

PORT OF SEATTLE

RESOLUTION NO. 2950

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF THE PORT DISTRICT IN THE PRINCIPAL AMOUNT OF \$29,300,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN IMPROVEMENTS TO THE FACILITIES OF THE PORT DISTRICT; FIXING THE DATE, FORM, TERM, MATURITIES AND COVENANTS OF SAID BONDS TO BE ISSUED, AUTHORIZING THE EXECUTION AND DELIVERY OF A STANDBY BOND PURCHASE AGREEMENT AND A REMARKETING AGENT AGREEMENT; CREATING A SPECIAL FUND FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE CONTRACT.

Adopted: January 8, 1985

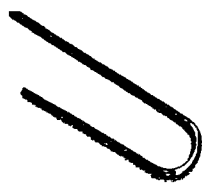


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RESOLUTION NO. 2950

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF THE PORT DISTRICT IN THE PRINCIPAL AMOUNT OF \$29,300,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN IMPROVEMENTS TO THE FACILITIES OF THE PORT DISTRICT; FIXING THE DATE, FORM, TERM, MATURITIES AND COVENANTS OF SAID BONDS TO BE ISSUED, AUTHORIZING THE EXECUTION AND DELIVERY OF A STANDBY BOND PURCHASE AGREEMENT AND A REMARKETING AGENT AGREEMENT; CREATING A SPECIAL FUND FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE CONTRACT.

WHEREAS, it is hereby found necessary and in the best interest of the port district that it acquire, construct and install improvements to the marine terminal facilities of the port district; and

WHEREAS, in order to provide part of the funds required for such purpose, it is deemed necessary and advisable that the port district issue and sell its variable rate general obligation bonds in the aggregate principal amount of \$29,300,000; and

WHEREAS, the port district has received an offer from Merrill Lynch, Pierce, Fenner & Smith Incorporated in the form of a Bond Purchase Contract to purchase all of such bonds; and

WHEREAS, it is hereby found to be in the best interests of the port district that such offer be accepted under the terms and conditions set forth in the Bond Purchase Contract and herein;

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

ARTICLE I

Definitions

Section 1.01. Definitions.

A. For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires:

1. All references in this Resolution to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Resolution. The words "herein," "hereof," "hereto," "hereby," and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or other subdivision.

2. The terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular.

3. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

4. Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent" or similar action hereunder by the Port or the Purchase Agent shall, unless otherwise specifically provided, be in writing signed by an authorized person.

5. In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

B. For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires:

"Alternate Credit Facility" means a standby bond purchase contract with or a letter of credit issued by a commercial bank, a bond insurance policy or other credit facility or combination of credit facilities for a term of at least one year (expiring no earlier than fifteen (15) days after the Interest Payment Date immediately preceding the expiration date) providing security for the payment of principal of the Bonds, including the timely payment of the purchase price of Bonds tendered for purchase by the Registered Owners thereof. On or prior to the effectiveness of any delivery of such Alternate Credit Facility hereunder, the Port shall furnish to the Purchase Agent and the Remarketing Agent: (a) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility is authorized under this Resolution and complies with the terms hereof and will not adversely affect the exclusion of interest on the Bonds from federal income taxation, and (b) written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and that the substitution of the proposed Alternate Credit Facility for the Standby Purchase Agreement will not, by itself, result in a reduction of its ratings of the Bonds from those which then prevail.

"Authorized Denominations" means, prior to the Conversion Date, \$100,000 or any integral multiple thereof and, after the Conversion Date, \$5,000 or any integral multiple thereof.

"Authorized Port Representative" means the Senior Director, Finance and Administration of the Port or such other person at the time designated to act on behalf of the Port by a written certificate furnished to the Remarketing Agent and the Purchase Agent containing the specimen signature of such person and signed on behalf of the Port by its Executive Director. Such certificate may designate an alternate or alternates.

"Bank" means Rainier National Bank, Seattle, Washington, so long as the Standby Purchase Agreement delivered on the date of the initial authentication and delivery of the Bonds shall be in effect, and if any Alternate Credit Facility shall have been issued and delivered in accordance with Section 2.02(c) hereof, the term "Bank" shall mean the issuer of such Alternate Credit Facility so long as such Alternate Credit Facility shall be in effect, in its capacity as issuer of such Alternate Credit Facility, and its successors in such capacity and their assigns.

"Bond Counsel" means any firm of nationally recognized bond counsel selected by the Port.

"Bond Fund" means the fund created pursuant to Section 4.01 hereof.

"Bonds" means the Port of Seattle, Washington Variable Rate General Obligation Bonds, Series 1985 authorized in the aggregate principal amount of \$29,300,000 pursuant to this Resolution.

"Business Day" means a day on which banks located in both New York, New York and Seattle, Washington are not required or authorized to remain closed, and are not in fact closed, and on which The New York Stock Exchange is not closed.

"Code" means the United States Internal Revenue Code of 1954, as amended. References to the Code and to sections of the Code shall include the United States Treasury Regulations proposed or adopted thereunder, as the same may be in effect from time to time, to the extent the same are applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

"Commission" means the Commission of the Port as the same shall be duly and regularly constituted from time to time or any successor body.

"Conversion Date" means the first day on which the Bonds bear a fixed rate or rates to maturity.

"County Treasurer" means the Director of the Office of Finance of King County, as ex officio Treasurer of the Port, or any successor to the functions of such Director.

"Director-Finance" means the Senior Director of Finance and Administration of the Port, from time to time in office or the successor to such function.

"Extended Term Rate Period" means a Term Rate Period of more than 366 days.

"Fiscal Agency Agreement" means the Fiscal Agency Agreement dated April 11, 1984 between the State, acting through the State Finance Committee, and the Fiscal Agent, as the same may be amended from time to time. The term "Fiscal Agency Agreement" shall also be deemed to include any written agreement between the State and any successor Fiscal Agent.

"Fiscal Agent" means Seattle-First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York, and any successor thereto pursuant to Ch. 43.80 RCW.

"Government Obligations" means such obligations as are now defined as "Government Obligations" in Ch. 39.53 RCW.

"Interest Payment Date" means February 1, 1985 and thereafter, (a) with respect to any Weekly Rate Period or Term Rate Period, other than an Extended Term Rate Period, the first Business Day of each calendar month, and (b) with respect to any Extended Term Rate Period, January 1 and July 1 of each year and the final day of the Extended Term Rate Period.

"Interest Period" means, individually, a Weekly Rate Period and/or a Term Rate Period.

"Investment Securities" means any legal investments for Port moneys.

"Moody's" means Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions

of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Port, with the approval of the Remarketing Agent.

"Notice Address" means the applicable address set forth in Section 14.03 hereof as the address for notice pursuant to Section 14.03 hereof.

"Notice by Mail" or "notice" of any action or condition "by Mail" or "Mailing" means a written notice meeting the requirements of this Resolution mailed by first-class mail to the Registered Owners of Bonds, at the addresses shown in the registration books maintained pursuant to Section 2.07 hereof.

"Opinion of Bond Counsel," means, in reference to Section 2.01 hereof, a written opinion of Bond Counsel stating that the adjustment of interest rate on the Bonds to a Term Rate or Weekly Rate, as the case may be, is authorized under this Resolution and the laws of the State and will not adversely affect the exclusion of the interest on the Bonds from federal income tax purposes.

"Outstanding," when used in reference to any Bonds authorized to be issued pursuant to this Resolution, shall mean, at any particular date, the aggregate of all Bonds authenticated and delivered under this Resolution except for:

(a) those cancelled at or prior to such date or delivered to or held by the Fiscal Agent or the Port at or prior to such date for cancellation;

(b) those deemed to be paid in accordance with Article VII of this Resolution or any comparable section of a Supplemental Resolution authorizing defeasance of such Bonds; and

(c) those in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to their authorizing resolution, unless proof satisfactory to the Port is presented that such Bond is held by a bona fide holder in due course.

"Port" means the Port of Seattle, a municipal corporation of the State of Washington duly organized and existing under and by virtue of the Constitution and laws of the State.

"Principal Office" means, with respect to the Fiscal Agent, the main corporate trust office of the Fiscal Agent located in New York, New York so long as there is a Fiscal Agent appointed with offices in New York, New York, and with respect to the Remarketing Agent, the office at the address shown in Section 14.03, or such other office designated in writing to the Port, the Fiscal Agent and the Bank.

"Project" means the acquisition, construction and installation of the facilities and equipment authorized by Section 2.01 of the Resolution.

"Purchase Address" means, the address of the Purchase Agent shown in Section 14.03 hereof, or any subsequent address specified as the address to which Bonds are to be delivered on the Tender Purchase Date.

"Purchase Agent" means, initially J. Henry Schroder Bank & Trust Company, New York, New York, in its capacity as Purchase Agent under the Remarketing Agreement and shall include any

successor to said bank, as permitted under the Remarketing Agreement.

"Rate Determination Date" means the Business Day on which the Weekly Rate or Term Rate are respectively determined by the Remarketing Agent and the Port and shall be: (i) during the Weekly Rate Period, the Business Day immediately preceding (a) the Weekly Rate Effective Date and (b) each Wednesday thereafter; and (ii) during the Term Rate Period, a Business Day selected by the Remarketing Agent not fewer than five (5) Business Days nor more than fifteen (15) days prior to the Term Rate Effective Date.

"Record Date" means with respect to any Interest Payment Date in respect of (a) any Weekly Rate Period, the Business Day next preceding such Interest Payment Date and (b) with respect to any Interest Payment Date during a Term Rate Period, the fifteenth (15th) calendar day next preceding such Interest Payment Date.

"Registered Owner" or "Owner" means the person in whose name any Bond is registered upon the registration books maintained pursuant to Section 2.07 hereof.

"Remarketing Agent" means the remarketing agent appointed in accordance with Article X hereof.

"Remarketing Agreement" means the Remarketing Agreement dated as of January 8, 1985 among the Remarketing Agent, the Purchase Agent and the Port.

"Resolution" means this Resolution as hereafter supplemented or amended from time to time.

"S&P" means Standard & Poor's Corporation, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Port with the approval of the Remarketing Agent.

"Standby Purchase Agreement" means the Standby Bond Purchase Agreement dated as of January 8, 1985, by and among the Port, Rainier National Bank, Seattle, Washington, and J. Henry Schroder Bank & Trust Company, New York.

"State" means the State of Washington.

"Supplemental Resolution" means any resolution of the Port Commission modifying, altering, amending, supplementing or confirming this Resolution for any purpose, in accordance with the terms hereof.

"Tender Purchase Date" means (i) during a Weekly Rate Period, any Business Day which is at least seven (7) days following the date of delivery of the notice described in Section 2.02(a) hereof, and (ii) with respect to an adjustment tender pursuant to Section 2.02(b) hereof, the day immediately following the last day of the Term Rate Period.

"Term Rate" means the per annum interest rate on the Bonds established in accordance with Section 2.01(e) hereof.

"Term Rate Effective Date" means the first day of a Term Rate Period, which day must be the first Business Day of a month and, if the Term Rate Period follows a Term Rate Period, the Term Rate

Effective Date must be the day immediately following the last day of the prior Term Rate Period.

"Term Rate Period" means any period commencing on the Term Rate Effective Date and ending on the earlier of (i) the final maturity date of the Bonds or (ii) the day immediately preceding the next succeeding Weekly Rate Effective Date or Term Rate Effective Date.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"Underwriter" means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"Weekly Rate" means the per annum interest rate on the Bonds established weekly in accordance with Section 2.01(d) hereof.

"Weekly Rate Effective Date" means the initial date of any period during which the Bonds bear interest at a Weekly Rate. The Weekly Rate Effective Date must be a Business Day and, if the Weekly Rate Period follows a Term Rate Period, the Weekly Rate Effective Date must be the day immediately following the last day of the Term Rate Period.

"Weekly Rate Period" means any period commencing on the Weekly Rate Effective Date and ending on the earlier of (i) the final maturity date of the Bonds or (ii) the day immediately preceding the next succeeding Term Rate Effective Date.

ARTICLE II

The Bonds

Section 2.01. Authorized Amount of Bonds.

(a) Authorization of Bonds. The Port hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$29,300,000 to provide part of the funds necessary to carry out a portion of the capital improvement program for 1985 as set forth in Section 3 of the Port's 1985 Budget including specifically:

(i) The purchase of the four container cranes as authorized by the Commission on October 9, 1984;

(ii) The acquisition and improvement of property for marine terminal facilities; and

(iii) Partial redevelopment of Piers 5 and 30/Chevron authorized by the Commission on February 9, 1982, March 22, 1983 and July 24, 1984.

In the event the Commission deems it in the best interest of the Port, the Port may substitute one or more of the improvements set forth in Section 3 of its 1985 Budget for the improvements set forth in (i), (ii) and (iii) above. The Bonds shall be designated by the title "Port of Seattle, Washington, Variable Rate General Obligation Bonds, Series 1985." The Bonds shall be dated as of the date of their delivery and shall mature, subject to prior redemption, upon the terms and conditions hereinafter set forth, on January 1, 2005.

(b) Payment of Interest on the Bonds. Payment of interest on Bonds held by the Bank pursuant to the Standby Purchase Agreement shall be as set forth in the Standby Purchase Agreement. Payment of interest on all other Bonds shall be as follows:

(i) Interest Payment Dates. Interest on the Bonds shall be payable on each Interest Payment Date for so long as the Bonds remain Outstanding.

(ii) Initial Interest Period. The first Interest Period shall be a Weekly Rate Period, and the Bonds shall bear interest from the date of initial delivery of the Bonds to the next Tuesday at a rate equal to _____ percent (____%) per annum and thereafter at interest rates determined in the manner set forth below.

(iii) Accrual of Interest. On each Interest Payment Date, interest on the Bonds will be paid through the last date through which interest has accrued in the manner hereinafter described. During a Weekly Rate Period, interest on the Bonds will accrue from and including the first day of the Weekly Rate Period and thereafter from the first Business Day of each month to the earlier to occur of (x) the first Business Day of the following month, or (y) the final maturity date of the Bonds. During a Term Rate Period interest on the Bonds will accrue from and including the Term Rate Effective Date through and including the last day of the Term Rate Period. Interest on the Bonds will be calculated on the basis of a year of 365 days (or 366 days, as appropriate) and actual number of days elapsed; provided, however, that during an Extended Term Rate Period interest will be calculated on the basis of a year of 360 days and twelve 30-day months.

(c) Interest Rate Limitation and Approval by Director-Finance. Notwithstanding any other provision as to interest rates on the Bonds herein described, except for Bonds held by the Bank pursuant to the Standby Purchase Agreement, the interest rate on the Bonds shall not exceed fifteen percent (15%) per annum unless approved by the Port Commission. The Director-Finance or other Authorized Port Representative is hereby authorized to negotiate and consult with the Remarketing Agent and determine interest rates and to adopt rates suggested by the Remarketing Agent.

In determining the rate or rates of interest which will from time to time be payable with respect to the Bonds, the Director-Finance or other Authorized Port Representative shall, in consultation with those persons and institutions as he may deem appropriate, take into account those factors which, in his judgment result in the lowest net effective interest cost on the Bonds to their maturity date. Such determination of rates may be given in writing or by telephone or telex followed by written confirmation within a reasonable time.

(d) Weekly Rate.

(i) Determination of Weekly Rate. Weekly Rates for any Weekly Rate Period shall be determined on each Rate Determination Date with respect to a Weekly Rate Period and shall be a per annum percentage rate of interest determined by the Director-Finance or other Authorized Port Representative, in consultation with the Remarketing Agent, to be the minimum rate of interest which, when borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on the Rate Determination Date at a price equal to 100% of the principal amount thereof plus accrued interest.

If, for any reason, the Weekly Rate cannot be determined as described in the preceding paragraph, the Weekly Rate will be a per annum percentage rate of interest equal to 65% of the Treasury Rate, and, if no Treasury Rate can be determined, then the Weekly Rate for such week shall be the same as the immediately preceding Weekly Rate.

(ii) Adjustment to Weekly Rate. At the option of the Port, an adjustment of the interest rate on the Bonds to a Weekly Rate may be made on the day immediately following the last day of a Term Rate Period. Prior to any such adjustment, the Port shall give notice to the Purchase Agent, the Fiscal Agent and the Remarketing Agent, which notice must be received by the Purchase Agent and the Fiscal Agent at least thirty-five (35) days prior to the proposed Weekly Rate Effective Date. Such notice from the Port shall specify the Weekly Rate Effective Date and is required to be accompanied by an Opinion of Bond Counsel.

(iii) Notice of Adjustment to Weekly Rate. Notice by Mail of an adjustment from a Term Rate Period to a Weekly Rate Period shall be given by the Fiscal Agent to the Registered Owners of the Bonds at least thirty (30) days prior to the Weekly Rate Effective Date. Such notice shall include at least all of the information set forth in the form of Exhibit A hereto.

(e) Term Rate.

(i) Determination of Term Rate. A Term Rate for any Term Rate Period or series of Term Rate Periods shall be determined on each Rate Determination Date with respect to each Term Rate Period and shall be a per annum percentage rate of interest for each Term Rate Period determined by the Director-Finance or other Authorized Port Representative in consultation with the Remarketing Agent, to be the minimum interest rate which, when borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on each Rate Determination Date at a price equal to 100% of the principal amount thereof plus accrued interest.

(ii) Adjustment to Term Rate. At the option of the Port, an adjustment of the interest rate on the Bonds to a Term Rate may be made at any time during a Weekly Rate Period or on the day immediately following the last day of a Term Rate Period or the last day of the last Term Rate Period of a series of Term Rate Periods. Prior to any such adjustment, the Port shall give notice to the Fiscal Agent and the Remarketing Agent, which notice must be received by the Fiscal Agent at least thirty-five (35) days prior to the Term Rate Effective Date.

Such notice from the Port

(1) shall specify (A) the Term Rate Effective Date or the first Term Rate Effective Date of a series of Term Rate Periods; (B) the last day of the Term Rate Period, or the last day of the last Term Rate Period of a series of Term Rate Periods, which must be a day which immediately precedes the first Business Day of a month, and is at least forty-five (45) days after the Term Rate Effective Date; and (C) the number of consecutive Term Rate Periods to be included in a series of Term Rate Periods, and

(2) shall be accompanied by an Opinion of Bond Counsel.

If the Port has not notified the Purchase Agent, the Fiscal Agent and the Remarketing Agent of a new Term Rate Period or an adjustment to a Weekly Rate Period at least thirty-five (35) days

prior to the last day of a Term Rate Period the next rate period will be a Term Rate Period ending on the day which immediately precedes the first Business Day of the following calendar month, or such shorter period, if applicable, to the final maturity of the Bonds. The Term Rate for such Term Rate Period shall be determined as provided in Section 2.01(e)(i) hereof and no Opinion of Bond Counsel will be required.

(iii) Notice of Term Rate. Notice by Mail of an adjustment to a Term Rate Period shall be given by the Fiscal Agent to the Registered Owners of the Bonds at least thirty (30) days prior to the Term Rate Effective Date. Such notice shall include at least all the information set forth in the form of Exhibit B hereto.

(f) Binding Effect. The determination of each Weekly Rate and Term Rate, shall be conclusive and binding upon the Remarketing Agent, the Fiscal Agent, Port, the Purchase Agent and the Registered Owners of the Bonds.

(g) Form of Bonds. The face of the Bonds, the reverse of the Bonds, the certificate of authentication to be executed on all the Bonds by the Fiscal Agent, the form for registration of transfer and the form for delivery for purchase shall be in substantially the forms thereof set forth in Exhibit C hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution.

(h) Authorized Denominations and Bond Numbering. The Bonds shall be deliverable as fully registered Bonds without coupons in Authorized Denominations. The Bonds shall be numbered from 1 consecutively upwards and shall be dated as of their date of initial authentication and delivery.

(i) Payment of Principal of and Interest and Premium on the Bonds. Principal on the Bonds shall be payable, in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts, to the Registered Owners of the Bonds upon presentation and surrender of such Bonds at the office of the Fiscal Agent in the cities of New York, New York or Seattle, Washington. Interest on the Bonds shall be (i) paid by check or draft mailed on each Interest Payment Date to the Registered Owners of the Bonds at the close of business on the Record Date in respect of such Interest Payment Date at the registered addresses of the Registered Owners as they shall appear on the registration books maintained pursuant to Section 2.07 hereof, or (ii) transmitted by wire transfer on such Interest Payment Date to those Registered Owners which shall have provided written notice to the Fiscal Agent not less than fifteen (15) days prior to such Record Date of their wire transfer addresses in the continental United States (provided such wire transfer shall only be made with respect to an Owner of \$500,000 or more in aggregate principal amount of Bonds as of the close of business on such Record Date).

Section 2.02. Purchase of Bonds. The following provisions shall apply only to Bonds not held by the Bank pursuant to the Standby Purchase Agreement.

(a) Tender Option. During any Weekly Rate Period or series of Term Rate Periods and upon adjustment from a Term Rate Period to a Weekly Rate Period, the Owners of Bonds shall have an option to require that their Bonds be purchased at a price of 100% of the principal amount thereof plus accrued interest to the date of

purchase. In order to exercise such option, an Owner must deliver:

(i) a written notice or a telephonic notice, promptly confirmed in writing, which notice identifies the Bonds to be purchased and the Tender Purchase Date, and shall be given to the Remarketing Agent at its Notice Address at least seven (7) days prior to the Tender Purchase Date; and

(ii) the Bonds to be purchased to the Purchase Agent at its Purchase Address, accompanied by a due bill for accrued interest and by an instrument of transfer thereof, in form satisfactory to the Purchase Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 11:00 a.m., local time New York, New York, on the Tender Purchase Date. Failure to so deliver the Bonds renders the notice of tender null and void.

(b) Mandatory Tender on Term Rate Effective Date. The Bonds shall be subject to mandatory tender at a price equal to the principal amount thereof plus accrued interest on any Term Rate Effective Date which follows (i) a Weekly Rate Period, or (ii) a Term Rate Period which is different from the term of the Term Rate Period which commences on the Term Rate Effective Date. The Purchase Agent will not purchase any Bond (or portion thereof) subject to mandatory tender hereunder if the Owner thereof directs the Purchase Agent not to purchase that Bond (or portion thereof) pursuant to notice described in Section 2.02(e) hereof.

(c) Mandatory Purchase Tender Upon Termination of Standby Purchase Agreement. In the event that any Standby Purchase Agreement is to expire in accordance with its terms, or otherwise to terminate, unless in either case the Port shall have furnished an Alternate Credit Facility to the Purchase Agent no later than the forty-fifth (45th) day preceding such expiration or termination, (i) if such expiration or termination is to occur during a Weekly Rate Period, the Bonds shall be subject to mandatory tender at the principal amount thereof plus accrued interest, if any, on the Interest Payment Date next preceding such expiration except, if the date of such termination or expiration shall be an Interest Payment Date, the Bonds shall be subject to such mandatory tender on such Interest Payment Date, and (ii) if such termination or expiration is to occur during a Term Rate Period, the Bonds shall be subject to mandatory tender on the day next preceding the day on which such termination or expiration is to occur, at a price of 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.

(d) Source of Funds for Tender Purchase Option. On the Tender Purchase Date, the Remarketing Agent, as agent for the Purchase Agent, is hereby authorized to purchase the Bonds tendered for purchase. Funds for purchase of Bonds tendered shall be obtained and used in the following order of priority:

(i) money derived from the sale of Bonds by the Remarketing Agent;

(ii) money received from the Bank as a result of purchase of the Bonds pursuant to the Standby Purchase Agreement; and

(iii) money made available by the Port for the purchase of Bonds.

(e) Mandatory Tender--Notices and Effect. Notice of any mandatory tender required by subsections (b) and (c) of this Section shall be given all Bond Owners in the form set forth as Exhibit B within the times provided in subsection (e)(iii) of Section 2.01. Any Owners of Bonds may notify the Purchase Agent that such Owner elects not to tender his Bonds by delivering to the Purchase Agent on or prior to the third Business Day preceding the date fixed for mandatory tender an instrument which (A) states that such person is the Owner of such Bond as of the Record Date, specifying the number and denomination of such Bond, (B) states (i) that such Owner has knowledge that the date fixed for tender will be a Term Rate Effective Date or, (ii) that the Owner understands that the Standby Purchase Agreement is to expire, and (C) states that he elects not to tender the Bond specified therein. Any instrument delivered to the Purchase Agent in accordance with this subsection shall be irrevocable with respect to the mandatory tender for which such instrument was delivered and shall be binding upon subsequent Owners of such Bond, including Bonds issued in exchange therefor; but such instrument shall have no effect upon any subsequent mandatory redemptions.

(f) Effect of Notice of Mandatory Tender. Notice of mandatory tender given in the manner set forth in subsection (e) above shall be irrevocable. Unless the Owner gives notice as set forth in said subsection of his election not to tender his Bond, if the Owner fails to deliver such Bond, properly endorsed, at the Purchase Address at or prior to the time required for such delivery, from and after the mandatory Tender Purchase Date (i) that Bond will no longer be deemed to represent an Outstanding Bond hereunder; (ii) interest will no longer accrue on that Bond; (iii) funds in the amount of the purchase price of that Bond will be held by the Purchase Agent for the benefit of said Owner (with no right to investment earnings thereon; (iv) a new Bond may be authenticated and delivered by the Fiscal Agent in place of that Bond, and (v) the Remarketing Agent may offer for remarketing the new Bond authenticated in place of said Bond.

Section 2.03. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the facsimile signatures of the President and Secretary of the Port Commission, and shall have affixed, impressed or reproduced thereon the official seal of the Port. Such facsimile signatures shall have the same force and effect as if said President or Secretary, as the case may be, had manually signed the Bonds.

In case any officer of the Port whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication by the Fiscal Agent and delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery; and any Bond may be signed on behalf of the Port by such persons as, at the time of execution of such Bond, shall be the proper officers of the Port, even though at the date of such Bond or of the adoption of this Resolution any such person was not such officer.

Section 2.04. Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Fiscal Agent shall be entitled to any right or benefit under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Fiscal Agent, and such executed certificate of the Fiscal Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and

delivered under this Resolution. The Fiscal Agent's certificate of authentication on any Bonds shall be deemed to have been executed by it if signed by an authorized officer of the Fiscal Agent, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.05. Prerequisites to Authentication of Bonds and Authorization of Bond Purchase Contract. Prior to the delivery of the Bonds, the Fiscal Agent shall deliver to the Port an acknowledgment of its appointment as Bond registrar, and authenticating and paying agent hereunder and acknowledging its obligations hereunder. The Port shall execute and deliver to the Fiscal Agent and the Fiscal Agent shall authenticate the Bonds and deliver the Bonds to the initial purchasers thereof as directed hereinafter in this Section 2.05.

Prior to the delivery on original issuance by the Fiscal Agent of any authenticated Bonds there shall be or have been delivered to the Fiscal Agent:

- (a) a duly certified copy of this Resolution;
- (b) the Standby Purchase Agreement; and
- (c) a request and authorization to the Fiscal Agent on behalf of the Port, signed by the President or Vice President of its Port Commission, or its Director-Finance to authenticate and deliver the Bonds in the aggregate principal amount determined by this Resolution to the purchaser or purchasers therein identified upon payment to the County Treasurer, but for the account of the Port, of a sum to be specified in such request and authorization plus any accrued interest on the Bonds to the date of delivery.

The Bonds shall be sold to the Underwriter under the terms and conditions set forth in the Bond Purchase Contract, and the President of the Commission is hereby authorized to execute the Bond Purchase Contract on behalf of the Port substantially in the form presented to this Commission. Officials of the Port are hereby further authorized and directed to deliver such other certificates as may be necessary to cause the issuance and delivery of the Bonds to the Underwriter.

Section 2.06. Lost, Destroyed or Improperly Cancelled Bonds. If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the Port may execute and the Fiscal Agent may authenticate a new Bond of like date and denomination and bearing a number not contemporaneously outstanding; provided that, (a) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Fiscal Agent and (b) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the Port and the Fiscal Agent evidence of such loss or destruction, together with indemnity, satisfactory to each of them. In the event any lost, destroyed or improperly cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond the Port may, in its discretion, pay the same without surrender thereof if there shall be first furnished to the Fiscal Agent and the Port evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to each of them. Upon the issuance of any substitute Bond, the Port and the Fiscal Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. The Fiscal Agent may charge

the Registered Owner of any such Bond with the Fiscal Agent's reasonable fees and expenses in connection with any transaction described in this Section 2.06.

Every substitute Bond issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Bond is lost, destroyed or improperly cancelled shall constitute an additional contractual obligation of the Port, whether or not the lost, destroyed or improperly cancelled Bond shall be at any time enforceable, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued hereunder. All Bonds shall be held and owned upon the express condition that, to the extent permitted by the provisions of Ch. 39.72 RCW, as amended from time to time, the foregoing provisions are exclusive with respect to the replacement or payment of lost, destroyed or improperly cancelled Bonds.

Section 2.07. Registration, Registration of Transfer, and Exchange of Bonds. The Fiscal Agent shall maintain and keep books for the registration and registration of transfer of Bonds. At reasonable times and under reasonable regulations established by the Fiscal Agent, the books for the registration and registration of transfer of Bonds may be inspected and copied by the Port.

The transfer of any Bond shall be registered upon the registration books of the Fiscal Agent, upon surrender thereof at the offices of the Fiscal Agent in the cities of Seattle, Washington or New York, New York, together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the Registered Owner or his duly authorized attorney. Upon the registration of transfer of any Bonds, the Port shall issue and the Fiscal Agent will authenticate in the name of the transferee, in Authorized Denominations, a new Bond or Bonds in the same aggregate principal amount as the surrendered Bond or Bonds.

The Port, the Fiscal Agent, and the Remarketing Agent may deem and treat the Registered Owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and premium, if any, and interest on, or the purchase price of, such Bond and for all other purposes, and neither the Port, the Fiscal Agent, nor the Remarketing Agent shall be affected by any notice to the contrary. All such payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; provided that all Bonds required to be tendered for purchase or redemption pursuant to Section 2.02 and Article III hereof shall be deemed to be no longer Outstanding hereunder pursuant to the provisions of said Section 2.02 and Article III.

Bonds, upon surrender thereof at the offices of the Fiscal Agent in the cities of Seattle, Washington or New York, New York, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of any Authorized Denomination.

In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Port shall execute and the Fiscal Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution and the Fiscal Agency Agreement. The Fiscal Agent shall not be obligated to make any such exchange or registration of transfer of Bonds (except in connection with Bonds tendered for purchase by the Owners thereof during a Weekly Rate Period) during the fifteen

(15) days next preceding the date of the first Mailing of notice of any proposed redemption of Bonds, nor shall the Fiscal Agent be required to make any exchange or registration of transfer of any Bonds called for redemption.

Section 2.08. Other Obligations. The Port expressly reserves the right to issue, to the extent permitted by law, obligations under another resolution or resolutions to provide additional funds for Port purposes or to refund all or any principal amount of the Bonds, or any combination thereof.

Section 2.09. Temporary Bonds. Pending the preparation of definitive Bonds, the Port may execute and the Fiscal Agent shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the Port. Temporary Bonds may contain such reference to any provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Port and be authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Port shall execute and the Fiscal Agent shall authenticate and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the offices of the Fiscal Agent in Seattle, Washington or New York, New York, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds.

Section 2.10. Cancellation of Bonds. All Bonds which shall have been surrendered to the Fiscal Agent for payment or redemption, exchange or registration of transfer, shall be cancelled. All Bonds delivered to or acquired by the Fiscal Agent for cancellation shall be cancelled and destroyed by the Fiscal Agent in accordance with the Fiscal Agency Agreement.

ARTICLE III

Redemption

Section 3.01. Redemption Provisions. The Bonds shall be subject to redemption prior to maturity as follows:

(a) Mandatory Redemption. The Bonds are subject to mandatory redemption, at par plus accrued interest, on the following dates and in the following amounts:

<u>Redemption Date</u>	<u>Amount</u>
January 1, 1986	\$ 800,000
January 1, 1987	800,000
January 1, 1988	900,000
January 1, 1989	1,000,000
January 1, 1990	1,000,000
January 1, 1991	1,100,000
January 1, 1992	1,200,000
January 1, 1993	1,300,000
January 1, 1994	1,300,000
January 1, 1995	1,400,000

January 1, 1996	1,500,000
January 1, 1997	1,600,000
January 1, 1998	1,800,000
January 1, 1999	1,900,000
January 1, 2000	2,000,000
January 1, 2001	2,200,000
January 1, 2002	2,300,000
January 1, 2003	2,500,000
January 1, 2004	2,700,000

(b) Optional Redemption During Weekly Rate Period. On any Business Day during a Weekly Rate Period, the Bonds shall be subject to redemption by the Port in whole or in part, at 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date upon receipt by the Fiscal Agent no fewer than twenty-one (21) days prior to such redemption date of a written direction from the Port stating that it intends to exercise its option to prepay the Bonds.

(c) Optional Redemption During Term Rate Period. During any Term Rate Period, the Bonds shall be subject to redemption by the Port during the periods specified below, in whole at any time or in part on any Interest Payment Date, at par plus accrued interest, if any, to the redemption date upon twenty-one (21) days written notice to the Fiscal Agent and fifteen (15) days notice to the Bond Owner prior to such redemption date of a notice stating that the Port intends to redeem Bonds as follows:

<u>Length of Term Rate Period (expressed in years)</u>	<u>Redemption Dates Commencing With Term Rate Period Effective Date</u>
Greater than 15	After 12 years
Less than or equal to 15 and greater than 10	After 7 years
Less than or equal to 10 and greater than 7	After 5 years
Less than or equal to 7 and greater than 4	After 3 years
Less than or equal to 4 and greater than 3	After 2 years
Less than or equal to 3 and greater than 1	After 1 year

Section 3.02. Selection of Bonds to be Redeemed. If fewer than all the Bonds shall be called for redemption under any provision of this Resolution permitting such partial redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Fiscal Agent, in such manner as the Fiscal Agent in its discretion may deem proper; provided, however, that, in selecting Bonds for redemption, the Fiscal Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the then minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of

intention to redeem such unit or units, the Registered Owner of such Bond shall forthwith surrender such Bond to the Fiscal Agent for (a) payment to such Registered Owner of the redemption price of the unit or units of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the Registered Owner thereof, without charge therefor. If the Registered Owner of any such Bond shall fail to present such Bond to the Fiscal Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only) provided that sufficient moneys for redemption shall then be on deposit with the Fiscal Agent.

Section 3.03. Procedure for Redemption.

(a) In the event that any of the Bonds are called for redemption, the Fiscal Agent shall give notice, in the name of the Port, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price, and the place where amounts due upon such redemption will be payable and, if fewer than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of such Bonds, so to be redeemed, and (ii) state that, on the redemption date, the Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption and shall be given by Mail at least fifteen (15) days prior to the date fixed for redemption to the Registered Owners of Bonds to be redeemed at their addresses recorded on the registration books kept by the Fiscal Agent as of the Business Day immediately preceding the date of mailing the notice, if during a Weekly Rate Period, and as of the fifteenth (15th) day preceding the date of Mailing the notice, if during a Term Rate Period. Upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed. Notice of any redemption hereunder shall also be given to Moody's or S&P, as the case may be, and to the Bank. Failure to give notice pursuant to this Section or any defect in such notice shall not affect the validity of any proceedings for the redemption of Bonds.

(b) Any Bonds and portions of Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article VII hereof shall cease to bear interest on the specified redemption date.

ARTICLE IV

The Bond Fund; Payments of Debt Service

Section 4.01. Creation of Bond Fund. There is hereby created and established by the Port to be maintained by the County Treasurer a trust fund in the name of the Port to be designated "Port of Seattle, Washington, Variable Rate General Obligation Bonds, Series 1985, Bond Fund." The Bond Fund shall continue to be maintained so long as any Bonds are Outstanding. The Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be held in trust for the benefit of the Owners from time to time of the Bonds and shall be used only as provided in this Resolution. The Bond Fund shall be a trust fund and shall be drawn upon only for the purpose of paying the principal of and interest on the Bonds.

As long as any Bonds remain Outstanding, the Port hereby irrevocably obligates and binds itself to include in its annual budget and to levy taxes within and as a part of the tax levy authorized by law without a vote of the people, and to set aside and pay into the Bond Fund those amounts necessary, with such other funds as are then on hand and available, to pay the principal of and interest on all Outstanding Bonds as the same respectively become due and payable and to redeem and retire Bonds in accordance with the mandatory redemption schedule. Such taxes and other moneys shall be deposited in the Bond Fund at the following times in the following amounts:

(a) Commencing with the first Interest Payment Date with respect to the Bonds and on each succeeding Interest Payment Date thereafter, the County Treasurer is hereby directed to deposit into the Bond Fund an amount equal to the interest coming due and payable on the Bonds on such Interest Payment Date and to remit the same to the Fiscal Agent in order that the Fiscal Agent shall have such amount on hand in immediately available funds on such Interest Payment Date.

(b) The County Treasurer is also hereby directed to deposit into the Bond Fund and to remit to the Fiscal Agent on each date on which the Bank purchases Bonds pursuant to the Standby Purchase Agreement, the amount of interest accrued on such Bonds to the day immediately preceding the date of purchase.

(c) On or prior to the date on which a payment of principal is due on the Bonds, whether by maturity or call for redemption in advance of maturity, the County Treasurer is hereby directed to deposit into the Bond Fund an amount equal to the principal of the Bonds due on such date and to remit the same to the Fiscal Agent in order that the Fiscal Agent shall have such amount on hand in immediately available funds on such date.

Section 4.02. Source of Funds for Payments. Except as otherwise provided in Sections 4.03 and 7.01 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds as the same shall become due and payable at maturity, upon redemption or otherwise.

In order to secure the payment of the principal of and premium, if any, and interest on the Bonds, there is hereby granted to the Owners from time to time of the Bonds a prior pledge of and lien and charge upon the moneys and securities on deposit from time to time in the Bond Fund, superior to all other charges of any kind or nature.

Section 4.03. Bonds Not Presented for Payment. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if moneys sufficient to pay such Bonds are held by the Fiscal Agent for the benefit of the Registered Owners thereof, the Fiscal Agent shall remit such moneys in accordance with the Fiscal Agency Agreement.

ARTICLE V

Investments

Section 5.01. Investments. The moneys in the Bond Fund shall, at the direction of the Port, be invested and reinvested by the County Treasurer in Investment Securities as directed by the Director-Finance to the extent not prohibited by applicable law.

ARTICLE VI

General Covenants

Section 6.01. General Obligations. The Port shall promptly cause to be paid the principal of and interest and to the purchase of tendered Bonds on every Bond issued under this Resolution at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof. The Port shall also promptly cause the purchase of Bonds tendered in the manner provided herein. The full faith and credit of the Port are hereby irrevocably pledged to the payment of such principal and interest.

The Port shall appoint the Remarketing Agent as contemplated in Article XII hereof.

Section 6.02. Performance of Covenants of the Port; Representations. The Port hereby covenants and agrees with the Owner of each of the Bonds for as long as any of the same remain Outstanding as follows:

(a) That it will promptly pay the principal of and interest on every Bond at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof.

(b) That it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in any and every Bond and in all of its proceedings pertaining hereto. The Port covenants that it is duly authorized under Title 53 RCW and this Resolution to issue the Bonds and to pledge the full faith and credit in the manner herein set forth; that all action on its part for the issuance of the Bonds had been duly and effectively taken, and that the Bonds upon execution and delivery will be valid and enforceable obligations of the Port according to the terms thereof and hereof.

(c) That it will keep and maintain proper books and accounts with respect to the operations, income and expenditures of the Port that are in accordance with proper and legal accounting procedures. That on or before ninety (90) days after each calendar year it will prepare or cause to be prepared an operating statement of the Port for such preceding calendar year. Each such statement shall contain a statement in detail of the gross revenue and taxes received, costs of maintenance and operation and other expenses of the Port, expenditures for capital purposes and the status of all the funds and accounts created by the various resolutions pertaining to the operation of the Port and authorizing the issuance of outstanding Port bonds. Copies of such statement shall be placed on file in the offices of the Director-Finance and shall be open to inspection at any reasonable time by any Owner of Outstanding Bonds.

(d) That it will make no use of the proceeds of the Bonds at any time during their term which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103 of the Code.

(e) That it will enforce the provisions of the Standby Purchase Agreement.

ARTICLE VII

Defeasance

Section 7.01. Defeasance. If the Port shall pay or cause to be paid to the Owner of any Bond secured hereby the principal of and interest due and payable, and thereafter to become due and payable, on, such Bond, or any portion of such Bond in an Authorized Denomination, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Resolution.

After the Conversion Date, all Outstanding Bonds shall prior to their maturity or the redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Article VII when:

(a) in the event the Bonds have been selected for redemption in accordance with Section 3.02 hereof, the Port shall have given to the Fiscal Agent in form satisfactory to it irrevocable instructions to give, on a date in accordance with the provisions of Section 3.03 hereof, notice of redemption of the Bonds; and

(b) there shall have been deposited with the Fiscal Agent either moneys in an amount which shall be sufficient, or Government Obligations (i) which shall not contain provisions permitting the redemption thereof at the option of the issuer, (ii) which mature no later than the earliest of (A) the date fixed for the redemption thereof and (B) the maturity date thereof, and (iii) the principal of and the interest on which, when due, and without any regard to reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Fiscal Agent, shall be sufficient to pay when due the principal of and interest due and to become due on, the Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

Neither the Government Obligations nor moneys deposited with the Fiscal Agent pursuant to this Article VII nor principal or interest payments on such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on, the Bonds; provided, that, any cash received from such principal or interest payments on such Government Obligations deposited with the Fiscal Agent, if not then needed for such purpose, shall, to the extent practicable, be invested in Government Obligations of the type and tenor described in clause (b) above, and interest earned from such reinvestments shall be paid over to the Port, as received by the Fiscal Agent, free and clear of any trust, lien or pledge.

ARTICLE VIII

Fiscal Agent

Section 8.01. Designation of Fiscal Agent. The Port hereby specifies and adopts the system of registration specified by the State Finance Committee. Seattle-First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York are hereby approved as the initial Fiscal Agent of the Port, pursuant to the Fiscal Agency Agreement. The Fiscal Agent may also act as the Purchase Agent.

Section 8.02. Compensation, Expenses and Advances. The Fiscal Agent under this Resolution shall be entitled to reasonable compensation for their services rendered hereunder if in addition to those services required under the Fiscal Agency Agreement and to reimbursement for their actual out-of-pocket expenses (including counsel fees) reasonably incurred in connection therewith except as a result of their negligence or misconduct.

Section 8.03. Good Faith Reliance. The Fiscal Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document, or upon telephonic instructions to the extent the giving of telephonic instructions is specifically authorized by this Resolution, in any case which the Fiscal Agent and Purchase Agent shall in good faith believe to be genuine and to have been passed, signed or given by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Resolution or upon the written opinion of any attorney, accountant or other expert believed by the Fiscal Agent or Purchase Agent to be qualified in relation to the subject matter, and the Fiscal Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

Section 8.04. Dealings in Bonds and with the Port. The Fiscal Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Owner of a Bond may be entitled to take with like effect as if it did not act in any capacity hereunder. The Fiscal Agent, or the Purchase Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Port, and may act as depositary, trustee, or agent for any committee or body of Registered Owners of the Bonds or other obligations of the Port as freely as if it did not act in any capacity hereunder.

Section 8.05. Successor Fiscal Agent. Any successor Fiscal Agent appointed by the State Finance Committee shall become duly vested with all the rights, powers, duties and obligations of its predecessors hereunder, with like effect as if originally named Fiscal Agent herein, and the New York office of the successor Fiscal Agent shall be the Principal Office of the successor Fiscal Agent under this Resolution.

ARTICLE IX

Execution of Instruments by Registered Owners and Proof of Registered Ownership of Bonds

Section 9.01. Execution of Instruments; Proof of Registered Ownership. Any request, direction, consent or other instrument in writing, whether or not required or permitted by this Resolution to be signed or executed by Registered Owners of Bonds, may be in any number of concurrent instruments of similar tenor and may be signed or executed by Registered Owners of Bonds in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership or former ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Fiscal Agent with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgements within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution, or in any other manner reasonably acceptable to the Fiscal Agent.

(b) The ownership or former ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.07 hereof.

Nothing contained in this Article IX shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of matters herein stated which it may deem to be sufficient. Any request or consent of any Owner of a Bond shall bind every future Owner of any Bond or Bonds issued in lieu thereof in respect of anything done by the Fiscal Agent or the Port in pursuance of such request or consent.

ARTICLE X

Remarketing Agent; Purchase and Remarketing of Bonds

Section 10.01. Remarketing Agent. The Port hereby appoints Merrill Lynch Pierce Fenner & Smith Incorporated as the Remarketing Agent for the Bonds, subject to the conditions set forth in the Remarketing Agreement. The Director-Finance is hereby authorized to execute and deliver the same on behalf of the Port.

Section 10.02. Qualifications of Remarketing Agent; Resignation; Removal. The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Resolution. The Remarketing Agent may at any time resign; however, under certain circumstances this resignation will not be effective until the 60th day following receipt by the Port of notice of the resignation. The Remarketing Agent may be removed at any time, by an instrument, signed by the Port, filed with the Remarketing Agent, and with the Purchase Agent, the Fiscal Agent and the Bank by giving at least 60 days' notice to the Remarketing Agent and the Purchase Agent.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall deliver any Bonds and moneys held by it in such capacity to its successor or, if there be no successor, to the Purchase Agent.

ARTICLE XI

Standby Purchase Agreement

Section 11.01. Approval and Execution of Standby Purchase Agreement. The Port hereby approves the form of the Standby Purchase Agreement submitted this date and on file in the Port's office. The Director-Finance is hereby authorized to execute and deliver such Standby Purchase Agreement on behalf of the Port.

ARTICLE XII

Application of Bond Proceeds

Section 12.01. Disposition of the Proceeds of Sale of Bonds. There is hereby created in the office of the Treasurer a special fund of the Port to be known as the "Port of Seattle Construction Fund, 1985 (the "Construction Fund"). The moneys received from the sale of the Bonds (except for accrued interest, if any, which shall be deposited in the Bond Fund) shall be paid into the Construction Fund.

Section 12.02. Use of Moneys in Construction Fund. Bond proceeds in the Construction Fund shall be used only for the purpose of paying part of the cost of acquiring, constructing, installing and making the improvements specified in Section 2.01 hereof and expenses incidental thereto and shall be expended only after such improvements have been properly included in the comprehensive scheme of harbor improvement of the Port, where required, and only after compliance with the applicable Washington State and United States statutes and regulations relating to the acquisition, construction, installation or making of such improvements including but not limited to statutes and regulations relating to environmental protection and shoreline management; nor shall such moneys be expended for any purpose which would result in interest on the Bonds becoming taxable income to the holder of the Bonds under Section 103 of the Internal Revenue Code.

Section 12.03. Investments of Construction Fund Moneys. All or part of the moneys in the Construction Fund may be temporarily invested in Investment Securities which will mature prior to the date on which such money shall be needed.

Section 12.04. Use of Surplus Bond Proceeds. Any part of the proceeds of the Bonds remaining in the Construction Fund after all costs referred to in this Section have been paid may be used to acquire, construct, equip and make other improvements to the Facilities of the Port, subject to compliance with the provisions of Section 12.02, or may be transferred to the Bond Fund for the uses and purpose therein provided.

ARTICLE XIII

Modification of this Resolution

Section 13.01. Limitation. This Resolution shall not be modified or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this Article XIII.

Section 13.02. Supplemental Resolutions without Consent of Registered Owners. The Port may from time to time and at any time, without the consent of or notice to the Registered Owners of the Bonds, adopt Supplemental Resolutions as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in this Resolution;

(b) to impose upon the Fiscal Agent (with its consent) for the benefit of the Registered Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to add to the covenants and agreements of, and limitations and restrictions upon, the Port in this Resolution other covenants, agreements, limitations and restrictions to be observed by the Port which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this Resolution of any other moneys, securities or funds;

(e) to authorize different Authorized Denominations of the Bonds and to make correlative amendments and modifications to this Resolution regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(f) to authorize and approve an Alternate Credit Facility;

(g) to increase or decrease the number of days specified in Section 2.01(d)(ii) and (iii), and 2.01(e)(ii) and (iii) hereof and to make corresponding changes to Section 3.03(a) hereof; provided that no decreases in any such number of days shall become effective except during a Weekly Rate Period and until 30 days after the Fiscal Agent shall have given notice by Mail to the Registered Owners of the Bonds; and

(h) to modify, alter, amend or supplement this Resolution in any other respect which is not materially adverse to the Registered Owners of the Bonds and which does not involve a change described in Section 13.03(a) hereof.

Before the Port shall adopt into any Supplemental Resolution pursuant to this Section 13.02, there shall have been delivered to the Port and the Fiscal Agent an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Resolution and will, upon the execution and delivery thereof, be valid and binding upon the Port in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Bonds.

Section 13.03. Supplemental Resolutions with Consent of Registered Owners.

(a) Except for any Supplemental Resolution entered into pursuant to Section 13.02 hereof, subject to the terms and provisions contained in this Section 13.03 and not otherwise, Registered Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds shall have the right from time to time to consent to and approve the adoption by the Port Commission of any Supplemental Resolution deemed necessary or desirable by the Port for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that, unless approved in writing by the Registered Owners of all the Bonds, nothing herein contained shall permit, or be construed as permitting,

(i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bond, a change in the terms of the purchase of Bonds delivered pursuant to Section 2.01 hereof (other than as permitted by Section 13.02(e) hereof), or a reduction in the principal amount or redemption price of any Outstanding Bond or a change in the method or

redemption price of any Outstanding Bond or a change in the method of determining the rate of interest thereon, or

(ii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or

(iii) a reduction in the aggregate principal amount of Bonds the consent of the Registered Owners of which is required for any such Supplemental Resolution.

(b) If at any time the Port shall adopt any Supplemental Resolution for any of the purposes of this Section 13.03, the Fiscal Agent shall cause notice of the proposed Supplemental Resolution to be given by Mail to all Registered Owners of the Bonds and to Moody's and/or S&P, as the case may be. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that a copy thereof is on file at the office of the Fiscal Agent for inspection by all Registered Owners of the Bonds.

(c) Within two years after the date of the mailing of such notice, the Port may adopt such Supplemental Resolution in substantially the form described in such notice, but only if there shall have first been delivered to the Fiscal Agent (i) the required consents, in writing, of the Registered Owners of the Bonds, and (ii) an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Resolution, and, upon the execution and delivery thereof, will be valid and binding upon the Port in accordance with its terms and will not adversely affect the exemption from federal income taxation and interest on the Bonds.

(d) If Registered Owners of not less than the percentage of Bonds required by this Section 13.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner of the Bonds shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Port or the Fiscal Agent from adopting the same or from taking any action pursuant to the provisions thereof.

Section 13.04. Effect of Supplemental Resolution. Upon the execution and delivery of any Supplemental Resolution pursuant to the provisions of this Article XIII, this Resolution shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Port, the Fiscal Agent and all Registered Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Resolution subject in all respects to such modifications and amendments.

ARTICLE XIV

Miscellaneous

Section 14.01. Severability. In case any one or more of the provisions of this Resolution or of the Bonds shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution or of the Bonds, and this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 14.02. No Personal Liability of Officials of the Port. No covenant or agreement contained in the Bonds or in this Resolution shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Port in his individual capacity, and neither the members of the governing body of the Port nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14.03. Notices. Except as otherwise provided in this Resolution, all notices, certificates, requests, requisitions or other communications by the Port, the Fiscal Agent, the Purchase Agent, the Remarketing Agent or the Bank pursuant to this Resolution shall be in writing and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, addressed as follows:

If to the Fiscal Agent:

(Principal Office in
New York, New York):

J. Henry Schroder Bank &
Trust Company
One State Street Plaza
New York, New York 10015
Attention: Corporate Trust Department

(Principal Office in
Seattle, Washington):

Seattle-First National Bank
1001 Fourth Avenue
P.O. Box 3586
Seattle, WA 98154
Attention: Bond Trustee Services

If to the Purchase Agent:

J. Henry Schroder Bank & Trust Company
One State Street Plaza
New York, New York 10015
Attention: Corporate Trust Office

If to the Remarketing Agent:

(Notice Address)

Merrill Lynch, Pierce, Fenner &
Smith Incorporated
One Liberty Plaza
165 Broadway
New York, New York 10080
Attention: Manager - Tax Exempts -
Money Market Division

If to the Bank:

Rainier National Bank
1301 Fifth Avenue
Seattle, Washington 98124
Attention: Public Finance Department

If to the Port:

Port of Seattle
2201 Alaskan Way
Seattle, WA 98121
Attention: Senior Director of Finance
and Administration

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 14.04. Non-Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, shall not be a Business Day, such payment may be made or act performed or right exercised, with the same force and effect as if done on the nominal date provided in this Resolution, on, the next succeeding Business Day and no interest shall accrue for the period after such nominal date.

Section 14.05. Enforcement. If the Port should fail to perform any of its obligations under the Resolution or the Bonds, the owners of any Bonds may proceed in the Superior Court of King County, Washington, in mandamus or equity to compel performance.

ADOPTED by the Port Commission of the Port of Seattle, Washington, this 8th day of January, 1985 at a regular meeting of the Commission.

PORT OF SEATTLE, WASHINGTON

By *John Blank*

By *Paul Henderson*

By *Jim Wright*

By *Joan Haglund*

By *Henry T. Semousa*
Commissioners

Attest:

Jim Wright
Secretary of the Port
Commission

[LETTERHEAD OF FISCAL AGENT]

To: (Name of Registered Owner)
(Address of Registered Owner)

Re: Port of Seattle, Washington, Variable Rate General Obligation
Bonds, Series 1985

The undersigned is the Fiscal Agent and bond registrar for the above-referenced series of Bonds (the "Bonds"). You are shown on the registration books for the Bonds as the owner of record for Bond(s) No(s). _____. As the registered owner of the foregoing Bonds you are hereby notified as follows:

1. The Bonds will bear interest at a Weekly Rate on _____ [Insert the Weekly Rate Effective Date].
2. The method by which the Weekly Rate will be calculated during the Weekly Rate Period is as follows: _____
3. The interest payment dates for interest on the Bonds following _____ [Insert the Weekly Rate Effective Date] are as follows: _____.
4. You have the right to require the purchase of your Bonds on _____ [Insert the Weekly Rate Effective Date] at a price of 100% of the principal amount thereof plus accrued interest, upon no fewer than seven (7) days' notice, to the undersigned and to _____ [Insert name of Remarketing Agent] at _____ [Insert Notice Address of Remarketing Agent]. [Insert a description of the procedures to effect the purchase]
5. Subsequent to _____ [Insert the Weekly Rate Effective Date], the owners of Bonds will have the right to require the purchase of their Bonds at a price of 100% of the principal amount thereof plus accrued interest upon any Business Day (as defined in the Resolution pursuant to which the Bonds were issued). The procedures by which such Bonds may be tendered for purchase are as follows:
6. After _____ [Insert the Weekly Rate Effective Date] the Bonds are redeemable as follows: _____
7. After _____ [Insert the Weekly Rate Effective Date], the interest rate on the Bonds may be adjusted to a Term Rate (as defined in the Resolution pursuant to which the Bonds were issued) at any subsequent date upon notice to the owners of the Bonds.

Fiscal Agent

By _____
Title

[LETTERHEAD OF FISCAL AGENT]

To: (Name of Registered Owner)
(Address of Registered Owner)

Re: Port of Seattle, Washington, Variable Rate General Obligation
Bonds, Series 1985

The undersigned is the Fiscal Agent and bond registrar of the above-referenced series of Bonds (the "Bonds")./ You are shown on the registration books for the Bonds as the owner of record for Bond(s) No(s). _____. As the registered owner of the foregoing Bonds you are hereby notified as follows:

1. Bond(s) Nos. _____ of which you are shown on the registration books to be the registered owner are called for mandatory tender on _____ [insert the Term Rate Effective Date].

You may waive mandatory tender of your Bonds by delivering a notice of waiver in the form attached hereto, signed by you or your legal representative. Notice of waiver must be delivered to _____ (the "Remarketing Agent") at _____ (Notice Address of the Remarketing Agent) and to _____ (the "Fiscal Agent") at _____ (Principal Office of the Fiscal Agent) no later than _____.

*** Paragraph 1 applies only in the event of a change from a Weekly Rate Period to a Term Rate Period or from a Term Rate Period to a different Term Rate Period.

2. The Bonds will bear interest at a fixed per annum percentage rate of interest from and after _____ (the "Term Rate Effective Date") through _____ [insert the last date on which the Term Rate will be in effect]. No adjustment to a Weekly Rate Period or a different Term Rate Period will be made prior to _____.

3. The Term Rate for each Term Rate Period will be determined no fewer than five (5) Business Days (as such term defined in the Resolution pursuant to which the Bonds were issued) prior to each Term Rate Effective Date. You may obtain the Term Rate from the Remarketing Agent on or after _____, by _____ [specifying the method of obtaining the Term Rate, as determined.]

4. From and after the Term Rate Effective Date, interest on the Bonds will be paid on each _____ [specify Interest Payment Dates].

5. The redemption provisions applicable to the Bonds during the Term Rate Period are as follows: _____

6. During the Term Rate Period, the owners of the Bonds will not have any right to tender their Bonds for purchase.

7. The interest rate on the Bonds may be adjusted, during the Term Rate Period, upon notice to the owners thereof, on the day immediately following the last day of the Term Rate Period to a Weekly Rate or another Term Rate, in which event the owners of

the Bonds will have the right to require purchase of their Bonds on the day immediately following the last day of the Term Rate Period at a price of 100% of the principal amount thereof plus accrued interest, if any, upon not fewer than seven (7) days' notice.

Fiscal Agent

By _____
Title

EXHIBIT C

[FORM OF BOND]

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

PORT OF SEATTLE

VARIABLE RATE

GENERAL OBLIGATION BOND, SERIES 1985

PORT OF SEATTLE (the "Port"), a municipal corporation duly organized and existing under the laws of the State of Washington, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to _____, or registered assigns, on the first day of _____, 20__, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the principal sum of

_____ Dollars (\$ _____)

and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Accrual Date (as defined in the hereinafter defined Resolution) with respect to which interest has been paid or duly provided for, until payment of said principal sum has been made or duly provided for, at the rates and on the dates described herein until payment in full of such principal sum and to pay interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates due on this Bond. Except as the provisions hereinafter set forth with respect to redemption prior to maturity or purchase in lieu of redemption may become applicable hereto, principal of and interest on this Bond shall be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal and Paying Agent of the State of Washington (the "Fiscal Agent") in Seattle, Washington or New York, New York; provided, however, payment of the interest alone on any Interest Payment Date (as defined in the Resolution) shall be (i) made to the Registered Owner hereof as of the close of business on the applicable Record Date (as defined in the Resolution) with respect to such Interest Payment Date and shall be paid by check or draft mailed to such registered Registered Owner hereof at his address as it appears on the registration books of the Port maintained by the Fiscal Agent (the fiscal agency of the State of Washington in Seattle, Washington and New York, New York) or at such other address as is furnished in writing by such registered Registered Owner to the Fiscal Agent or (ii) during any Weekly Rate Period (as such term is defined in the Resolution), made by wire transfer to such registered Registered Owner as of the close of business on such Record Date upon written notice of such wire transfer address in the continental United States by such Registered Owner to the Fiscal Agent given not less than fifteen (15) days prior to such Record Date; provided, each such wire transfer shall only be made with respect to an Registered Owner of \$1,000,000 or more in aggregate principal amount of the Bonds as of the close of

[FORM OF REVERSE OF BOND]

This Bond is one of an authorized series of bonds limited in aggregate principal amount to \$_____ (the "Bonds") issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Washington, and a resolution of the Port Commission adopted on January 8, 1985 for the purpose of providing funds to acquire, construct and install improvements to Port facilities at the Port and for paying costs and expenses incidental thereto and to the issuance of the Bonds.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust offices of the Fiscal Agent but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Bonds are issuable only as fully registered Bonds in the authorized denominations described in the Resolution.

The Resolution provides that under certain circumstances any Bond shall be purchased, on the demand of the Registered Owner thereof, on certain dates, upon notice and delivery of the Bond to the Fiscal Agent in its capacity as Purchase Agent in the manner and at the times specified in the Resolution. Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as Remarketing Agent (the "Remarketing Agent") under the Resolution. The Remarketing Agent may be removed or replaced in accordance with the provisions of the Resolution. No purchase of the Bonds or advance or use of any funds to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or of any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Interest on the Bonds shall be paid as follows: (a) with respect to any Interest Period (as defined in the Resolution) during which interest on the Bonds is payable at a Weekly Rate or a Term Rate, other than during an Extended Term Rate Period, on the first Business Day of each month, and (b) with respect to any Interest Period during an Extended Term Rate Period, on January 1 and July 1 of each year. Except during an Extended Term Rate Period, interest on the Bonds shall be computed on the basis of a year of 365 or 366 days, as appropriate. During an Extended Term Rate Period, interest on the Bonds shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. Interest on the Bonds shall first accrue from and including the date of the first authentication and delivery of Bonds to but excluding February 1, 1985 (the "First Interest Period"), and thereafter interest on the Bonds shall accrue from each Interest Payment Date to the day preceding the next succeeding Interest Payment Date (each such period being hereinafter called an "Interest Period").

The Bonds shall bear interest at a Weekly Rate or a Term Rate (as such terms are defined in the Resolution) as established from time to time in accordance with the Resolution; provided, however, that in no event shall the interest rate borne by the Bonds at any time exceed fifteen percent (15%) per annum. For the First Interest Period and for each Interest Period thereafter for which there is not a Term Rate, the Port shall determine the interest

rate on the Bonds for each Weekly Rate Period in accordance with the provisions of the Resolution. The Resolution provides, among other things, that the Remarketing Agent may determine that the Bonds shall bear interest at a single rate for an initial period beginning on the date of first authentication and delivery of the Bonds. The Resolution provides that the Port from time to time may fix the interest rate on the Bonds for a specified period (a "Term Rate Period") to a Term Rate determined in accordance with the terms of the Resolution (the "Term Rate") and in the event such Term Rate Period follows a Weekly Rate Period the Bonds are subject to mandatory redemption except to the extent that any Registered Owner of a Bond, by notice to the Purchase Agent, elects to continue to hold such Bond. The determination of the interest rate on the Bonds shall be made by the Port.

The Bonds are subject to optional and mandatory redemption under certain conditions, in addition to those described above, as provided in the Resolution. Notice of any such redemption must be given by registered or certified mail at least thirty (30) days prior thereto to the Registered Owners of the Bonds.

This Bond and all other Bonds of the series of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Washington, and pursuant to a resolution adopted by the Port Commission of the Port. This Bond and the series of which it forms a part are limited tax levy general obligations of the Port.

The Port, the Purchase Agent and the Fiscal Agent may treat the person in whose name this Bond is registered as the Registered Owner hereof for the purpose of receiving payment as herein and in the Resolution provided and for all other purposes, whether or not this Bond is overdue, and the Port, nor any such agent shall be affected by notice to the contrary.

The Resolution prescribes the manner in which the Bonds may be defeased shall no longer be secured by or entitled to the benefits of the Resolution, except as provided in the Resolution and for the purposes of registration and exchange of Bonds and of such payment, including a provision that the Bonds shall be deemed to be paid if Governmental Obligations, as defined therein, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient moneys to pay the principal of and interest on the Bonds.

Modifications or alterations of the Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Resolution.

UNIF GIFT MIN ACT--

TEN COM -- as tenants in common	_____ Custodian _____
TEN ENT -- as tenants by the entireties	(Cust) _____ (Minor)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____
	(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
(Name and Address of Assignee)

the within Bond of the Port of Seattle and does hereby irrevocably constitute and appoint _____ to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.