

PORT OF SEATTLE

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RESOLUTION NO. 3551, AS AMENDED

A RESOLUTION of the Port Commission of the Port of Seattle authorizing the issuance and sale of limited tax general obligation bonds of the Port in the aggregate principal amount of not to exceed \$70,000,000 for the purpose of refunding certain outstanding Port bonds; providing for the annual levy of taxes to pay the principal of and interest on the Bonds; delegating authority for the sale of the Bonds and the preparation of a preliminary official statement; and approving ongoing disclosure.

ADOPTED: *November 8*, 2005

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A RESOLUTION of the Port Commission of the Port of Seattle authorizing the issuance and sale of limited tax general obligation bonds of the Port in the aggregate principal amount of not to exceed \$70,000,000 for the purpose of refunding certain outstanding Port bonds; providing for the annual levy of taxes to pay the principal of and interest on the Bonds; delegating authority for the sale of the Bonds and the preparation of a preliminary official statement; and approving ongoing disclosure.

WHEREAS, the Port of Seattle (the "Port") is authorized by RCW 53.36.030 and ch. 39.46 to issue general obligation bonds payable from, *inter alia*, regular tax levies of the Port; and

WHEREAS, pursuant to Resolution No. 3321, as amended, the Port has issued its Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A dated October 28, 1999 in the aggregate principal amount of \$59,740,000, all of which are outstanding and scheduled to mature on September 1, 2029 at the per annum interest rate of 6.00% (the "1999A T-18 Revenue Bonds"); and

WHEREAS, the 1999A T-18 Revenue Bonds are subject to redemption at the option of the Port on March 1, 2010 at a price of 101% of par plus accrued interest to the date of redemption; and

WHEREAS, pursuant to Resolution No. 3393, as amended, the Port has issued its Limited Tax General Obligation Bonds, 2000A dated April 1, 2000 in the aggregate principal amount of \$9,840,000, which remain outstanding in the aggregate amount of \$8,960,000 as follows:

Maturity Year (December 1)	Principal Amounts	Interest Rates
2005	\$ 245,000	4.900%
2006	255,000	4.900
2007	270,000	5.000
2008	285,000	5.000
2009	295,000	5.100
2010	310,000	5.100
2011	325,000	5.200
2012	345,000	5.250
2013	365,000	5.300
2014	380,000	5.400
2015	400,000	5.500
2016	425,000	5.500
2017	450,000	5.500
2018	470,000	5.500
2019	500,000	5.600
2020	525,000	5.625
2025	3,115,000	5.750

(the “2000A LTGO Bonds”)

WHEREAS, Resolution No. 3393, as amended, authorizes the refunding of the 2000A LTGO Bonds maturing on and after December 1, 2011 (the “Refunded 2000A LTGO Bonds”) on December 1, 2010 at a price of 100% of par plus accrued interest to the date of redemption; and

WHEREAS, the Port has determined that all or a portion of the 1999A T-18 Revenue Bonds and the Refunded 2000A LTGO Bonds (together, the “Refunding Candidates”) may be refunded, thereby saving substantial amounts of debt service, through the issuance of the limited tax general obligation refunding bonds authorized herein; and

WHEREAS, the bonds authorized herein shall be sold pursuant to competitive sale as herein provided;

WHEREAS, the Commission wishes to delegate to the Designated Port Representative (defined herein) the authority to approve the interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities of the bonds; and

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

Section 1. Definitions and Rules of Interpretation.

(a) **Definitions.** Unless otherwise defined herein, the terms used in this resolution shall have the following meanings:

***Acquired Obligations*** means the Government Obligations acquired pursuant to Section 7 of this resolution to defease the Refunded Bonds.

***Bond Insurance Policy*** means the municipal bond insurance policy, if any, issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

***Bond Register*** means the registration books maintained by the Registrar.

***Bond Fund*** means the Port of Seattle Limited Tax General Obligation Bond Fund, 2006 created in the office of the Treasurer of the Port by Section 5.

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

***Bonds*** means the Port of Seattle Limited Tax General Obligation Refunding Bonds, 2006 authorized in Section 2.

**Capital Improvement Plan** means the Port's Capital Improvement Plan, as amended and updated from time to time.

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

**Commission** means the Commission of the Port, or any successor thereto as provided by law.

**Designated Port Representative** means the Chief Executive Officer of the Port, the Deputy Chief Executive Officer of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3.

**Escrow Agent** means J.P. Morgan Trust Company, National Association, Seattle, Washington.

**Escrow Agreement** means the Escrow Deposit Agreement dated as of the date of the closing and delivery of the Bonds between the Port and the Escrow Agent to be executed in connection with the refunding of the Refunded Bonds, substantially in the form attached hereto as Exhibit A and incorporated by this reference.

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

**Insurer** means the insurance company, if any, specified by the successful bidder for the Bonds as the issuer of the Bond Insurance Policy for any one or more of the maturities of the Bonds.

**Letter of Representations** means the blanket issuer letter of representations from the Port to DTC.

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

**1999A T-18 Revenue Bonds** means the Port's Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A issued pursuant to Resolution No. 3321, as amended, dated October 28, 1999 in the aggregate principal amount of \$59,740,0000, all of which are outstanding and scheduled to mature on September 1, 2029 at the per annum interest rate of 6.00%.

**Net Proceeds** means the principal amount of the Bonds, plus accrued interest and original issue premium, if any.

**NRMSIR** means a nationally-recognized municipal securities information repository.

**Port** means the Port of Seattle, a municipal corporation of the State of Washington, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

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

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership

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

***Refunded Bonds*** means the Refunding Candidates designated by the Designated Port Representative pursuant to Section 7 of this resolution.

***Refunded 2000A LTGO Bonds*** means the Refunding Candidates that are 2000A LTGO Bonds and are designated by the Designated Port Representative pursuant to Section 7 of this resolution.

***Refunding Candidates*** mean the 1999A T-18 Revenue Bonds and the 2000A LTGO Bonds maturing on and after December 1, 2011.

***Registered Owner*** means the person named as the registered owner of a Bond in the Bond Register.

***Registrar*** means, collectively, the fiscal agency of the State of Washington for the purposes of registering and authenticating the Bonds, maintaining the Bond Register and



effecting transfer of ownership of the Bonds or any other party designated by the Treasurer to perform the duties of Registrar under this resolution.

**Rule** means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Savings Target** means a dollar amount equal to at least five percent (5.0%) of the outstanding principal of the Refunded Bonds.

**SEC** means the Securities and Exchange Commission.

**SID** means a state information depository for the State of Washington if one is hereafter created.

**2000A LTGO Bonds** means the Port's Limited Tax General Obligation Bonds, 2000A issued pursuant to Resolution No. 3393, as amended, dated April 1, 2000 in the aggregate principal amount of \$9,840,000, which remain outstanding in the aggregate amount of \$8,960,000 as shown in the recitals to this resolution.

**Term Bonds** means any Bonds designated by the successful bidder therefor as Term Bonds in its bid submitted for the Bonds.

**Treasurer** means the Chief Financial Officer of the Port, or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

(b) **Rules of Interpretation.** In this resolution, unless the context otherwise requires:

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

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

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

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

(v) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of the Bonds. The Port hereby authorizes the issuance and sale of the Bonds in the aggregate principal amount not to exceed \$70,000,000 to refund the Refunded Bonds and to pay costs of issuance of the Bonds. The Bonds shall be general obligations of the Port; shall be designated “Port of Seattle Limited Tax General Obligation Refunding Bonds, 2006” shall be dated as of their date of delivery to the successful bidder for the Bonds; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall represent more than one maturity, shall be numbered separately and in the manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall bear interest from their date, until the Bonds have been paid or their payment duly provided for, at the per annum rates set forth in the bid of the successful bidder as approved by the Designated Port Representative

pursuant to Section 14, payable on June 1, 2006, and semiannually thereafter on the first day of each December and June; and shall mature on June 1 on the dates and in the principal amounts set forth in the bid of the successful bidder for the Bonds as approved by the Designated Port Representative pursuant to Section 14. Any of the maturities of the Bonds may be combined and issued as term bonds ("Term Bonds"), subject to mandatory redemption as provided in the bid of the successful bidder for the Bonds.

Section 3. Registration, Payment and Transfer.

(a) *Registrar/Bond Register.* The Port hereby specifies and adopts the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The Port shall cause a bond register to be maintained by the Registrar. So long as any Bonds remain outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, the Insurer(s), if any, and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes

(except as provided in Section 13 of this resolution), and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid.

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

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the Port to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder (except as provided in Section 13 of this resolution), and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

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

(d) *Use of Depository.*

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

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

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all outstanding Bonds, together with a written request from the Designated Port Representative, issue a single new Bond for each maturity of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their

nominees, as the case may be, all as specified in such written request of the Designated Port Representative.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated Port Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds together with a written request on behalf of the Designated Port Representative to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any Bond shall be valid unless such Bond is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or

persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

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

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

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the

interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds shall be subject to redemption on the redemption dates, if any, and at the prices approved by the Designated Port Representative pursuant to Section 14.

(b) *Mandatory Redemption.* The Bonds designated as Term Bonds in the bid of the successful bidder for the Bonds shall be subject to mandatory redemption as set forth in the bid of the successful bidder and as approved by the Designated Port Representative pursuant to Section 14.

(c) *Purchase of Bonds for Retirement.* The Port reserves the right to purchase any Bonds offered to the Port at any price deemed reasonable by the Port for retirement.

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

(e) *Selection of Bonds for Redemption.* As long as the Bonds are held in book-entry only form, the maturities to be redeemed upon an optional redemption of the Bonds shall be selected by the Port and, within a maturity, the selection of Bonds to be redeemed shall be made



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

(f) *Notice of Redemption.*

(i) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first-class mail, postage prepaid, at least 15 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

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

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(D) that on the redemption date, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

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

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

Notwithstanding the foregoing, if the Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 15 days prior to the date of redemption.

(ii) Effect of Notice; Bonds Due. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date (unless in the case of optional redemption the Port shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from

and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Insurer, if any, and to each party entitled to receive notice under Section 13, if any, and to the successful bidder for the Bonds being redeemed or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

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

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

Section 5. Bond Fund.

(a) *Bond Fund.* A special fund of the Port designated the “Port of Seattle Limited Tax General Obligation Bond Fund, 2006” (the “Bond Fund”) is hereby authorized to be created in the office of the Treasurer for the purpose of paying and securing the payment of the Bonds. The Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners, from time to time, of the Bonds. The taxes levied for the purpose of paying principal of and interest on the Bonds and other legally available funds to be used to pay the Bonds shall be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds.

(b) *Covenant of Repayment.* The Port hereby further irrevocably covenants that it will budget and make annual levies of ad valorem taxes upon all of the property within the boundaries of the Port district subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other legally available funds) to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The Bonds are general obligations of the Port.

Section 6.     Defeasance.   In the event that money and/or Government Obligations maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund of the Port for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

The Port shall give written notice of defeasance to the owners of all Bonds so provided for within 30 days of the defeasance and to each party entitled to receive notice in accordance with Section 14 of this resolution.

Section 7.     Refunding Procedures.

(a)     *Designation of Refunded Bonds.*     As outlined in the recitals to this resolution, certain principal maturities of the 1999A T-18 Revenue Bonds and the 2000A LTGO Bonds may be called for redemption prior to their scheduled maturities. All or some of these bonds may be refunded and refinanced with the proceeds of the Bonds authorized by this resolution (“Refunding Candidates”). The Designated Port Representative may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” at or prior to the time of sale of the Bonds pursuant to Section 14 of this resolution if and to the extent that the aggregate savings to be realized as a result of the refunding of the Refunded Bonds (*i.e.*, the present value of (i) the aggregate debt service on the Refunded Bonds minus (ii) the

aggregate debt service on the Refunding Bonds, after payment of all costs of issuance of the Bonds), exceed the Savings Target.

(b) *Creation of Refunding Accounts.* Special accounts are hereby authorized to be created by the Treasurer or by the Escrow Agent at the direction of the Treasurer, which accounts are to be drawn for the sole purpose of paying (or purchasing Government Obligations maturing in such amounts and at such times as to pay) the principal of and premium and interest on the Refunded Bonds. The Treasurer shall cause the Escrow Agent to hold at all times these special accounts as a trust fund for the benefit of the owners of the Refunded Bonds, wholly segregated from all other funds and securities on deposit with the Treasurer. The Treasurer shall not allow the assets or amounts on deposit for the benefit of the Refunded Bonds to be commingled with any other funds or securities of the Port. The Treasurer shall cause the assets and amounts on deposit in such special accounts to be held and disposed of only as set forth in this Section 7 and the Escrow Agreement.

(c) *Application of Bond Proceeds.* A portion of the net proceeds of the Bonds (exclusive of any amounts designated by the Designated Port Representative to be used to pay costs of issuance of the Bonds), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be paid at the direction of the Treasurer to the Escrow Agent.

(d) *Defeasance of Refunded Bonds.* The net proceeds of the Bonds so deposited shall be utilized immediately upon receipt thereof to purchase the Government Obligations specified by the Designated Port Representative (which obligations so purchased, are herein called "Acquired Obligations") and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the

resolutions authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price (principal and premium) on the redemption date for the Refunded Bonds. When the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to an account designated by the Port and be used for the purposes specified by the Designated Port Representative.

(e) *Acquired Obligations.* The Acquired Obligations shall bear such interest and mature as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of:

(i) the interest on the Refunded Bonds, if any, that are 1999A T-18 Revenue Bonds as such becomes due on and before March 1, 2010;

(ii) the price of redemption (101% of the principal amount) of the Refunded Bonds, if any, that are 1999A T-18 Revenue Bonds on March 1, 2010;

(iii) the interest on the Refunded Bonds, if any, that are Refunded 2000A LTGO Bonds as such becomes due on and before December 1, 2010; and

(iv) the price of redemption (100% of the principal amount) of the Refunded Bonds, if any, that are Refunded 2000A LTGO Bonds on December 1, 2010.

If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit shall be insufficient to transfer the amounts required to make such payments, the Port shall timely deposit additional funds in the amounts required to make such payments.

(f) *Authorizing Appointment of Escrow Agent.* The Port hereby appoints J.P. Morgan Trust Company, National Association, Seattle, Washington to act as the Escrow Agent (the "Escrow Agent").

Section 8. Redemption of Refunded Bonds. The Commission hereby calls the Refunded Bonds that are 1999A T-18 Revenue Bonds for redemption on March 1, 2010 and the Refunded Bonds that are the Refunded 2000A LTGO Bonds for redemption on December 1, 2010 in accordance with the provisions of the Resolution No. 3321, as amended, and Resolution No. 3393, as amended, respectively.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the delivery of the proceeds of the Bonds (and/or Acquired Obligations purchased with such proceeds) as described in Section 7(d).

The Escrow Agent shall be authorized and directed to provide for the giving of irrevocable notice of the redemption of the Refunded Bonds in accordance with the terms of the resolutions authorizing the issuance of the Refunded Bonds and as described in the Escrow Agreement (hereinafter authorized). The Treasurer is authorized and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of mailing of such notice shall be an expense of the Port.

The Escrow Agent shall be authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 7(e). All such sums shall be paid from the moneys and the Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this resolution, and the income therefrom and proceeds thereof.

The Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Bonds. Such Escrow



Agreement shall be substantially in the form of Exhibit A attached to this resolution and by this reference hereby made a part of this resolution.

Section 9. Tax Covenants.

(a) *Tax Exemption.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bonds, and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bonds.

(b) *No Bank Designation.* The Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for investment by financial institutions.

(c) *Arbitrage Covenant.* The Port hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the Port which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be “arbitrage bonds” within the meaning of said section. The Port will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

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

(1) More than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use, or secured by payments in respect of property used or to be used for

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

The Port further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

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

then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects financed by the Refunded Bonds (the "Projects"), and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the Projects relates. The Port further covenants that it will comply with any limitations on the use of the Projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the

interest on the Bonds. The covenants of this Section 9(d) are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

(e) *Modification of Tax Covenants.* The covenants of this Section 9 are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this Section 9 may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the Port's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

Section 10. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 11. Form of Bonds and Registration Certificate. The Bonds shall be in substantially the following form:

[Insurance Legend]

UNITED STATES OF AMERICA

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

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

STATE OF WASHINGTON

PORT OF SEATTLE

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2006

Maturity Date: \_\_\_\_\_

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

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above the Principal Amount indicated above and to pay interest thereon from the initial date of issuance and delivery of this bond, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable on June 1, 2006, and semiannually thereafter on the first days of each December and June.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal of and interest on this bond shall be paid as provided by the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the Port to DTC. The fiscal agency of the State of Washington is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (the "Bond Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Resolution No. 3551, as amended of the Port Commission (the "Bond Resolution").

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$ \_\_\_\_\_, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to pay the costs of refunding certain outstanding bonds of the Port.

[The bonds of this issue maturing on and prior to \_\_\_\_\_ are not subject to redemption in advance of their scheduled maturity. The bonds of this issue maturing on and after \_\_\_\_\_ are subject to redemption at the option of the Port on and after \_\_\_\_\_ in whole or in part on any date, and if in part, with maturities to be selected by the Port at the price of par plus accrued interest to the date fixed for redemption.]

[Unless previously redeemed pursuant to the foregoing optional redemption provisions, the bonds of this issue maturing in the year \_\_\_\_\_ are subject to mandatory redemption on \_\_\_\_\_ 1 of the following years at a price of par plus accrued interest to the date fixed for redemption:

Year	Amount
	\$

\*

\* Final maturity]

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

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

The Port hereby irrevocably covenants that it will budget and make annual levies of property taxes upon all the taxable property within the Port district subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other money legally available therefor), to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

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

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

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the \_\_\_\_ day of \_\_\_\_\_, 200\_.

PORT OF SEATTLE

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

[SEAL]

ATTEST:

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

CERTIFICATE OF AUTHENTICATION

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

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Limited Tax General Obligation Refunding Bonds, 2006 of the Port of Seattle, dated \_\_\_\_\_, 2006.

WASHINGTON STATE FISCAL AGENCY,  
Registrar

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

Section 12. Execution. The Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof impressed, imprinted or otherwise reproduced thereon.

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

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

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

Section 13. Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the Port's written undertaking for the benefit of the Beneficial Owners of the Bonds to assist the purchaser of the Bonds in complying with the provisions of the Rule.

(b) *Financial Statements/Operating Data.*

(1) Annual Disclosure Report. The Port covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2006 for the fiscal year ending December 31, 2005, the Port shall provide or cause to be provided to each NRMSIR and to the SID, if any, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (b); provided that any annual audited financial statements (as defined in RCW 43.09.200) may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (c), and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the NRMSIRs and to the SID, if any, by the Submission Date, the Port shall send to each NRMSIR notice of its failure to furnish such report.

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

(A) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating and Financial Information.* Annual Financial Information with respect to the Port, including information of the type provided in the final Official Statement under the headings "Tax Levy Rates, Records and Procedures," "Debt Information," "Seaport Division," "Aviation Division," and "Port Financial Matters."

In the event that the operating and financial information identified in the continuing disclosure undertaking set forth in the final Official Statement for the Bonds differs from the operating and financial information set forth above, the above list of operating and financial information shall be read to conform to the final Official Statement. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to each of the NRMSIRs and the SID, if any, or to the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Port shall identify clearly each document so included by reference.



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

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

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

Solely for purposes of disclosure, and not intending to modify this undertaking, the Port advises that no debt service reserves or property secures payment of the Bonds. The Port shall promptly determine whether the events described above are material.

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

(e) *Termination/Modification.* The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the Port may amend this Section 13 and any provision of this Section 13 may be waived, in accordance with the Rule; provided that (a) if the amendment or waiver relates to the provisions of subsections (b)(1), (b)(2) or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or

interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of this Section 13, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Registered Owner's and Beneficial Owners' Remedies Under this Section.* A Registered Owner's and the Beneficial Owners' right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Port's obligations hereunder, and any failure by the Port to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

(g) *Additional Information.* Nothing in this Section 13 shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Section 13 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is

required by this Section 13. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 13, the Port shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

(h) *DisclosureUSA*. The Port may elect to submit the information required by this Section 13 to be filed with the NRMSIRs and the SID, if any, directly to DisclosureUSA.org unless or until the Securities and Exchange Commission withdraws its approval of this submission process.

Section 14. Sale of Bonds.

(a) *Competitive Sale Procedures*. The Bonds shall be sold at a competitive public sale. The Designated Port Representative or his designee shall: (a) establish the date of the public sale; (b) establish the criteria by which the successful bidder will be determined; (c) request that a good faith deposit accompany each bid in an amount to be determined by the Designated Port Representative; (d) cause notice of the public sale to be given; (e) identify the Refunded Bonds from among the Refunding Candidates as provided in Section 7(a) of this resolution and (e) provide for such other matters pertaining to the public sale as he or she deems necessary or desirable.

Upon the date and time established for the receipt of bids for the Bonds, the Designated Port Representative or his designee shall open the bids and shall cause the bids to be mathematically verified. The Bonds shall be sold to the bidder offering to purchase the Bonds at the lowest true interest cost to the Port; *provided, however*, that the Port may reserve the right to reject any and all bids for the Bonds and also may waive any irregularity or informality in any

bid. In addition, the Designated Port Representative is authorized to provide for the final designation of the Refunded Bonds and the re-sizing of the Bonds and principal maturities in order to accomplish the refunding of the Refunded Bonds in the manner set forth in the notice of sale.

The Commission has been advised by the Port's financial advisor that market conditions, which are particularly critical in maximizing the savings effected by the issuance of the refunding effected by the Bonds, are fluctuating and, as a result, the most favorable market conditions for a competitive sale of the Bonds may occur on a day or days other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Designated Port Representative for a limited time the authority to approve the final interest rates, maturity dates, aggregate principal amount of the Bonds, the principal amounts of each maturity, redemption rights and other terms and conditions of the Bonds. The Designated Port Representative is hereby authorized to approve the final interest rates, maturity dates, aggregate principal amount of the Bonds, the principal maturities and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed the maximum aggregate principal amount authorized herein and so long as the true interest cost for the Bonds (in the aggregate) does not exceed 5.5%.

In addition, the designation of the Refunded Bonds from among the Refunding Candidates as provided in Section 7(a) of this resolution and the issuance and delivery of the Bonds is conditioned upon the Port's realization of a net present value of savings at least equal to the Savings Target. The Bonds shall be sized to provide sufficient funds to pay interest on the Refunded Bonds to be refunded and the redemption price thereof on their designated redemption

dates, respectively, and to defease the Refunded Bonds to their designated redemption dates, respectively.

In approving the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights of the Bonds, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Following approval of the final interest rates, maturity dates, principal maturities and redemption rights of the Bonds by the Designated Port Representative, a report shall be provided to the Commission, describing the final terms of Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative by this Section 14 shall expire 75 days after the date of final approval of this resolution. If the terms of sale of any Bonds have not been approved within 60 days after the date of final approval of this resolution, the authorization for the issuance of such Bond shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving the sale of such Bonds or establishing terms and conditions for the authority delegated under this Section 14.

(b) *Official Statements.* The Designated Port Representative is hereby authorized to review and approve on behalf of the Port the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable to him or her. The

# EXHIBIT A

## ESCROW DEPOSIT AGREEMENT

### PORT OF SEATTLE

### LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2006

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of \_\_\_\_\_, 2006 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the Port of Seattle (herein called the "Port") and J.P. Morgan Trust Company, National Association, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Port and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

### WITNESSETH:

**WHEREAS**, the Port heretofore has issued certain bonds presently remaining outstanding as identified and described in Exhibit A (the "Refunded Bonds"); and

**WHEREAS**, pursuant to Resolution No. 3551, as amended adopted on \_\_\_\_\_, 2005 (the "Resolution"), the Port has determined to issue its Limited Tax General Obligation Refunding Bonds, 200[ ] (the "Refunding Bonds") for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

**WHEREAS**, the Escrow Agent has reviewed the Resolution and this Agreement, and is willing to serve as Escrow Agent hereunder.

**WHEREAS**, \_\_\_\_\_ of \_\_\_\_\_, has prepared a verification report which is dated \_\_\_\_\_, 2006 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds.

**WHEREAS**, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the escrow funds provided for such purpose; and

**WHEREAS**, the issuance, sale, and delivery of the Refunding Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on and redemption premium on the Refunded Bonds when due as shown on Exhibit C attached hereto; and

**WHEREAS**, the Port desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, the proceeds of the Refunding Bonds, together with certain other

available funds of the Port, shall be applied to purchase certain direct noncallable obligations of or guaranteed by the United States of America hereinafter defined as the “Escrowed Securities” for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

**WHEREAS**, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Bonds as it accrues and becomes payable and the principal of and premium on the Refunded Bonds as it becomes due and payable; and

**WHEREAS**, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the premium and interest on the Refunded Bonds, the Port and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **Article 1. Definitions**

### **Section 1.1. Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

***Escrow Fund*** means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

***Escrowed Securities*** means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other noncallable Government Obligations substituted therefor pursuant to Section 3.2 of this Agreement.

***Government Obligations*** means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States of America.

***Paying Agent*** means the fiscal agency of the State of Washington, as the paying agent for the Refunded 2000A LTGO Bonds and J.P. Morgan Trust Company, National Association for the 1999A T-18 Revenue Bonds.



## **Section 1.2. Other Definitions.**

The terms “Agreement,” “Port,” “Escrow Agent,” “Resolution,” “Verification Report,” “Refunded Bonds,” and “Refunding Bonds” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

## **Section 1.3. Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

## **Article 2. Deposit of Funds and Escrowed Securities**

### **Section 2.1. Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Refunding Bonds the Port shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds sufficient to purchase the Escrowed Securities [and pay costs of issuance] described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Port in writing.

## **Article 3. Creation and Operation of Escrow Fund**

### **Section 3.1. Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Escrow Fund (the “Escrow Fund”). Within the Escrow Fund, the Escrow Agent has created a Revenue Bond Escrow Account and an LTGO Bond Escrow Account for the purpose of defeasing the 1999A T-18 Revenue Bonds and the Refunded 2000A LTGO Bonds, respectively. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Revenue Bond Escrow Account and the LTGO Bond Escrow Account the funds and the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and premium and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 2.2 hereof. When the final transfers have been made for the payment of such principal of and premium and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Port, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.2. Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Revenue Bond Escrow Account and the LTGO Bond Escrow Account, the amounts required to pay the principal of and premium on the 1999A T-18 Revenue Bonds and the Refunded 2000A LTGO Bonds, respectively, at their respective maturity or redemption dates and interest thereon to such maturity or redemption dates in the amounts and at the times shown in Exhibit C attached hereto.

### **Section 3.3. Sufficiency of Escrow Fund.**

The Port represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of and premium on the Refunded Bonds as the Refunded Bonds are paid on the optional redemption date set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 2.1 hereof, the Port shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Port's failure to make additional deposits thereto.

### **Section 3.4. Trust Fund.**

The Escrow Agent or its affiliate, shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to a preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Port, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Port or, except to the extent expressly herein provided, by the Paying Agent.

## **Article 4. Limitation on Investments**

### **Section 4.1. Investments.**

Except for the initial investment in the Escrowed Securities, and except as provided in Section 3.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

### **Section 4.2. Substitution of Securities.**

At the written request of the Port, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the Port in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The Escrowed Securities then held by the Escrow Agent shall not be released until the Escrow Agent shall have received the substituted Escrowed Securities.

## **Article 5. Application of Cash Balances**

### **Section 5.1. In General.**

Except as provided in Sections 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent; provided, however, a conversion to currency shall not be required (i) for so long as the Escrow Agent's internal rate of return does not exceed 20%, or (ii) if the Escrow Agent's internal rate of return exceeds 20%, the Escrow Agent receives a letter of instructions, accompanied by the opinion of nationally recognized bond counsel, approving the assumed reinvestment of such proceeds at such higher yield..

Any money or securities remaining on deposit with the Escrow Agent following the payment and redemption of the refunded Bonds and the payment of all costs and expenses thereof shall be remitted promptly to the Port.

## **Article 6. Redemption of Refunded Bonds**

### **Section 6.1. Call for Redemption.**

The Port hereby irrevocably calls the Refunded Bonds for redemption on the dates shown on Exhibit E and as shown in the Verification Report and on Appendix A attached hereto.

### **Section 6.2. Notices of Redemption/Defeasance.**

The Escrow Agent agrees to give a notice of redemption of the Refunded Bonds pursuant to the terms of the resolution(s) authorizing the issuance of the Refunded Bonds and in substantially the forms attached hereto as Appendices A-1 and A-2 attached hereto and as described on said Appendices A-1 and A-2 by delivering the same to the Paying Agent for distribution as described therein. The notices of defeasance in substantially the forms attached hereto as Appendices B-1 and B-2 shall be given immediately following the execution of this Agreement and the notices of redemption shall be given in accordance with the resolution(s) authorizing the issuance of the Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

## **Article 7. Records and Reports**

### **Section 7.1. Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

### **Section 7.2. Reports.**

While this Agreement remains in effect, the Escrow Agent monthly shall prepare and send to the Port a written report summarizing all transactions relating to the Escrow Fund during the preceding month, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **Article 8. Concerning the Paying Agents and Escrow Agent**

### **Section 8.1. Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 8.2. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of and premium and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Port promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Port and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except as set forth herein and to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrars therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Port thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and diligence and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own neglect or willful misconduct, nor for any loss unless the same shall have been through its negligence, willful misconduct or bad faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Port with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct, bad faith or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Port or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Port at any time.

### **Section 8.3. Compensation.**

The Port shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of the Fee Schedule attached hereto as Appendix C. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

### **Section 8.4. Successor Escrow Agents.**

Any corporation, association or other entity into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business or any corporation, association or other entity resulting from any such conversion, sale, merger, consolidation or other transfer to which it is a party, *ipso facto*, shall be and become successor escrow agent hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Port, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Port within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Port, signed by such owners or by their duly authorized

attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Washington, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Port and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Port shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **Article 9. Miscellaneous**

### **Section 9.1. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Port or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

### **Section 9.2. Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Port, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 9.3. Binding Agreement.**

This Agreement shall be binding upon the Port and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the Port, the Escrow Agent and their respective successors and legal representatives.

### **Section 9.4. Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### **Section 9.5. Washington Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Washington.

### **Section 9.6. Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

### **Section 9.7. Notice to Moody's, Fitch S&P. [to be conformed to refunded bonds, once selected**

In the event that this Agreement or any provision thereof is severed, amended or revoked, the Port shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 99 Church Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds and to Standard & Poor's Ratings Service, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Public Finance Rating Desk/ Refunded Bonds; and Fitch Inc., One State Street Plaza, New York, NY 10004-1590, Attention: Public Finance Rating Desk/Refunded Bonds.

### **Section 9.8. Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies



of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

**EXECUTED** as of the date first written above.

**PORT OF SEATTLE**

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Chief Financial Officer

**J.P. MORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION**

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as Authorized Signer

- Exhibit A - Addresses of the Port and the Escrow Agent
- Exhibit A - Description of the Refunded Bonds
- Exhibit C - Schedule of Debt Service on Refunded Bonds
- Exhibit D - Description of Beginning Cash Deposit (if any) and Escrowed Securities
- Exhibit E - Escrow Fund Cash Flow
- Appendix A - Notice of Redemption
- Appendix B - Notice of Defeasance
- Appendix C - Fee Schedule

**EXHIBIT A**  
**Addresses of the Port and Escrow Agent**

**Port:** Port of Seattle  
2711 Alaskan Way  
Pier 69  
Seattle, WA 98121  
Attention: Chief Financial Officer

**Escrow Agent:** J.P. Morgan Trust Company, National Association  
Vice President & Relationship Manager  
JPMorgan Chase Bank  
1301 5th Avenue, Suite 3300  
Seattle, WA 98101-2630

**EXHIBIT A  
THE REFUNDED BONDS**

**Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A**

**(1999A T-18 Revenue Bonds)**

Maturity Years (September 1)	Principal Amount	Interest Rate
2029	\$ 59,740,000	6.000%

**Port of Seattle Limited Tax General Obligation Bonds, 2000**

**(Refunded 2000A LTGO Bonds)**

Maturity Year (December 1)	Principal Amounts	Interest Rates
2011	\$ 325,000	5.200%
2012	345,000	5.250
2013	365,000	5.300
2014	380,000	5.400
2015	400,000	5.500
2016	425,000	5.500
2017	450,000	5.500
2018	470,000	5.500
2019	500,000	5.600
2020	525,000	5.625
2025	3,115,000	5.750

**EXHIBIT C**  
**Schedule of Debt Service on the Refunded Bonds**

**1999A T-18 Revenue Bonds**

Date	Interest	Principal	Redemption Price	Total
_____	\$	\$	\$	\$

**Refunded 2000A LTGO Bonds**

Date	Interest	Principal	Redemption Price	Total
_____	\$	\$	\$	\$

**EXHIBIT D**  
**Escrow Deposit**

**Revenue Bond Escrow Account**

- I. Cash
- II. Other Obligations

Description	Maturity Date	Principal Amount	Interest Rate	Total Cost
		\$	%	\$
		\$ _____	--	\$ _____

**LTGO Bond Escrow Account**

- I. Cash
- II. Other Obligations

Description	Maturity Date	Principal Amount	Interest Rate	Total Cost
		\$	%	\$
		\$ _____	--	\$ _____

**EXHIBIT E**  
**Escrow Fund Cash Flow**

**Revenue Bond Escrow Account**

<b>Date</b>	<b>Total Cash Receipts From U.S. Treasury Securities</b>	<b>Cash Disbursements From Escrow</b>	<b>Cash Balance</b>
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**LTGO Bond Escrow Account**

<b>Date</b>	<b>Total Cash Receipts From U.S. Treasury Securities</b>	<b>Cash Disbursements From Escrow</b>	<b>Cash Balance</b>
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## APPENDIX A-1

### NOTICE OF REDEMPTION\*

#### Port of Seattle Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A

NOTICE IS HEREBY GIVEN that the Port of Seattle has called for redemption on March 1, 2010, its outstanding Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A (the "Bonds").

The Bonds will be redeemed at a price of one hundred and one percent (101%) of their principal amount, plus interest accrued to March 1, 2010. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

The Bank of New York  
Fiscal Agency Department  
Ground Floor  
101 Barclay Street, 7 East  
New York, NY 10286

-or-

Wells Fargo Bank National  
Association  
999 Third Avenue  
Seattle, WA 98104

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on March 1, 2010.

The following Bonds are being redeemed:

<u>Maturity Years (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Nos.</u>
2029	\$ 59,740,000	6.000%	735397AA9

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\* This notice shall be given not more than 60 nor less than 30 days prior to March 1, 2010 by first class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 35 days prior to March 1, 2010 to The Depository Trust Company, New York, New York; Goldman, Sachs & Co., MBIA Insurance Corporation, Moody's Investors Service and Standard & Poor's; and to each Nationally Recognized Municipal Securities Information Repository

**By Order of the Port of Seattle**

**The Bank of New York, as Paying Agent**

Dated: \_\_\_\_\_.

**IMPORTANT NOTICE:** ALL HOLDERS SUBMITTING THEIR BONDS MUST ALSO SUBMIT A FORM W-9. FAILURE TO PROVIDE A COMPLETED FORM W-9 MAY RESULT IN THE TWENTY NINE PERCENT (29%) BACK UP WITHHOLDING PURSUANT TO THE INTEREST AND DIVIDEND TAX COMPLIANCE ACT OF 1983 AND BROKER REPORTING REQUIREMENTS. THE FORM W-9 MAY BE OBTAINED FROM THE INTERNAL REVENUE SERVICE.



**APPENDIX A-2**

**NOTICE OF REDEMPTION\***

**Port of Seattle  
Port of Seattle Limited Tax General Obligation Bonds, 2000**

NOTICE IS HEREBY GIVEN that the Port of Seattle has called for redemption on December 1, 2010, its outstanding Limited Tax General Obligation Bonds, Series 2000 (the "Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to December 1, 2010. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

The Bank of New York  
Fiscal Agency Department  
Ground Floor  
101 Barclay Street, 7 East  
New York, NY 10286

-or-

Wells Fargo Bank National  
Association  
999 Third Avenue  
Seattle, WA 98104

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on December 1, 2010.

The following Bonds are being redeemed:

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\* This notice shall be given not more than 60 nor less than 30 days prior to December 1, 2010 by first class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 35 days prior to December 1, 2010 to The Depository Trust Company, New York, New York; PaineWebber Incorporated, Lehman Brothers Inc., Goldman, Sachs & Co., and Siebert Brandford Shank & Co. LLP, Moody's Investors Service and Standard & Poor's; and to each Nationally Recognized Municipal Securities Information Repository

Maturity Year (December 1)	Principal Amounts	Interest Rates
2011	\$ 325,000	5.200%
2012	345,000	5.250
2013	365,000	5.300
2014	380,000	5.400
2015	400,000	5.500
2016	425,000	5.500
2017	450,000	5.500
2018	470,000	5.500
2019	500,000	5.600
2020	525,000	5.625
2025	3,115,000	5.750

**By Order of the Port of Seattle**

**The Bank of New York, as Paying Agent**

Dated: \_\_\_\_\_.

**IMPORTANT NOTICE:** ALL HOLDERS SUBMITTING THEIR BONDS MUST ALSO SUBMIT A FORM W-9. FAILURE TO PROVIDE A COMPLETED FORM W-9 MAY RESULT IN THE TWENTY NINE PERCENT (29%) BACK UP WITHHOLDING PURSUANT TO THE INTEREST AND DIVIDEND TAX COMPLIANCE ACT OF 1983 AND BROKER REPORTING REQUIREMENTS. THE FORM W-9 MAY BE OBTAINED FROM THE INTERNAL REVENUE SERVICE.

**APPENDIX B-1**  
**Notice of Defeasance<sup>1</sup>**  
**Port of Seattle**  
**Special Facilities Revenue Bonds (Terminal 18 Project), Series 1999A**

NOTICE IS HEREBY GIVEN to the owners of that portion of the above captioned bonds with respect to which, pursuant to an Escrow Agreement dated \_\_\_\_\_, by and between the Port of Seattle (the "Port") and \_\_\_\_\_ (the "Escrow Agent"), the Port has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay to and including the redemption date of such bonds so provided for, the principal thereof, premium and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to Section 8 of Resolution No. 3321, as amended of the Port authorizing the Defeased Bonds, but will be paid by application of the assets in such escrow.

The Defeased Bonds are described as follows:

**Port of Seattle Revenue Bonds, Series 1999A**  
(Dated October 28, 1999)

Maturity Years (September 1)	Principal Amount	Interest Rate	Call Date (at 101%)	CUSIP No.
2029	\$ 59,740,000	6.000%	3/1/2010	735397AA9

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<sup>1</sup> \* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds and to each Nationally Recognized Municipal Securities Information Repository.

**APPENDIX B-2**  
**Notice of Defeasance<sup>2</sup>**  
**Port of Seattle**  
**Port of Seattle Limited Tax General Obligation Bonds, 2000**

NOTICE IS HEREBY GIVEN to the owners of that portion of the above captioned bonds with respect to which, pursuant to an Escrow Agreement dated \_\_\_\_\_, by and between the Port of Seattle (the "Port") and \_\_\_\_\_ (the "Escrow Agent"), the Port has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to Section 35 of Resolution No. 3393, as amended of the Port authorizing the Defeased Bonds, but will be paid by application of the assets in such escrow.

The Defeased Bonds are described as follows:

**Port of Seattle Limited Tax General Obligation Bonds, 2000**  
(Dated April 1, 2000)

Maturity Year (December 1)	Principal Amounts	Interest Rates	Call Date (at 100%)	CUSIP Nos.
2011	\$ 325,000	5.200%	12/1/2010	735371FB7
2012	345,000	5.250	12/1/2010	735371FC5
2013	365,000	5.300	12/1/2010	735371FD3
2014	380,000	5.400	12/1/2010	735371FE1
2015	400,000	5.500	12/1/2010	735371FF8
2016	425,000	5.500	12/1/2010	735371FG6
2017	450,000	5.500	12/1/2010	735371FH4
2018	470,000	5.500	12/1/2010	735371FJ0
2019	500,000	5.600	12/1/2010	735371FK7
2020	525,000	5.625	12/1/2010	735371FL5
2025	3,115,000	5.750	12/1/2010	735371FM3

<sup>2</sup> \* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds and to each Nationally Recognized Municipal Securities Information Repository.

**APPENDIX C**  
**Fee Schedule**

Escrow Agent Fee: \$ \_\_\_\_\_

Designated Port Representative is hereby authorized to deem final the Preliminary Official Statement for the Bonds for purposes of SEC Rule 15c2-12.


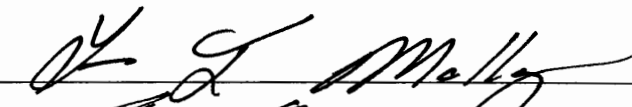

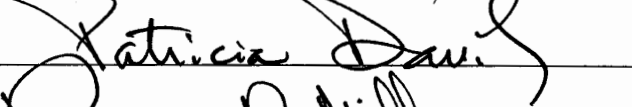

(c) *General Authorization.* The Designated Port Representative and other Port officials, agents and representative are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the successful bidder and for the proper application and use of the proceeds of sale of the Bonds.

Section 15. Bond Insurance. In the event that the successful bidder for the Bonds specifies that one or more maturities for the Bonds shall be insured, the Commission hereby authorizes and directs the Registrar to hold the Bond Insurance Policy of so directed by the Insurer.

Section 16. Effective Date. This resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at a meeting thereof, held this 8<sup>th</sup> day of November, 2005, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission duly affixed.

PORT OF SEATTLE

  
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Commissioners