

PORT OF SEATTLE, WASHINGTON

RESOLUTION NO. 3112, AS AMENDED

A RESOLUTION of the Port Commission of the Port of Seattle, Washington, authorizing the sale and issuance of Subordinate Lien Revenue Bonds, 1992 of the Port in the principal amount of \$27,500,000 for the purpose of financing its headquarters office building; fixing the date, forms, terms, maturities for such bonds; authorizing the creation of certain funds; establishing certain protective covenants for the repayment of the Bonds; and authorizing the approval of interest rates and sale of such bonds.

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

WHEREAS, the Port is in need of a new headquarters office building for its general administration purposes; and

WHEREAS, the Port has issued and there are currently outstanding the following series of senior lien revenue bonds:

<u>Resolution Number</u>	<u>Date of Issue</u>	<u>Original Principal Amt.</u>	<u>Currently Outstanding (4/1/92)</u>	<u>Final Maturity Dates</u>
2286	Feb. 1, 1969	\$ 20,000,000	\$10,770,000	Feb. 1, 1999
2397	Nov. 1, 1971	22,300,000	13,030,000	Nov. 1, 2001
2504	Nov. 1, 1973	111,000,000	65,320,000	Nov. 1, 2001
2653	Oct. 1, 1976	55,000,000	24,655,000	Apr. 1, 2000
2764	July 1, 1979	55,000,000	42,150,000	July 1, 2009
2919	Jan. 1, 1984	26,900,000	16,880,000	Jan. 1, 1999
2983	Dec. 1, 1985	40,800,000	32,485,000	Dec. 1, 2001

(the "Senior Lien Bonds"); and

WHEREAS, pursuant to Resolution No. 3059, as amended, adopted on February 2, 1990 (the "Master Resolution"), the Port also has authorized the issuance of revenue bonds in one or more series ("Parity Bonds") having parity lien on Net Revenues of the Port (herein defined); and

WHEREAS, the Master Resolution also authorizes and permits the Port to issue additional bonds with a lien on Net Revenues subordinate to the lien of the Parity Bonds and the Senior Lien Bonds; and

WHEREAS, the Port has determined that it would be in the best interests of the Port and its operations to finance its headquarters building project with a series of subordinate lien revenue bonds, as permitted under the Master Resolution; and

WHEREAS, it is necessary that the date, form, terms and maturities of such subordinate lien revenue bonds be fixed; and

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

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

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

"Available Revenue" means the Net Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third, Fourth and Fifth of Section 16 of this resolution.

"Bond Year" means each one year period (or shorter period from the date of issue) that ends at the close of business on the date specified in the Tax Exemption Agreement and Arbitrage Certification.

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

"Construction Fund-Headquarters" means the account by that name maintained in the office of the Treasurer for the purpose of holding funds, including a portion of the proceeds of the Subordinate Lien Bonds to be used for the Project.

"Co-Paying Agents" means the Registrar appointed for purposes of paying the principal of and interest and premium, if any, on the Subordinate Lien Bonds.

"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 Subordinate Lien Bonds pursuant to Section 3 hereof.

"Future Subordinate Lien Parity Bonds" means those revenue bonds or other revenue obligations which will be issued by the Port in the future with a lien on Net Revenues equal to the lien thereon of the Subordinate Lien Bonds.

"Insurer" means MBIA, the municipal bond insurance company issuing the policy of municipal bond insurance securing the repayment of the Subordinate Lien Bonds.

"Investment Agreements and Guaranteed Investments Contracts" means contracts and agreements for the investment of Port funds, between the Port and another party (the "Party"), subject to the criteria established by the Insurer, described on Exhibit C, attached hereto, which criteria may be modified in the discretion of the Insurer.

"Letter of Representations" means the letter of representations from the Registrar and the Port to DTC, in substantially the form of Exhibit A attached hereto and made a part hereof by this reference.

"MBIA" means Municipal Bond Investors Assurance Corporation, a stock insurance corporation incorporated under the laws of the State of New York.

"Net Proceeds," when used with reference to the Subordinate Lien Bonds, means the face amount of the Subordinate Lien Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds, if any, deposited into the Subordinate Lien Reserve Account.

"Outstanding Bonds" means the Port's Revenue Bonds, Series 1990A, Revenue Bonds, Series 1990B and Revenue Bonds, Series 1990C, issued pursuant to the Master Resolution and Resolution No. 3060, as amended, of the Port.

"Parity Bonds" means any revenue obligations issued by the Port pursuant to Section 7 of the Master Resolution, which Parity Bonds have a lien upon the Net Revenues for the payment of the principal thereof and interest thereon equal to the lien created upon Net Revenues for the payment of the principal of and interest on the Outstanding Bonds and the Series 1992 Bonds, and the term "Parity Bonds" shall mean and include the Outstanding Bonds, the Series 1992 Bonds and any bonds issued in the future as Parity Bonds.

"Permitted Investments" means any of the following:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. U.S. Export-Import Bank (Eximbank)
Direct obligations of fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration Participation Certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
 - a. GNMA - guaranteed mortgage-backed bonds
 - b. GNMA - guaranteed pass-through obligations
 7. U.S. Maritime Administration - Guaranteed Title XI financing
 8. U.S. Department of Housing and Urban Development (HUD)
 - a. Project Notes
 - b. Local Authority Bonds
 - c. New Communities Debentures - United States government guaranteed debentures
 - d. United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States agencies (stripped securities are only permitted if they have been stripped by the agency itself):
1. Federal Home Loan Bank System - Senior debt obligations
 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
 - a. Participation Certificates
 - b. Senior debt obligations
 3. Federal National Mortgage Association (FNMA or "Fannie Mae") - Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association (SLMA or "Sallie Mae") - Senior debt obligations
 5. Resolution Funding Corp. (Refcorp) obligations
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of S&P of AAAm-G; AAAm or AAm.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the

bondholders must have a perfected first security interest in the collateral.

- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or FSLIC.
- G. Investment Agreements and Guaranteed Investments Contracts.
- H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by Standard & Poor's.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's or Standard & Poor's in one of the two highest Rating Categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A-3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's.
- K. Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements ("Repos") should satisfy the following criteria or be approved by MBIA.

1. Repos must be between the municipal entity and a dealer bank or securities firm.
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by Standard & Poor's Corporation and Moody's Investor Services, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written Repo contract must include the following:

a. Securities which are acceptable for transfer are:

- (1) Direct United States government obligations, or
- (2) Federal agencies backed by the full faith and credit of the United States government (and FNMA and FMAC).

b. The term of the Repo must be no more than 30 days

c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest -
 (a) The value of collateral must be equal to 102% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 102% of the value of the cash and/or acceptable securities must be transferred.

L. Any state administered pool investment fund in which the Port is statutorily permitted or required to invest will be deemed a Permitted Investment.

M. Any other legal investment for Port funds that is reasonably acceptable to the Insurer.

"Permitted Prior Lien Bonds" means and includes the Senior Lien Bonds, the Parity Bonds and any revenue bonds that may be issued in the future at the discretion of the Port payable from Net Revenues available after the payment of the amounts described in paragraphs First, Second, Third and Fourth of Section 16 of this resolution, all as permitted in Section 17(a) of this resolution. All Permitted Prior Lien Bonds shall have liens on Net Revenues superior to the lien thereon of the Subordinate Lien Bonds and any Future Subordinate Lien Parity Bonds.

"Policy" means the policy of municipal bond insurance issued by the Insurer and securing the payment(s) of principal of and interest on the Subordinate Lien Bonds.

"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.

"Project" means the headquarters building project, authorized to be undertaken by Section 2 of this resolution.

"Qualified Insurance" means any noncancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in the highest Rating Category by one

or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) by issuing its policies causes obligations insured thereby to be rated in the highest Rating Category.

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

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

"Rebatable Arbitrage" means the amount computed from time to time pursuant to Section 10(a) of this resolution.

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

"Registrar" means, collectively, the fiscal agency of the State of Washington in Seattle, Washington, and New York, New York, appointed by this resolution for the purposes of registering and authenticating the Subordinate Lien Bonds, maintaining the Bond Register, and effecting transfer of ownership of the Subordinate Lien Bonds.

"Series 1992 Bonds" means, collectively, the Series 1992A Bonds and the Series 1992B Bonds. The Series 1992 Bonds do not mean and are not inclusive of the Subordinate Lien Bonds authorized by this resolution.

"Series 1992A Bonds" means the Port of Seattle, Washington, Revenue Bonds, Series 1992A, authorized to be issued by Section 2(a) of Resolution No. 3111, as amended.

"Series 1992B Bonds" means the Port of Seattle, Washington, Revenue Bonds, Series 1992B, authorized to be issued by Section 2(b) of Resolution No. 3111.

"Subordinate Lien Bond Fund" means the Port of Seattle Revenue Bond Fund, Subordinate Lien created in the office of the Treasurer of the Port by Section 7 of this resolution.

"Subordinate Lien Bonds" means the Port of Seattle, Washington, Subordinate Lien Revenue Bonds, 1992 authorized to be issued by Section 3 of this resolution.

"Subordinate Lien Debt Service Account" means the account of that name created in the Subordinate Lien Bond Fund by Section 7(a) of this resolution.

"Subordinate Lien Parity Test" means Available Revenue equal to or greater than two times Aggregate Annual Debt Service with respect to all Outstanding Subordinate Lien Bonds and Future Subordinate Lien Parity Bonds.

"Subordinate Lien Rate Covenant" has the meaning given such term in Section 18(a) of this resolution.

"Subordinate Lien Reserve Account" means the account of that name created in the Subordinate Lien Bond Fund by Section 7(b) of this resolution.

"Subordinate Lien Reserve Account Requirement" means the lesser of (i) \$2,300,000 or (ii) average Annual Debt Service with respect to the Subordinate Lien Bonds.

"Surety Bond" means the surety bond issued by the Insurer on the date of issuance and delivery of the Subordinate Lien Bonds for the purpose of satisfying the Subordinate Lien Reserve Account Requirement.

"Surety Bond Agreement" means the Guaranty Agreement between the Port and the Insurer, in substantially the form of Exhibit B attached hereto and made a part hereof by this reference.

"Tax Exemption Agreement and Arbitrage Certification" means the certificate executed by the Port at the time of closing and delivery of the Subordinate Lien Bonds that sets forth the methodology for computation of Rebutable Arbitrage.

Section 2. Authorization of Project. The Port shall acquire, construct and equip its headquarters building (the

"Project"). The Project shall be located at Pier 69, which is situated at 2611 Alaskan Way, Seattle, Washington.

The Port shall acquire all materials, equipment, real and personal property or interests therein, easements, franchises and rights-of-way necessary to construct the above-described Project, which are all as more particularly set forth in maps, plans and specifications prepared by Hewitt Isley, architects for the Project, and which are now on file with the Port. Such plans shall be subject to such additions or changes as to detail or other changes not affecting the main general plan as hereinbefore set forth as may be authorized by the Commission either prior to or during the actual course of construction.

The estimated cost of acquiring, constructing and installing the Project and of issuing the Subordinate Lien Bonds, is hereby declared to be, as near as may be, the sum of \$33,535,111 of which \$27,500,000 shall be paid out of the proceeds of sale of the Subordinate Lien Bonds, and the balance of which is expected to be paid from other available funds of the Port.

Section 3. Authorization of Subordinate Lien Bonds and Details of Subordinate Lien Bonds.

(a) Authorization. The Port shall issue the Subordinate Lien Bonds in the principal amount of \$27,500,000 for the purpose of providing part of the funds necessary to (i) pay the Costs of Construction of the Project and (ii) pay all costs incidental to the foregoing and to the issuance of the Subordinate Lien Bonds.

(b) Details. The Subordinate Lien Bonds shall be designated as "Port of Seattle, Washington, Subordinate Lien Revenue Bonds, 1992," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated April 1, 1992, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided no Subordinate Lien Bond shall represent more than one maturity, shall bear interest from

April 1, 1992 until the Subordinate Lien Bond bearing such interest has been paid or its payment duly provided for, payable on August 1, 1992, and semiannually on the first days of each February and August thereafter, and shall mature on August 1 of the following years in the following amounts and bear interest at the following rates per annum:

<u>Maturity Year</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
1994	\$ 550,000	4.600%
1995	575,000	4.900
1996	600,000	5.150
1997	630,000	5.400
1998	665,000	5.600
1999	705,000	5.750
2000	745,000	5.900
2001	790,000	6.000
2002	835,000	6.100
2003	885,000	6.200
2004	940,000	6.300
2005	1,000,000	6.400
2006	1,065,000	6.450
2010	4,995,000	6.600
2017	12,520,000	6.625

(c) Lien on Available Revenue. The Subordinate Lien Bonds and the lien thereof created and established hereunder shall be obligations only of the Subordinate Lien Bond Fund, hereinafter authorized to be created. The Subordinate Lien Bonds shall be payable solely from and secured solely by Available Revenue and by the Policy; provided, however, that any series of Future Subordinate Lien Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Future Subordinate Lien Parity Bonds.

From and after the time of issuance and delivery of the Subordinate Lien Bonds and so long thereafter as any of the same remain Outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the Subordinate Lien Bond Fund out of Available Revenue, on or prior to the date on which the interest on or principal of and interest on the Subordinate Lien Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Subordinate Lien Bonds.

Said amounts so pledged to be paid into the Subordinate Lien Bond Fund are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for the lien on Gross Revenue of the Permitted Prior Lien Bonds and except that the amounts so pledged are of equal lien to the liens and charges on Gross Revenue which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Subordinate Lien Parity Bonds.

The Subordinate Lien Bonds shall not in any manner or to any extent constitute general obligations of the Port or of the State of Washington, or of any political subdivision of the State of Washington, and no tax revenues of the Port may be used to pay the principal of and interest on the Subordinate Lien Bonds.

Section 4. Right of Prior Redemption and Purchase.

(a) Mandatory Redemption.

(1) The Subordinate Lien Bonds maturing on August 1, 2010, unless previously redeemed pursuant to optional redemption provisions of Section 4(b)(1) hereof, shall be redeemed by lot at par plus accrued interest to the date of redemption in the following amounts on August 1 of the following years:

<u>Year</u>	<u>Amount</u>
2007	\$1,135,000
2008	1,205,000
2009	1,285,000
2010	1,370,000*

* Final Maturity

(2) The Subordinate Lien Bonds maturing on August 1, 2017, unless previously redeemed pursuant to optional redemption provisions of Section 4(b)(1) hereof, shall be redeemed by lot at par plus accrued interest to the date of redemption in the following amounts on August 1 of the following years:

<u>Year</u>	<u>Amount</u>
2011	\$1,465,000
2012	1,560,000
2013	1,665,000
2014	1,775,000
2015	1,890,000
2016	2,015,000
2017	2,150,000*

*Final Maturity

(3) To the extent that the Port shall have optionally redeemed or purchased the Subordinate Lien Bonds pursuant to subsection (b) or (f) of this Section 4 since the last scheduled mandatory redemption of the Subordinate Lien Bonds, the Port may reduce the principal amount of Subordinate Lien Bonds to be redeemed in like principal amount. Such reduction may be applied in the year specified by the Designated Port Representative.

(b) Optional Redemption. The Port hereby reserves the right, at its option, to redeem the Outstanding Subordinate Lien Bonds maturing on and after August 1, 2003 on and after August 1, 2002 in whole on any date or in part and if in part on any interest payment date, with maturities to be selected by the Port and by lot within a maturity, at the following prices, expressed as a percentage of the principal amount of the Subordinate Lien Bonds to be redeemed, plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 2002 through July 31, 2003	102%
August 1, 2003 through July 31, 2004	101%
August 1, 2004 and thereafter	100%

The Subordinate Lien Bonds may not be called for optional redemption by the Port unless all amounts owed to the Insurer under the terms of the Surety Bond Agreement have been paid in full.

(c) Selection of Subordinate Lien Bonds for Redemption. If the Port redeems at any one time fewer than all of the Subordinate Lien Bonds having the same maturity date, the particular Subordinate Lien Bonds or portions of Subordinate Lien

Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar) in increments of \$5,000; provided, however, that for as long as the Subordinate Lien Bonds are in fully immobilized form, the selection of Subordinate Lien Bonds for redemption shall be made as provided in the Letter of Representations. In the case of a Subordinate Lien Bond of a denomination greater than \$5,000, the Port and Registrar shall treat each Subordinate Lien Bond as representing such number of separate Subordinate Lien Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Subordinate Lien Bond by \$5,000 of actual principal amount. In the event that only a portion of the principal sum of a Subordinate Lien Bond is redeemed, upon surrender of the Subordinate Lien 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 Subordinate Lien Bond or Subordinate Lien Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) Notice of Redemption. For so long as all Outstanding Subordinate Lien Bonds are in fully immobilized form, notice of redemption shall be given as provided in the Letter of Representations.

In the event that the Subordinate Lien Bonds are no longer registered in fully immobilized form, notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption, by first class mail, postage prepaid, to the Registered Owner of any Subordinate Lien Bond to be redeemed at the address appearing on the Bond Register. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether it is actually received by the Registered Owner of any Subordinate Lien Bond. Notice shall also be mailed within the same time period, postage prepaid, to PaineWebber

Incorporated, Goldman, Sachs & Co., Lehman Brothers, M.R. Beal & Company and Artemis Capital Group, Inc. or to their respective business successors, if any, but mailing of the notice shall not be a condition precedent to the call of any Subordinate Lien Bonds for redemption.

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

- (1) the redemption date;
- (2) the redemption price;
- (3) if fewer than all outstanding Subordinate Lien Bonds are to be redeemed the identification (and, in the case of partial redemption, the respective principal amounts) of the Subordinate Lien Bonds to be redeemed;
- (4) that on the redemption date the redemption price will become due and payable upon each such Subordinate Lien Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;
- (5) the place where such Subordinate Lien Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar; and
- (6) that the notice of redemption may be withdrawn and the proposed redemption of Subordinate Lien Bonds cancelled if for any reason funds will not be available on the date fixed for redemption.

On or prior to any redemption date, the Port shall deposit with the Registrar from money available therefor an amount of money sufficient to pay the redemption price of all the Subordinate Lien Bonds or portions of Subordinate Lien Bonds which are to be redeemed on that date.

Any notice of redemption may be cancelled and annulled if for any reason funds are not available on the date fixed for

redemption for payment in full of the Subordinate Lien Bonds then called for redemption.

Official notice of redemption having been given as aforesaid, the Subordinate Lien Bonds or portions of Subordinate Lien Bonds which are to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Port shall default in the payment of the redemption price) such Subordinate Lien Bonds or portions of Subordinate Lien Bonds shall cease to bear interest. If said funds shall not be so available on the redemption date, such Subordinate Lien Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Upon surrender of such Subordinate Lien Bonds for redemption in accordance with said notice, such Subordinate Lien Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Subordinate Lien Bond, there shall be prepared for the Registered Owner a new Subordinate Lien Bond or Subordinate Lien Bonds of the same maturity in the amount of the unpaid principal. All Subordinate Lien Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Registrar as set out below, but no defect in said further notice nor 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: (i) the CUSIP numbers of all Subordinate Lien Bonds being redeemed; (ii) the date of issue of the Subordinate

Lien Bonds as originally issued; (iii) the rate of interest borne by each Subordinate Lien Bond being redeemed; (iv) the maturity date of each Subordinate Lien Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Subordinate Lien Bonds being redeemed.

Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Subordinate Lien Bonds (such depositories now being DTC, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

Upon the payment of the redemption price of the Subordinate Lien Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue or maturity, the Subordinate Lien Bonds being redeemed with the proceeds of such check or other transfer.

(e) Effect of Call. Interest on any Subordinate Lien Bonds so called for redemption shall cease on such redemption date unless the same shall not be redeemed upon presentation made pursuant to such call.

(f) Purchase of Subordinate Lien Bonds for Retirement. The Port further reserves the right to use at any time any surplus Gross Revenue available after providing for the payment required by paragraph First through Seventh of Section 16 of this resolution to purchase any of the Subordinate Lien Bonds in the open market for retirement.

(g) Source of Funds for Subordinate Lien Bond Redemption. Redemption of the Subordinate Lien Bonds, pursuant to this Section 4, other than mandatory redemption pursuant to subsection (a) hereof, shall be made only from and to the extent of funds deposited with the Treasurer of the Port and available for such purpose.

Section 5. Place and Medium of Payment. Both principal of and interest on the Subordinate Lien Bonds shall be payable in lawful money of the United States of America. If the Registrar intends to draw upon the Policy for the payment of principal and/or interest on the Subordinate Lien Bonds, the Registrar shall deliver a notice in accordance with the provisions of Section 20(h) of this resolution. For so long as all Outstanding Subordinate Lien Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in the Letter of Representations.

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

Section 6. Registration.

(a) Bond Register. The Port hereby appoints the fiscal agency of the State of Washington as the Registrar. The Port shall cause a bond register to be maintained by the Registrar. So long as any Subordinate Lien Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Subordinate Lien Bonds at its principal office.

(b) Registered Ownership. The Port and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Subordinate Lien Bond as the absolute owner thereof for all purposes, and neither the Port nor the Registrar shall be

affected by any notice to the contrary. Payment of any such Subordinate Lien Bond shall be made only as described in Section 5 hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the Port upon such Subordinate Lien Bond to the extent of the amount or amounts so paid.

(c) DTC Acceptance/Letter of Representations. To induce DTC to accept the Subordinate Lien Bonds as eligible for deposit at DTC, the Port shall execute and deliver the Letter of Representations. The Designated Port Representative is hereby authorized to execute the Letter of Representations with such changes as may hereafter be approved by the Designated Port Representative, and such approval shall be conclusively presumed by the Designated Port Representative's execution thereof. The Subordinate Lien Bonds initially issued shall be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in Exhibit A attached hereto; shall be issued in denominations equal to the aggregate principal amount of each maturity and initially shall be registered in the name of Cede & Co., as the nominee of DTC.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Subordinate Lien Bonds in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the Subordinate Lien 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), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Subordinate Lien Bonds or any consent given or other action taken by DTC as the Registered

Owner. For so long as any Subordinate Lien Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in the Subordinate Lien Bonds.

If any Subordinate Lien 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 Subordinate Lien Bond until it is paid.

(d) Use of Depository.

(1) The Subordinate Lien Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Subordinate Lien Bond maturing on each of the maturity dates for the Subordinate Lien Bonds of each series in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Subordinate Lien Bonds, or any portions thereof, may not thereafter be transferred except (i) 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; (ii) to any substitute depository appointed by the Commission pursuant to subsection (2) below or such substitute depository's successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Commission that it is no longer in the best interests of owners of beneficial interests of the Subordinate Lien Bonds to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its

successor), the Commission may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provided the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Bonds, together with a written request on behalf of the Commission, issue a single new Subordinate Lien Bond for each maturity of such Subordinate Lien Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Commission.

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

(5) The Port and the Registrar shall be entitled to treat the person in whose name any Subordinate Lien Bond is

registered as the absolute owner thereof for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the Port. Neither the Port nor the Registrar will have any responsibility or obligations, legal or otherwise, to any other party including DTC or its successor (or substitute depository or its successor), except for the Registered Owners of the Subordinate Lien Bonds.

(e) Transfer or Exchange of Registered Ownership; Change in Denominations. The registered ownership of any Subordinate Lien Bond may be transferred or exchanged, but no transfer of any Subordinate Lien Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Subordinate Lien 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 Subordinate Lien Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Subordinate Lien Bond (or Subordinate Lien 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 Subordinate Lien Bond, in exchange for such surrendered and cancelled Subordinate Lien Bond. Any Subordinate Lien Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Subordinate Lien Bonds of the same date, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to transfer or exchange any Subordinate Lien Bond during the 15 days preceding any interest payment or principal payment date or following any publication of notice of redemption.

(f) Registrar's Ownership of Subordinate Lien Bonds. The Registrar may become the Registered Owner of any Subordinate Lien 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 Subordinate Lien Bonds.

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

(h) Subordinate Lien Bonds Payable from Subordinate Lien Bond Fund. The Subordinate Lien Bonds shall be obligations only of the Subordinate Lien Bond Fund and shall be payable and secured as provided herein. The Subordinate Lien Bonds are not general obligations of the Port. The Subordinate Lien Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 7. Subordinate Lien Bond Fund. A special fund of the Port designated the "Port of Seattle Subordinate Lien Revenue Bond Fund" (the "Subordinate Lien Bond Fund") is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Subordinate Lien Bonds. The Subordinate Lien 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 Subordinate Lien Bonds.

(a) A Subordinate Lien Debt Service Account is hereby authorized to be created in the Subordinate Lien Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Subordinate Lien Bonds.

The Port hereby irrevocably obligates and binds itself for as long as any Subordinate Lien Bonds remain Outstanding to set aside and pay into the Subordinate Lien Debt Service Account from Available Revenue or money in the Revenue Fund, on or prior to the respective dates the same become due:

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Subordinate Lien Bonds; and

(2) Such amounts with respect to Outstanding Subordinate Lien Bonds as are required (A) to pay maturing principal, (B) to make required sinking fund payments, and (C) to redeem Outstanding Subordinate Lien Bonds in accordance with any mandatory redemption provisions.

(b) A Subordinate Lien Bond Reserve Account (the "Subordinate Lien Reserve Account") is hereby authorized to be created in the Subordinate Lien Bond Fund for the purpose of securing the payment of the principal of and interest on Subordinate Lien Bonds.

The Port hereby covenants and agrees that on the date of issuance of the Subordinate Lien Bonds, it will purchase the Surety Bond, as Qualified Insurance, in the aggregate total policy amount of \$2,300,000, in satisfaction of the Subordinate Lien Reserve Account Requirement for deposit in the Subordinate Lien Reserve Account. At the time of issuance of the Surety Bond, the Port shall enter into, and the Designated Port Representative is hereby authorized to execute, a Surety Bond Agreement, substantially in the form attached hereto as Exhibit B, incorporated by this reference herein. The Designated Port Representative may negotiate such modifications of said Surety Bond Agreement on his/her discretion, and the terms of said Surety Bond Agreement shall be deemed approved conclusively by the Port upon the execution of the Surety Bond Agreement by the Designated Port Representative.

In consideration of the issuance and maintenance of the Surety Bond, the covenants of the Port in this Subordinate Lien Resolution are hereby declared to be for the further benefit of the Insurer as issuer of the Surety Bond, and said corporation shall be a beneficiary of all said covenants.

In addition, the Port hereby covenants and agrees that any provision of this Subordinate Lien Resolution which expressly recognizes or grants rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer. The consent of the Insurer shall be required in addition to the consent of the Registered Owners, when required, for the following purposes: (i) adoption of supplemental resolutions and (ii) the initiation or approval of any other action which requires the consent of the Registered Owners. The Designated Port Representative may provide such additional information and/or notices to the Insurer as he/she shall determine in his/her discretion.

The Port further covenants and agrees that it will maintain the Surety Bond or equivalent thereof (as provided in the following sentence) in the Subordinate Lien Reserve Account in an amount at least equal to the Subordinate Lien Reserve Account Requirement. The Subordinate Lien Reserve Account Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. In computing the amount on hand in the Subordinate Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at cost. If a deficiency in the Subordinate Lien Debt Service Account shall occur, such deficiency shall be made up from the Subordinate Lien Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Subordinate Lien Reserve Account, if

necessary, in such amounts as will provide cash in the Subordinate Lien Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the Port shall then draw from the Surety Bond or any Qualified Letter of Credit or Qualified Insurance for the Subordinate Lien Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the Surety Bond Agreement or the agreement for such Qualified Letter of Credit or such Qualified Insurance, as applicable, shall provide. Reimbursement shall be made to the Insurer in accordance with the terms of the Surety Bond Agreement and after making necessary provision for the payments required to be made in paragraph First through Sixth of Section 16 of this resolution. Any deficiency created in the Subordinate Lien Reserve Account by reason of any such withdrawal shall be made up within one year in no more than 12 equal monthly installments from Qualified Insurance or a Qualified Letter of Credit or out of Available Revenue (after provision for the payments required to be made in paragraphs First through Sixth of Section 16 of this resolution) after making necessary provision for the payments required to be made into the Subordinate Lien Debt Service Account within such year.

In making the payments and credits to the Subordinate Lien Reserve Account required by this Section 7(b), to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Subordinate Lien Reserve Account, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Subordinate Lien Reserve Account by this Section 7(b) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified

Letter of Credit or Qualified Insurance shall not be cancellable on less than one year's notice. In the event of any cancellation or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent, the Subordinate Lien Reserve Account Requirement shall be satisfied (i) within one year of the insolvency but in any event no later than the date of cancellation with Qualified Insurance or another Qualified Letter of Credit, or (ii) within one year (in 12 equal installments) of the insolvency or cancellation out of Available Revenue (or out of moneys on hand legally available for such purpose) after making necessary provisions for the payments required to be made into the Subordinate Lien Debt Service Account.

(c) Said amounts so pledged to be paid into the Subordinate Lien Debt Service Account and Subordinate Lien Reserve Account with respect to the Subordinate Lien Bonds are hereby declared to be an equal and prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except for the lien and charge on Gross Revenue of Permitted Prior Lien Bonds and except that the amounts so pledged are of equal lien to the lien and charge on Gross Revenue which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Subordinate Lien Parity Bonds.

(d) Use of Excess Money. Money in the Subordinate Lien Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Subordinate Lien Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Subordinate Lien Bonds. Money in the Subordinate Lien Debt Service Account and the Subordinate Lien Reserve Account may be invested in Permitted Investments that are at the time also legal for the investment of port district funds.

Section 8. Defeasance. In the event that money and/or Government Obligations (as defined in RCW ch. 39.53) maturing or having guaranteed redemption prices at the option of the owner at

such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Subordinate Lien Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Subordinate Lien Bond Fund or any account therein for the payment of the principal of and interest on the certain Subordinate Lien Bonds so provided for and such Subordinate Lien Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Subordinate Lien Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

Section 9. Disposition of the Proceeds of Sale of Subordinate Lien Bonds. The proceeds of the Subordinate Lien Bonds shall be applied as follows:

(a) All interest on the Subordinate Lien Bonds accrued from their date to the date of delivery shall be paid into the Subordinate Lien Debt Service Account;

(b) The premium cost for the Policy shall be paid from the proceeds of the Subordinate Lien Bonds on the date of issuance and delivery of the Subordinate Lien Bonds; and

(c) The remainder of the proceeds of the Subordinate Lien Bonds shall be paid into the Construction Fund-Headquarters.

The Treasurer of the Port is hereby authorized and directed to create a special fund or account of the Port, designated as the "Port of Seattle Construction Fund-Headquarters" (the "Construction Fund-Headquarters"). The money on deposit in the Construction Fund-Headquarters shall be utilized to pay Costs of Construction of the Project and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Subordinate Lien Bonds, to the extent designated by the Port.

All or part of the proceeds of the Subordinate Lien Bonds may be temporarily invested in or with such institutions or in such obligations that are Permitted Investments and that are now or hereafter permitted to port districts of the State of Washington by law and which will mature prior to the date on which such money shall be needed.

In the event that it shall not be possible or practicable to accomplish the Project in its entirety, the Port may apply the proceeds of the Subordinate Lien Bonds to pay the Costs of Construction of such portion thereof as the Commission shall determine to be in the best interests of the Port, subject to the limitations of Section 10 of this resolution. Any part of the proceeds of the Subordinate Lien Bonds remaining in the Construction Fund-Headquarters, after all costs referred to in this Section have been paid, may be used to acquire, construct, equip and make other improvements to the Facilities of the Port subject to the limitations of Section 10(c) hereof or may be transferred to the Subordinate Lien Bond Fund for the uses and purposes therein provided.

Section 10. Tax Covenants/Rebate.

(a) Arbitrage Covenant. The Port hereby covenants that it will not make any use of the proceeds of sale of the Subordinate Lien Bonds or any other funds of the Port which may be deemed to be proceeds of such Subordinate Lien Bonds pursuant to Section 148 of the Code, as amended, and the applicable regulations thereunder which, if such use had been reasonably expected on the date of delivery of the Subordinate Lien Bonds to the initial purchasers thereof, would have caused the Subordinate Lien Bonds to be "arbitrage bonds" within the meaning of said section and said regulations. The Port will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Subordinate Lien Bonds.

(b) Rebate.

(1) The Port will pay Rebatable Arbitrage to the United States of America in accordance with the provisions of Tax Exemption Agreement and Arbitrage Certification.

(2) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19225 and will be accompanied by IRS Form 8038-T.

(c) Private Person Use Limitation for Subordinate Lien Bonds. The Port covenants that for as long as the Subordinate Lien Bonds are Outstanding, it will not permit:

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

(2) More than 10% of the principal or interest payments on the Subordinate Lien Bonds in a Bond Year to be (under the terms of this resolution or any underlying arrangement) directly or indirectly: (i) 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 (ii) 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 5% of the Net Proceeds of the Subordinate Lien Bonds are to be used for any Private Person Use; and

(4) More than 5% of the principal or interest payments on the Subordinate Lien Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (i) 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 (ii) 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 Project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the 5% limitations described in subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Subordinate Lien Bonds used for the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project relates. The Port further covenants that it will comply with any limitations on the use of the Project 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 Subordinate Lien Bonds.

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

(e) Modification of Tax Covenants. The covenants of this Section 10 are specified solely to assure the continued exemption from regular income taxation of the interest on the Subordinate Lien Bonds. To that end, the provisions of this Section 10 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 the Subordinate Lien Bonds.

Section 11. Lost, Stolen or Destroyed Subordinate Lien Bonds. In case any Subordinate Lien Bond or Subordinate Lien Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Subordinate Lien Bond or Subordinate Lien 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 Subordinate Lien Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 12. Form of Subordinate Lien Bonds and Registration Certificates. The Subordinate Lien Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE

The Municipal Bond Investors Assurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Seattle-First National Bank, Seattle, Washington (such policy to be maintained at the office of the fiscal agency of the State of Washington, as Paying Agent for the following described Subordinate Lien Bonds).

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

§ _____
Port of Seattle, Washington
Subordinate Lien Revenue Bonds, 1992

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

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

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

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

MUNICIPAL BOND INVESTORS
ASSURANCE CORPORATION

UNITED STATES OF AMERICA

NO. _____ \$ _____

STATE OF WASHINGTON

PORT OF SEATTLE

SUBORDINATE LIEN REVENUE BOND, 1992

Maturity Date: _____ CUSIP No. _____
Interest Rate: _____
Registered Owner: _____
Principal Amount: _____

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Subordinate Lien Revenue Bond Fund, 1992" (the "Subordinate Lien Bond Fund") created by Resolution No. 3112, as amended, of the Port Commission (the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Subordinate Lien Bond Fund from April 1, 1992, 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 August 1, 1992, and semiannually thereafter on the first days of each February and August. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft to the Registered Owner or assigns at the address shown on the Bond Register on the 15th day of the month prior to the interest payment date (or, if this bond is held in fully immobilized form or otherwise if agreed to by the Port, by wire transfer). Principal shall be paid to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of an issue of bonds of the Port 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 acquire, construct and install improvements to Port facilities.

The Port reserves the right to redeem the bonds of this issue maturing on and after August 1, 2003 on and after August 1, 2002 in whole on any date or in part on any interest payment date and if in part, with maturities to be selected by the Port and by lot within a maturity in such manner as the Registrar shall determine, at the following prices plus accrued interest to the date of redemption.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 2002 through July 31, 2003	102%
August 1, 2003 through July 31, 2004	101%
August 1, 2004 and thereafter	100%

The Port has obligated and bound itself to redeem bonds maturing on August 1, 2010, by lot (in such manner as shall be determined by the Registrar), at par plus accrued interest in the following amounts on August 1 of the following years:

<u>Year</u>	<u>Amount</u>
2007	\$1,135,000
2008	1,205,000
2009	1,285,000
2010	1,370,000*

* Final Maturity

The Port has obligated and bound itself to redeem bonds maturing on August 1, 2017, by lot (in such manner as shall be determined by the Registrar), at par plus accrued interest in the following amounts on August 1 of the following years:

<u>Year</u>	<u>Amount</u>
2011	\$1,465,000
2012	1,560,000
2013	1,665,000
2014	1,775,000
2015	1,890,000
2016	2,015,000
2017	2,150,000*

* Final Maturity

Notice of any such intended redemption shall be given as provided in the Letter of Representations, dated as of April 28, 1992 among the Port, the Registrar and The Depository Trust Company.

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.

This bond is transferable only on the records maintained by the Registrar for that purpose upon the surrender of this bond by the registered owner hereof or his/her duly authorized agent and only if endorsed in the manner provided hereon, and thereupon a new fully registered bond of like principal amount, series, maturity and interest rate shall be issued to the transferee in exchange therefor. Such exchange or transfer shall be without cost to the registered owner or transferee. The Port and Registrar may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on the bond and for any and all other purposes whatsoever.

The Registrar is not required to issue, register, transfer or exchange any of the bonds during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on the interest payment date, or, in the case of any proposed redemption of the bonds, after the mailing of notice of the call of such bonds for redemption.

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

The Port does hereby pledge and bind itself to set aside from such Gross Revenue, and to pay into the Subordinate Lien Bond Fund and the Subordinate Lien Reserve Account created therein the various amounts required by the Bond Resolution to be paid into and maintained in the Fund and Account, all within the times provided by the Bond Resolution.

The amounts so pledged to be paid out of Gross Revenue into the Subordinate Lien Bond Fund and the Subordinate Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the liens thereon of any Permitted Prior Lien Bonds and subject further to the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

The Port has further bound itself to maintain all of its properties and facilities which contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable

cost, and to establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any bonds of this issue are outstanding that it will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Revenue (as the same is defined in the Bond Resolution) in an amount equal to or greater than the Subordinate Lien Rate Covenant.

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

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

IN WITNESS WHEREOF, the Port of Seattle, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the 1st day of April, 1992.

PORT OF SEATTLE, WASHINGTON

By /s/ _____
President, Port Commission

ATTEST:

/s/ _____
Secretary, Port Commission

King County Comptroller's Reference No. _____

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Subordinate Lien Revenue Bonds, 1992 of the Port of Seattle, Washington, dated April 1, 1992.

WASHINGTON STATE FISCAL
AGENCY, Registrar

By _____
Authorized Signer

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

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

Additional abbreviations may also be used although not listed above.

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE
 / _____ /

(Please print or typewrite name and address, including zip code of transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Agent to transfer said bond on the books kept by the Registrar for registration thereof, with full power of substitution in the premises.

DATED: _____, 19 ____.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

In the event the Subordinate Lien Bonds are no longer in fully immobilized form, the form of Subordinate Lien Bonds may be modified to conform to printing requirements and the terms of this resolution.

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

Only such Subordinate Lien 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 Subordinate Lien 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 Subordinate Lien Bonds shall cease to be such officer or officers of the Port before the Subordinate Lien Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Subordinate Lien 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 Subordinate Lien Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Subordinate Lien Bond shall be the proper officers of the Port although at the original date of such Subordinate Lien Bond any such person shall not have been such officer.

Section 14. Registrar. The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Subordinate Lien Bonds which shall at all times be open to inspection by the Port. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Subordinate Lien Bonds transferred or exchanged in accordance with the provisions of such Subordinate Lien 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 Subordinate Lien Bonds. The Registrar may become the owner of Subordinate

Lien Bonds 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 a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners of the Subordinate Lien Bonds.

Section 15. Defaults and Remedies. The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this resolution:

(a) The Port shall fail to make payment of the principal of any Subordinate Lien Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The Port shall fail to make payments of any installment of interest on any Subordinate Lien Bonds when the same shall become due and payable;

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

Upon the occurrence and continuation of a Default, the Insurer shall be entitled to exercise any of the remedies provided under this section and, for as long as the Insurer is not in default of its obligations under the Policy, the Insurer shall be the only party entitled to exercise the remedies provided under this section.

Upon the occurrence of a Default and so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Subordinate Lien Bonds by the owners of 51% in principal amount of the Subordinate Lien Bonds by an instrument

or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointment under the provisions of this Section shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount of the Subordinate Lien Bonds Outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Subordinate Lien Bonds for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the Port, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Subordinate Lien Bonds or the provisions of this resolution may be enforced by a Bondowners' Trustee without the

possession of any of said Subordinate Lien Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Subordinate Lien Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Subordinate Lien Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Subordinate Lien Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of said Subordinate Lien Bonds, any plan of reorganization or adjustment affecting the said Subordinate Lien Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the Port shall be a party.

No owner of any one or more of the Subordinate Lien Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution or in the Subordinate Lien Bonds shall affect or impair the obligation of the Port which is absolute and

unconditional, to pay from Available Revenues the principal of and interest on said Subordinate Lien Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Subordinate Lien Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by a Bondowners' Trustee or by the owners of Subordinate Lien Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such Default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 16. Priority of Use of Gross Revenue. The Port's Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to make all payments required to be made with respect to Senior Lien Bonds;

Second, to pay Operating Expenses not paid from other sources;

Third, to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any redemption fund maintained for Parity Bonds to pay the principal of and interest and premium, if any, on any Parity Bonds;

Fourth, to make all payments required to be made into any reserve account(s) maintained for Parity Bonds to secure the payment of any Parity Bonds;

Fifth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the Port having liens upon the Net Revenues and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on any Parity Bonds, but prior to the lien thereon of the Subordinate Lien Bonds and any Future Subordinate Lien Parity Bonds;

Sixth, to make payments necessary to be paid into the Subordinate Lien Debt Service Account to pay the principal of and interest on the Subordinate Lien Bonds and any Future Subordinate Lien Parity Bonds;

Seventh, to make all payments required to be made into the reserve account(s) securing the Subordinate Lien Bonds and any Future Subordinate Lien Parity Bonds;

Eighth, to make all payments required to be made into the Repair and Renewal Fund to maintain any required balance therein; and

Ninth, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary addi-

tions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

Section 17. Permitted Prior Lien Bonds and Future Subordinate Lien Parity Bonds.

(a) Permitted Prior Lien Bonds. As provided in the Master Resolution, the Port reserves the right to issue from time to time one or more series of Senior Lien Bonds, as permitted in the Master Resolution, and Parity Bonds by means of a Series Resolution for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of Parity Bonds set forth in the Master Resolution. In addition, and provided that the Port is not in default of its obligations under this resolution, the Port also reserves the right to issue obligations payable from Net Revenue available after payment of the amounts described in paragraphs First through Fourth of Section 16 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Subordinate Lien Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) Future Subordinate Lien Parity Bonds - General Provisions. The Port hereby further covenants and agrees with the Owners of each of the Subordinate Lien Bonds for as long as any of the same remain Outstanding that it will not issue any Future Subordinate Lien Parity Bonds except that the Port hereby reserves the right to issue additional revenue bonds, which shall constitute a charge and lien upon the Available Revenue equal to the lien thereon of the Subordinate Lien Bonds, if at the time of the issuance of such Future Subordinate Lien Parity Bonds the Port is not in default under this resolution, and either of the conditions (1) or (2) below are satisfied.

(1) Certificate Required. Unless the Port is able to meet the criteria set forth in (2) below, a certificate

shall be filed with the Port (as described in this subsection (b) or (c) below) demonstrating fulfillment of the Subordinate Lien Parity Test, (i) commencing with the first full fiscal year following the later of (A) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds or (B) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued no longer will be paid from the proceeds of such bonds, and (ii) for the following two fiscal years.

(2) No Certificate Required. A certificate shall not be required as a condition to the issuance of Future Subordinate Lien Parity Bonds:

(i) if the Future Subordinate Lien Parity Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c) of this section; or

(ii) if the Future Subordinate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such Facilities has not materially changed.

A certificate may be delivered by the Port without a Consultant if the Available Revenue, based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of

the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, demonstrate that the Subordinate Lien Parity Test will be fulfilled commencing with the first full fiscal year following the later of (i) the date of Commercial Operation of the Facilities to be financed with the proceeds of the Future Subordinate Lien Parity Bonds as reasonably estimated by the Port, or (ii) the date on which any portion of interest on the Future Subordinate Lien Parity Bonds then being issued will not be paid from the proceeds of such Future Subordinate Lien Parity Bonds and for the following two fiscal years. Except as provided in the foregoing paragraphs, compliance with the coverage requirements of this Section 17 shall be demonstrated conclusively by a certificate of a Consultant. Upon the issuance of any Future Subordinate Lien Parity Bonds, Available Revenue shall be distributed among each such series on a pro rata basis without regard to the existence of a funded debt serve reserve or a surety bond.

In making the computations of Available Revenue for the purpose of certifying compliance with the Subordinate Lien Parity Test of this Section 17, the Consultant shall use as a basis the Available Revenue for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable.

(c) Future Subordinate Lien Parity Bonds For Refunding Purposes. The Port may issue Future Subordinate Lien Parity Bonds for refunding purposes, as follows:

- (1) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Subordinate Lien Bonds or Future Subordinate Lien Parity Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund

the same and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(1) above. Such refunding Future Subordinate Lien Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Subordinate Lien Bonds and Future Subordinate Lien Parity Bonds to be Outstanding after the issuance of the refunding Future Subordinate Lien Parity Bonds shall not be greater than the Maximum Annual Debt Service on the bonds to be refunded were such refunding not to occur.

(2) Future Subordinate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Future Subordinate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Future Subordinate Lien Parity Bonds the Port must provide a certificate if required by this section.

(3) Future Subordinate Lien Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any bonds for the payment of which sufficient Available Revenue or other money are not available, without the requirement of a certificate pursuant to this section.

(d) Liens Subordinate to Subordinate Lien Bonds. Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations which are a charge upon the Available Revenue junior or inferior to the payments required by this resolution to be made out of such Available Revenue to pay and secure the payment of any Subordinate Lien Bonds or Future Subordinate Lien Parity Bonds.

Section 18. Covenants. The Port hereby covenants and agrees with the owners and holders of each of the Subordinate Lien Bonds for as long as any of the same remain Outstanding as follows:

(a) Subordinate Lien Rate Covenant. That it will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business for as long as any Subordinate Lien Bonds are Outstanding that will produce Available Revenue in each fiscal year at least equal to the amounts required to be deposited during such fiscal year from Net Revenues into bond funds and reserve funds established for Outstanding Subordinate Lien Bonds and all amounts due to the Insurer, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service (herein referred to as the "Subordinate Lien Rate Covenant").

If the Available Revenue in any fiscal year is less than required to fulfill the Subordinate Lien Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Subordinate Lien Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Available Revenue in the fiscal year in which adjustments are made nevertheless is not sufficient to meet the Subordinate Lien Rate Covenant, there shall be no default under this Section 18(a) during such fiscal year, unless the Port fails to meet the Subordinate Lien Rate Covenant for two consecutive fiscal years.

(b) Performance of Covenant. That it will duly and punctually pay or cause to be paid out of the Subordinate Lien

Bond Fund the principal of and interest on the Subordinate Lien Bonds at the times and places as provided in this resolution and in said Subordinate Lien Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution and in the Subordinate Lien Bonds.

(c) Maintenance of Facilities. That it will at all times keep and maintain all of the Facilities in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) Disposition of Project. That in the event the Project is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to other Facilities or to the retirement of Permitted Prior Lien Bonds or Subordinate Lien Bonds then Outstanding.

(e) Insurance of Facilities. That it will keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(f) Insurance Against Port Liability. That it will at all times keep or arrange to keep in full force and effect policies of public liabilities and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(g) Maintenance of Books and Records. That it will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance

and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. That on or before 120 days after each fiscal year it will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port, and shall be open to inspection at any reasonable time by the owners of Subordinate Lien Bonds.

Section 19. Sale of Subordinate Lien Bonds. The Subordinate Lien Bonds shall be sold at negotiated sale to an underwriting group consisting of PaineWebber Incorporated, Lehman Brothers, Goldman, Sachs & Co., M.R. Beal & Company and Artemis Capital Group, Inc. under the terms of a Bond Purchase Contract dated this date. The Bond Purchase Contract is hereby approved, and the Designated Port Representative is hereby authorized and directed to execute the Bond Purchase Contract. Upon the adoption of this resolution, the proper officials of the Port are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Subordinate Lien Bonds to the purchaser thereof.

The Designated Port Representative is authorized to review and to approve for purposes of Rule 15c2-12 of the Securities and Exchange Commission, on behalf of the Port, the Official

Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Subordinate Lien Bonds and the distribution of the Subordinate Lien Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate

Section 20. Provisions Relative to Insurer.

(a) Municipal Bond Insurance Policy. The Subordinate Lien Bonds shall be insured as to the payment of principal and interest by a policy of insurance (the "Policy") to be issued by Municipal Bond Investors Assurance Corporation (the "Insurer"). Under the terms of the Bond Insurer's Commitment dated April 2, 1992, the Insurer has agreed to issue said Policy and a debt service reserve fund surety bond (the "Surety Bond") for the purpose of satisfying the Subordinate Lien Reserve Requirement upon compliance with certain conditions precedent to the issuance of said Policy and Surety Bond. The Chief Financial Officer is hereby authorized and directed to confirm compliance with said conditions prior to the closing and delivery of the Subordinate Lien Bonds.

(b) Notices and Audited Financial Statements. The Insurer shall receive all notices provided to Registered Owners under the terms of this resolution. Copies of such notices, and the Port's annual report, including its audited financial statements and its annual budget, shall be provided to the Insurer at 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(c) Effect of Payments by Insurer. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Subordinate Lien Bonds shall be paid by the Insurer, the Subordinate Lien Bonds shall remain Outstanding for all purposes, not to be defeased or otherwise satisfied and not be considered paid by the Port, and all covenants, agreements and other obligations of the Port to the Registered Owners shall continue to exist and shall run to the

benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Registered Owners.

(d) Qualified Letter of Credit. In accordance with the Commitment of the Insurer, the Port hereby covenants with the Insurer that the Subordinate Lien Reserve Account will not be funded with respect to the Subordinate Lien Bonds with a Qualified Letter of Credit") in place of the Surety Bond unless the following conditions are satisfied:

(i) The Port and the Insurer will receive an opinion of its bond counsel to the effect that such substitution of the Qualified Letter of Credit is permitted under this resolution.

(ii) The Qualified Letter of Credit must be issued by a financial institution approved by the Insurer.

(iii) The Qualified Letter of Credit must be an unconditional, irrevocable obligation of its issuer, and if expiring prior to the final maturity or redemption of the Subordinate Lien Bonds, must be part of a funding program for the Subordinate Lien Reserve Account acceptable to the Insurer.

(e) Amendments with Consent of Insurer. The Commission from time to time and at any time may adopt a resolution or resolutions supplemental hereof, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the Port in this resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of any Subordinate Lien Bonds, or to surrender any right or power herein reserved.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing Future Subordinate Lien Parity Bonds

in regard to matters or questions arising under such resolutions as the Commission may deem necessary or desirable and not inconsistent with such resolutions and which shall not adversely affect, in any material respect, the interest of the owners of Subordinate Lien Bonds.

Any such supplemental resolution may be adopted only with prior notice to the Insurer, but without the consent of the owners of any Subordinate Lien Bonds at any time outstanding, notwithstanding any of the provisions of subsection (f) of this section. Copies of any such supplemental resolution shall be sent to Standard & Poor's Corporation.

(f) Amendments with Consent of Bondowners and Insurer.

With the consent of the Insurer and the owners of not less than 65% in aggregate principal amount of the Subordinate Lien Bonds at the time outstanding, the Commission may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(i) Extend the fixed maturity of any Subordinate Lien Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each bond so affected; or

(ii) Reduce the aforesaid percentage of bondowners required to approve any such supplemental resolution, without the consent of the owners of all of the Subordinate Lien Bonds then outstanding.

It shall not be necessary for the consent of registered owners of Subordinate Lien Bonds under this subsection (f) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall

approve the substance thereof. Copies of any such supplemental resolution shall be sent to Standard & Poor's Corporation.

(g) Effect of Supplemental Resolution. Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Port under this resolution and all owners of Subordinate Lien Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

(h) Payments Under the Policy.

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

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

(i) In addition, if the Registrar has notice that any Registered Owner has been required to disgorge payments of principal or interest on the Subordinate Lien Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Registered Owner within the meaning of any applicable bankruptcy laws, then the Registrar

shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(j) The Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Registered Owners of the Subordinate Lien Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Subordinate Lien Bonds, the Registrar shall (a) execute and deliver to Citibank, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Registered Owners in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Registered Owners (and not as Registrar) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Registered Owners; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Subordinate Lien Bonds, the Registrar shall (a) execute and deliver to the Insurance Paying Agent, in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Subordinate Lien Bonds in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Subordinate Lien Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received),

(b) receive as designee of the respective Registered Owners (and not as Registrar) in accordance with the tenor of the policy payment therefor from the Insurance Paying Agent, and
(c) disburse the same to such Registered Owners.

(k) Payments with respect to claims for interest on and principal of Subordinate Lien Bonds disbursed by the Registrar from proceeds of the Policy shall not be considered to discharge the obligation of the Port with respect to such Subordinate Lien Bonds, and the Insurer shall become the Owner of such unpaid Subordinate Lien Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

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

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

(ii) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this resolution and the Subordinate Lien Bonds, but only from the sources and in the priority provided herein, and will otherwise treat the Insurer as the Owner of such rights to the amount of such principal and interest.

Notwithstanding anything herein, the Registrar shall not be obligated to make any payments to the Insurer hereunder, except from payments made to it by the Port.

(m) In connection with the issuance of Future Subordinate Lien Parity Bonds, the Port shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such Future Subordinate Lien Parity Bonds.

(n) Copies of any amendments made to this resolution which are consented to by the Insurer also shall be sent to Standard & Poor's Corporation.

(o) The Insurer shall receive notice of the resignation or removal of the Registrar and the appointment of a successor thereto.

Section 21. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of any Subordinate Lien Bonds.

Section 22. 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 14th day of April, 1992, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission duly affixed.

PORT OF SEATTLE, WASHINGTON

Paige R Miller

Jerry Grant

Paul Selwood

Patricia J Davis

W. B. Black

Commissioners

EXHIBIT A

Form of Letter of Representations

Attention: General Counsel's Office
 The Depository Trust Company
 55 Water Street; 49th Floor
 New York, NY 10041-0099

Re: Port of Seattle, Washington
 Subordinate Lien Revenue Bonds, 1992

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated _____, 1992 (the "Document"). _____ is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on _____, 1992, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each \$150 million Bond certificate shall bear the following legend:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC). ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with

no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor; Proxy
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square: 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede and Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager; Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Very truly yours,

(Issuer)

By _____
(Authorized Officer's Signature)

(Agent)

By _____
(Authorized Officer's Signature)

Notes:

A. If there is an Agent (as defined in this Letter of Letter of Representations). Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery," a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____
(Authorized Officer)

cc: Underwriter

SCHEDULE A
(Describe Issue)

<u>CUSIP</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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SCHEDULE BSample Official Statement Language
Describing Book-Entry-Only Issuance

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the new York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co., if less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender, Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records to the [Tender Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained. Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

EXHIBIT B

GUARANTY AGREEMENT (for Reserve Account Surety Bond)

FINANCIAL GUARANTY AGREEMENT made as of April 28, 1992 by and between the PORT OF SEATTLE, WASHINGTON (the "Port") and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), organized under the laws of the state of New York.

W I T N E S S E T H:

WHEREAS, the Port has or will issue its Subordinate Lien Revenue Bonds, 1992; and

WHEREAS, pursuant to the terms of the Resolution the Port agrees to make certain payments on the Subordinate Lien Bonds; and

WHEREAS, the Insurer will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Port subject to the term and limitations of the Surety Bond; and

WHEREAS, to induce the Insurer to issue the Surety Bond, the Port has agreed to pay the premium for the Surety Bond and to reimburse the Insurer for all payments made by the Insurer under the Surety Bond, all as more fully set forth in this Agreement; and

WHEREAS, the Port understands that the Insurer expressly requires the delivery of this Agreement as part of the consideration for the execution by the Insurer of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Insurer and Port agree as follows.

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Insurer will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Insurer under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Insurer agreeing to issue the Insurer hereunder, the Port hereby agrees to pay or cause to be paid the Premium set forth in the Annex B hereto. The Premium on the Surety Bond is not refundable for any reason.

Section 1.04. Certain Other Expenses. The Port will pay all reasonable fees and disbursements of the Insurer's special counsel related to any modification of this Agreement or the Surety Bond.

EXHIBIT B

GUARANTY AGREEMENT (for Reserve Account Surety Bond)

FINANCIAL GUARANTY AGREEMENT made as of April 28, 1992 by and between the PORT OF SEATTLE, WASHINGTON (the "Port") and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), organized under the laws of the state of New York.

W I T N E S S E T H:

WHEREAS, the Port has or will issue its Subordinate Lien Revenue Bonds, 1992; and

WHEREAS, pursuant to the terms of the Resolution the Port agrees to make certain payments on the Subordinate Lien Bonds; and

WHEREAS, the Insurer will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Port subject to the term and limitations of the Surety Bond; and

WHEREAS, to induce the Insurer to issue the Surety Bond, the Port has agreed to pay the premium for the Surety Bond and to reimburse the Insurer for all payments made by the Insurer under the Surety Bond, all as more fully set forth in this Agreement; and

WHEREAS, the Port understands that the Insurer expressly requires the delivery of this Agreement as part of the consideration for the execution by the Insurer of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Insurer and Port ~~and the Insurer~~ agree as follows.

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Insurer will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Insurer under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Insurer agreeing to issue the Insurer hereunder, the Port hereby agrees to pay or cause to be paid the Premium set forth in the Annex B hereto. The Premium on the Surety Bond is not refundable for any reason.

Section 1.04. Certain Other Expenses. The Port will pay all reasonable fees and disbursements of the Insurer's special counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II

REIMBURSEMENT AND INDEMNIFICATION SUBORDINATE LIEN BONDS
OF PORT AND SECURITY THEREFORSection 2.01. Reimbursement for Payments Under the Surety Bond and Expenses; Indemnification.

(a) The Port will reimburse the Insurer, within the Reimbursement Period, without demand or notice by the Insurer to the Port or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to the date of the reimbursement at the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law.

(b) The Port also agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by state law, for all reasonable expenses incurred by the Insurer in connection with the Surety Bond and the enforcement by the Insurer of the Port's obligation under this Agreement, the Resolution, and any other document executed in connection with the issuance of the Subordinate Lien Bonds, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

(c) The Port agrees that all amounts owing to the Insurer pursuant to Section 1.03 hereof and this Section 2.01 must be paid in full prior to any optional redemption or refunding of the Subordinate Lien Bonds.

(d) All payments made to the Insurer under this Agreement shall be paid in lawful currency of the United States in immediately available funds at the Insurer's office at 113 King Street, Armonk, New York 10504, Attention: Accounting and Surveillance Departments, or at such other place as shall be designated by the Insurer.

Section 2.02. Allocation of Payments. The Insurer and the Port hereby agree that each payment received by the Insurer from or on behalf of the Port as a reimbursement to the Insurer as required by Section 2.01 hereof shall be applied by the Insurer first, toward payment of any unpaid premium; second, toward repayment of which will reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment (but not to exceed the Surety Bond Limit); and third, upon full reimbursement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitations, any interest payable with respect to any Surety Bond Payments then due to the Insurer.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Resolution, or any related indenture, trust agreement, ordinance, resolution, mortgage, security agreement or similar instrument, if any, pledges to the Owners or any trustee therefor, or grants a security interest or lien in or on any collateral, property, revenue or other payments ("Collateral and Revenues") in order to secure the Subordinate Lien Bonds or provide a source of payment for the Subordinate Lien Bonds, the Port hereby pledges and grants a statutory lien on Available Revenue as provided in the Resolution. The Port agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by the Insurer for the perfection of the security

interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of the Insurer under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, subject to the limitations of the Resolution, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Subordinate Lien Bonds, the Resolution or any other document executed in connection with the issuance of the Subordinate Lien Bonds; or

(b) any exchange, release or nonperfection of any security interest in property securing the Subordinate Lien Bonds or this Agreement or any obligations hereunder; or

(c) any circumstances that might otherwise constitute a defense available to, or discharge of, the Port with respect to the Subordinate Lien Bonds, the Resolution or any other document executed in connection with the issuance of the Subordinate Lien Bonds; or

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.05. Insurer's Rights. The Port shall repay the Insurer to the extent payments made and expenses incurred by the Insurer in connection with the Subordinate Lien Bonds and this Agreement. The obligations of the Port to repay such amounts shall be subordinate only to the rights of the Owners to receive regularly scheduled principal and interest on the Subordinate Lien Bonds.

Section 2.06. On-Going Information Obligations of Port.

(a) Quarterly Reports. The Port will provide to the Insurer within 45 days of the close of each quarter interim financial statements covering all fund balances under the document, a statement of operations (income statement), balance sheet and changes in fund balances. These statements need not be audited by an independent certified public accountant, but if any audited statements are produced, they must be provided to the Insurer;

(b) Annual Reports. The Port will provide to the Insurer annual financial statements audited by an independent certified public accountant within 90 days of the end of each fiscal year;

(c) Access to Facilities, Books and Records. The Port will grant the Insurer reasonable access to the project financed by the Subordinate Lien Bonds and will make available to the Insurer, at reasonable times and upon reasonable notice all books and records relative to the project financed by the Subordinate Lien Bonds; and

(d) Compliance Certificate. On an annual basis the Port will provide to the Insurer a certificate confirming compliance with all covenants and obligations hereunder and under the Revenue Agreement, the Resolution or any other document executed in connection with the issuance of the Subordinate Lien Bonds.

ARTICLE III

AMENDMENTS TO RESOLUTION

So long as this Agreement is in effect, the Port agrees that it will not agree to amend the Resolution or any other document executed in connection with the issuance of the Subordinate Lien Bonds, without the prior written consent of the Insurer.

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Port shall fail to pay to the Insurer when due any amount payable under Sections 1.03; or

(b) The Port shall fail to pay to the Insurer any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period; or

(c) Any material representations or warranty made by the Port under the document or hereunder or any statement in the application for the Surety Bond or any report, certificate, financial statement, document or other instrument provided in connection with the Commitment, the Surety Bond, the Subordinate Lien Bonds, or herewith shall have been materially false at the time when made; or

(d) Except as otherwise provided in this Section 4.01, the Port shall fail to perform any of its other obligations under the Resolution, or any other document executed in connection with the issuance of the Subordinate Lien Bonds, or hereunder, provided that such failure continues for more than 30 days after receipt by the Port of written notice of such failure to perform; or

(e) The Port shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Port, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Port or for a substantial part of its property; and such proceeding or petition shall continue undismissed for 60 days or an order or decree

approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, then the Insurer may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Port to the Insurer under the Resolution or any related instrument, and any obligation, agreement or covenant of the Port under this Agreement; provided, however, that the Insurer may not take any action to direct or require the rights of the Owners. In addition, if an Event of Default shall occur due to the failure to pay to the Insurer the amounts due under Section 1.03 hereof, the Insurer shall have the right to cancel the Surety Bond in accordance with its terms. All rights and remedies of the Insurer under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE V

SETTLEMENT

The Insurer shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Insurer, the Port or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Insurer's decision thereon, if made in good faith, shall be final and binding upon the Insurer, the Port and any other party on the Surety Bond. An itemized statement of payments made by the Insurer, certified by an officer of the Insurer, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Port, and if the Port fails to immediately reimburse the Insurer upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Insurer at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Interest Computations. All computations of interest due hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 6.02 Exercise of Rights. No failure or delay on the part of the Insurer to exercise any right, power or privilege under this Agreement and no course of dealing between the Insurer and the Port or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Insurer would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 6.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Port and

the Insurer. The Port hereby agrees that upon the written request of the Registrar, the Insurer may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted surety bond. The Insurer agrees to deliver to the Port and to the company or companies, if any, rating the Subordinate Lien Bonds, a copy of such substituted surety bond.

Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Port and the Insurer and their respective successors and assigns; provided, that the Port may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Insurer.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.05. Other Sureties. If the Insurer shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give it a direct right of action against the Port to enforce this Agreement, and "the Insurer," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 6.06. Signature on Bond. The Port's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 6.07. Waiver. The Port waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Port's request and in reliance on the Port's promise to execute this Agreement.

Section 6.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or otherwise communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as any of the parties may hereafter specify in writing to the others:

If to the Port:

Port of Seattle
Pier 66, 2201 Alaskan Way
P.O. Box 1209
Seattle, Washington 98121

Attention: Chief Financial Officer

If to the Registrar:

Seattle-First National Bank
1001 Fourth Avenue
11th Floor
Seattle, Washington 98101

Attention: Bond Trustee Services

If to the Insurer: Municipal Bond Investors Assurance Corporation
113 King Street
Armonk, New York 10504
Attention: Surveillance Department

Section 6.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 6.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 6.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Port and the Insurer.

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Subordinate Lien Bonds. Notwithstanding anything to the contrary in this Agreement, the obligation of the Port to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, terminate or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

PORT OF SEATTLE

By _____

Title _____

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

[TITLE]

[TITLE]

ANNEX A
SURETY BOND

DEBT SERVICE RESERVE
SURETY BOND

Municipal Bond Investors Assurance Corporation
Armonk, New York 10504

Surety Bond No. _____

Municipal Bond Investors Assurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Subordinate Lien Bonds (as hereinafter defined) and that are required to be made by or on behalf of Port of Seattle, Washington (the "Port") under Resolution No. 3112, as amended, (the "Resolution") to fiscal agencies of the State of Washington (the "Registrar"), as such payments are due but shall not be so paid, in connection with the issuance by the Port of Port of Seattle, Washington Subordinate Lien Revenue Bonds, 1992 [if parity "together with any bonds issued on a parity therewith,"] (the "Subordinate Lien Bonds"), provided, that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed \$2,300,000 (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Registrar under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Subordinate Lien Bond as indicated in the books maintained by the applicable paying agent, the Port or any designee of the Port for such purpose. The term "Owner" shall not include the Port or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Subordinate Lien Bonds.

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Registrar; or (ii) the payment date of the Subordinate Lien Bonds as specified in the Demand for Payment presented by the Registrar to the Insurer, the Insurer will make a deposit of funds in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment to the Registrar, of amounts that are then due to the Registrar (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Registrar, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Registrar may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Registrar is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date thereof between the Insurer and the Port of Seattle (the "Financial Guaranty Agreement"); provided, that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Registrar, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Registrar will be substantially in the form attached hereto as Attachment 2.

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

6. The term of this Surety Bond shall expire on the earlier of (i) _____ (the maturity date of the Subordinate Lien Bonds being currently issued), or (ii) the date on which the Port has made all payments required to be made on the Subordinate Lien Bonds pursuant to the Resolution.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Subordinate Lien Bonds.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of Washington. Any suit hereunder in connection with any payment may be brought only by the Registrar within [1 or 3 years] after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Registrar to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

[NOS. 9 and 11 are OPTIONAL]

9. Subject to the terms of the Resolution, the Port shall have the right, upon 30 days prior written notice to the Insurer and the Registrar, to terminate this Surety Bond. In the event of a failure by the Port to pay the premium due on this Surety Bond pursuant to the terms of the Financial Guaranty Agreement, the Insurer shall have the right upon [No. of days] prior written notice to the Port and the Registrar to cancel this Surety Bond. No Demand for Payment shall be made subsequent to such notice of cancellation unless payments are due but shall not have been so paid in connection with the Subordinate Lien Bonds.

10. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

11. This policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 28th day of April, 1992.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

President

Assistant Secretary

Attachment 1
Surety Bond No. _____

DEMAND FOR PAYMENT

_____, 19__

Municipal Bond Investors Assurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. _____ (the "Surety Bond") issued by the Municipal Bond Investors Assurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Registrar hereby certifies that:

- (a) In accordance with the provisions of the Resolution (attached hereto as Exhibit A), payment is due to the Owners of the Subordinate Lien Bonds on _____ (the "Due Date") in an amount equal to \$_____ (the "Amount Due").
- (b) The amounts legally available to the Registrar on the Due Date will be \$_____ less than the Amount Due (the "Deficiency").
- (c) The Registrar has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Registrar request that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in Bond:

[Registrar's Account]

[Registrar]

By _____

Its _____

Attachment 2
Surety Bond No. _____

NOTICE OF REINSTATEMENT

[Registrar]
[Address]

Reference is made to the Surety Bond No. _____ (the "Surety Bond") issued by the Municipal Bond Investors Assurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Port pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$ _____.

MUNICIPAL BOND INVESTORS ASSURANCE
CORPORATION

President

Assistant Secretary

ANNEX B

DEFINITIONS

For all purposes of this Agreement and the Surety Bond, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below, which shall be equally applicable to both the singular and plural forms of such terms.

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means April 28, 1992.

"Commitment" means the commitment to issue Municipal Bond Guaranty Insurance in the form attached hereto as Annex C.

"Debt Service Payments" means those payments required to be made by or on behalf of the Port which will be applied to payment of principal of and interest on the Subordinate Lien Bonds.

"Demand for Payment" means the certificate submitted to the Insurer for payment under the Surety Bond substantially in the form attached to the Surety Bond Attachment 1.

"Event of Default" shall mean those events of default set forth in Section 4.01 of the Agreement.

"Insurer" has the same meaning as set forth in the first paragraph of this Agreement.

"Owners" means the registered owner of any Subordinate Lien Bond as indicated in the books maintained by the Registrar.

"Port" means Port of Seattle, Washington.

"Premium" means \$ _____ payable to the Insurer on or prior to the Closing Date.

"Registrar" has the meaning given such term in the Resolution.

"Reimbursement Period" means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending on the earlier of the date of cancellation of the Surety Bond due to nonpayment of Premium when due or on the expiration of [NUMBER OF MONTHS] following such Surety Bond Payment.

"Reimbursement Rate" means Citibank's prime rate plus three (3) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

"Resolution" means Resolution No. 3112, as amended, of the Port Commission.

"State" means the state of Washington.

"Subordinate Line Bonds" means the Port of Seattle, Washington. Subordinate Lien Bonds 1992, issued under date of April 1, 1992.

"Surety Bond" means that surety bond attached hereto as Annex A and issued by the Insurer guaranteeing, subject to the

terms and limitations thereof, Debt Service Payments required to be made by the Port under the Resolution.

"Surety Bond Coverage" means the amount available at any particular time to be paid under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means \$2,300,000.

"Surety Bond Payment" means an amount equal to the Debt Service Payment required to be made by the Port pursuant to the Resolution less (i) that portion of the Debt Service Payment paid by or on behalf of the Port, and (ii) other funds legally available for payment to the Owners, all as certified in a Demand for Payment.

EXHIBIT C

Criteria for Investment Agreements and
Guaranteed Investments ContractsA. Acceptable Parties:

1. If the agreement is for six months or less:
 - a. Domestic banks rated at least "A" by Standard & Poor's Corporation (Standard & Poor's) and Moody's Investor's Service (Moody's); Foreign banks rated at least AA/Aa by both of the foregoing rating agencies. Domestic life insurance companies or Canadian life insurance companies with a claims-paying ability rating of AAA by Standard & Poor's and Aaa by Moody's.
 - b. Collateralized agreements may be provided by:
 - (i) registered broker/dealers subject to Securities Investors Protection Corporation Liquidation Act. Such dealer or its parent must be rated at least investment grade by Standard & Poor's and Moody's, or
 - (ii) banks rated "A" by Standard & Poor's and Moody's; and,
 - (iii) all agreements must be collateralized with United States direct Treasury Obligations, senior debt and mortgage-backed obligations of GNMA, FNMA or FHLMC. Collateral levels must be 104% of the total repurchase obligation for United States direct Treasury Obligations and GNMA obligations and 105% of the total repurchase obligations for FNMA and FHLMC. The collateral must be held by a third party and marked to market at least as frequently as weekly.
2. If the agreement is for up to seven years:
 - a. Agreements with domestic banks rated at least AA/Aa by Standard & Poor's and Moody's. Foreign banks rated at least AAA/Aa or AA/Aaa. Domestic Life Insurance or Canadian Life Insurance Companies rated AAA and Aaa by Standard & Poor's and Moody's.
 - b. In certain cases, collateralized investment agreements with broker dealers or banks with the same qualifications as in A(ii) above reporting to the Federal Reserve Bank of New York, collateralized in the fashion described above.
3. If the agreement is for a term of greater than seven years:
 - a. Agreements with domestic and Canadian life insurance companies rated AAA/Aaa. Domestic banks rated AA/Aa. Broker dealers or primary

government security dealers rated AA/Aa (but only for a term up to ten years).

- b. Agreements must be collateralized at least to levels stipulated in A(ii).

B. General Criteria for Structure and Form of Investment Contracts:

1. The moneys invested under the agreement must be payable to the Port for the Subordinate Lien Bonds without condition (other than notice) and without a breakage fee or other penalty, upon not more than two business days' notice (i.e., the agreement must be "put-able at par") for application when and as required or permitted under this resolution, including if applicable:
 - a. In the event of a deficiency in the Subordinate Lien Bond Fund;
 - b. Upon acceleration after any event of default;
 - c. Upon a refunding of the Subordinate Lien Bonds in whole or in part; and
 - d. If a determination is later made by nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Port, if the Port's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Subordinate Lien Bonds and to make deposits to the Subordinate Lien Reserve Account. In all cases, payments under the agreement should be tailored to the bond needs in question.

2. The agreement must require the Party to send monthly reports to the Port and the Insurer setting forth the balance invested with the Party and the amounts and dates of interest accrued and paid by the Party.
3. If the agreement is uncollateralized, the agreement must provide that if the Party's rating by either Standard & Poor's or Moody's is suspended or withdrawn or falls below "AA-" or below "Aa3," respectively, during the term of the

agreement the Party must, at the direction of MBIA, within ten (10) days of receipt of notice from the Port or MBIA, either (a) deliver collateral to the Port (level and type of collateral to meet published S&P guidelines for an investment grade -- or an "A" rated issue if the transaction is an annual appropriation lease or student loan bond -- rated collateralized transaction at the time the agreement is collateralized) or (b) at the direction of MBIA repay the principal of and accrued but unpaid interest on the investment.

If the Party is a life insurance company and if such provider's claims-paying ability rating by Moody's or Standard & Poor's falls below Aa3 or AA-, respectively, then the bond trustee, at the direction of MBIA, will provide notice in writing that the funds will be withdrawn in ten (10) days at no penalty.

4. If the agreement is collateralized from the outset as in A(ii) above and the Party's ratings fall below the levels specified in that section, then the provider must, at the direction of MBIA, within ten (10) days of receipt of notice from the Port or MBIA, either (a) deliver collateral to the Port (level and type of collateral to meet published S&P guidelines for an investment grade rated collateralized transaction at the time the agreement is collateralized) or (b) at the direction of MBIA repay the principal of and accrued but unpaid interest on the investment.

If the investment agreement is collateralized, either from the date of the agreement or as a result of an event specified in

Item 2, the agreement must provide for termination at the option of MBIA and repayment within ten days of the principal of and accrued but unpaid interest on the investment if the provider's rating falls below "A" or "A," respectively.

5. The provider should grant to the Port a first perfected security interest in all collateral delivered pursuant to the agreement and in all proceeds of the collateral, and the collateral must be free and clear of claims of third parties and be registered in the name of the Port.
6. The collateral agent should be required to value the collateral weekly and notify the Party on the valuation day if the value is less than the collateral level requirement. If the Party, trustee or custodian agent is valuing the collateral the value must be computed on the basis of one of the three methods listed below. The valuation method, which must be consistent throughout the agreement period, must be clearly stated in the appropriate document.
 - a. The value of the securities is computed on the basis of the bid price last quoted by the Federal Reserve Bank of New York on the valuation date and printed on the Wall Street Journal or the New York Times.
 - b. The valuation of the securities is performed by a nationally recognized and accepted pricing servicing whose valuation method consist of the composite average of various bid price quotes on the valuation date.
 - c. The valuation of the collateral is based on the lower of two dealer bids on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by S&P and Moody's. In addition, the dealers must be market makers in the securities being valued.

The Party should be required to cure any deficiency within two business days.

7. Proceeds of collateral may be released by the Port to the Party only to the extent of any excess over the collateral requirement.
8. Events of Default under the agreement should include the following:
 1. Failure of the Party to make a payment when due (including failure to deliver collateral);
 2. Failure of the Party to observe any covenant under the agreement;
 3. Any representation of or warranty furnished to the Port in connection with the agreement (or guaranty, if applicable) is false or misleading;
 4. The Party (or guarantor, if applicable) admits its inability to pay its debts or a petition in bankruptcy is filed;
 5. If applicable, if the guarantee is terminated, challenged or repudiated.
9. Remedies should be subject to MBIA approval and direction (i.e., the Port may act with MBIA's consent, and shall act at MBIA's direction) and should include the right of the Port to sell the collateral. The agreement should provide that the Party remain liable for any deficiency after application of such proceeds of sale, including costs and expenses incurred by the Port or MBIA.

Principal and interest shall automatically become due and payable upon an event of default related to bankruptcy or insolvency of the provider. For other events of default, the Party may with the consent of MBIA and shall at the direction of MBIA, accelerate.
10. Neither the agreement or guaranty agreement if applicable, may be assigned or amended by any party without the prior written consent of MBIA.
11. The Party should be required to immediately notify MBIA, the bond trustee and S&P of any event of

default or any suspension, withdrawal or downgrading of the Party's ratings.

12. The agreement must state that it is unconditional and must expressly disclaim any right of set-off or counterclaim.
13. The terms and provisions of the agreement, of any guaranty and of all opinions shall be in form and substance satisfactory to MBIA and shall be approved in writing by bond counsel and MBIA.

The following opinions shall be required for all Investment Agreements and Guaranteed Investment Contracts:

The Party will be required to furnish an opinion of counsel to the effect that the agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the Party enforceable in accordance with its terms and such other matters as MBIA may request.

In addition, foreign banks shall deliver an opinion of foreign counsel to the effect that (a) the agreement has been duly authorized, executed and delivered by the bank and constitutes the legal, valid and binding obligation of the bank enforceable in accordance with its terms, and (b) the choice of the law of the state set forth in the agreement is valid under the country's laws and a court in such country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country without reexamination, and such other matters as MBIA may request.