

RESOLUTION NO. 2983

A RESOLUTION of the Port Commission of the Port of Seattle, Washington, providing for the issuance and sale of revenue bonds of the port district in the principal amount of \$40,800,000 for the purpose of providing funds required to carry out a portion of the Master Plan for Sea-Tac International Airport, providing that such bonds be issued on a parity with certain outstanding revenue bonds of the port district; providing for the payment of the principal of and interest on said bonds out of the Revenue Bond Redemption Fund of the port district created by Resolution No. 2143 of the Port Commission; creating a construction fund and providing and adopting certain covenants safeguarding the payment of such principal and interest.

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

WHEREAS, the Port Commission has approved a Land Acquisition/Noise Remedy Program and a Master Plan Update for Sea-Tac International Airport; and

WHEREAS, it is deemed necessary and advisable by the Port Commission that the Port proceed to carry out portions of the Land Acquisition/Noise Remedy Program and the Master Plan Update for Sea-Tac International Airport and to issue revenue bonds in the aggregate principal amount of \$40,800,000 to pay part of the costs thereof; and

WHEREAS, it appears that such revenue bonds may be issued on a parity with the outstanding revenue bonds of the Port issued under the following dates pursuant to the following resolutions:

<u>Dates of Issues</u>	<u>Authorizing Resolution</u>
November 1, 1963	2143
November 1, 1966	2242
November 1, 1967	2264
July 1, 1968	2272
February 1, 1969	2286
November 1, 1971	2397
November 1, 1973	2504
October 1, 1976	2653
July 1, 1979	2764
January 1, 1984	2919; and

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

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle, Washington, as follows:

Section 1. Definitions. As used in this resolution, unless a different meaning clearly appears from the context:

A. "Bonds" means the \$40,800,000 principal amount of revenue bonds of the Port issued pursuant to this resolution for the purposes herein provided.

B. "Bond Redemption Fund" means the Port of Seattle Revenue Bond Redemption Fund created by Section 5 of Resolution No. 2143 for the purpose of paying the principal of and interest on the Outstanding Parity Bonds and all bonds issued on a parity therewith.

C. "Bond 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 Bonds, maintaining the Bond Register, and effecting transfer of ownership of the Bonds.

D. "Co-Paying Agents" mean the Bond Registrar appointed for purposes of paying the principal of and interest and premium, if any, on the Bonds.

E. "Commission" means the Commission of the Port as the same shall be duly and regularly constituted from time to time.

F. "Facilities" means all property, real and personal, or any interest therein and whether improved or unimproved, now or hereafter (for as long as any of the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are outstanding) owned, operated, used, leased or managed by the Port and which contribute in some measure to its Gross Revenue.

G. "Future Parity Bonds" means any revenue bonds or revenue warrants of the Port issued after the date of issuance of the Bonds and which will have a lien upon the Gross Revenue for the payment of the principal thereof and interest thereon equal to

the lien created upon such Gross Revenue for the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds.

H. "Gross Revenue" means all operating and nonoperating income and revenue derived by the Port from time to time from any source whatsoever, except that income and revenue which may not be pledged legally for revenue bond debt service.

I. "Net Revenue" means Gross Revenue less any part thereof that must be used to pay the normal costs of maintenance and operation of the Facilities of the Port and normal costs of administration of the business of the Port, but before depreciation.

J. "Outstanding Parity Bonds" means the outstanding revenue bonds of the Port issued pursuant to the following resolutions under the following dates:

<u>Resolution No.</u>	<u>Date of Bonds</u>
2143	November 1, 1963
2242	November 1, 1966
2264	November 1, 1967
2272	July 1, 1968
2286	February 1, 1969
2397	November 1, 1971
2504	November 1, 1973
2653	October 1, 1976
2764	July 1, 1979
2919	January 1, 1984

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

L. "Reserve Account" means the account of that name created in the Bond Redemption Fund by Section 6 of Resolution No. 2143 for the purpose of securing the payment of the principal of and interest on all bonds payable out of the Bond Redemption Fund.

Section 2. Authorization of Bonds. The Port shall issue the Bonds in the aggregate principal amount of \$40,800,000 for the purpose of (i) carrying out part of the Land Acquisition/Noise Remedy Program, (ii) acquiring, constructing, and installing

improvements specified in Master Plan Update for Sea-Tac International Airport, including the 150 foot northerly addition to the passenger terminal for additional ticket counters, offices, baggage claim and make-up areas and the three gate expansion of Concourse D, and (iii) paying costs incidental thereto and to the issuance, sale and delivery of the Bonds.

Section 3. Bond Details. The following details of the Bonds are hereby established:

A. Date, Denomination, Transfer, Payment. The Bonds shall be designated as "Port of Seattle Revenue Bonds, 1985," shall be dated December 1, 1985, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000, provided no Bond shall represent more than one maturity, shall be registered as to both principal and interest, and shall bear interest from December 1, 1985, until the Bond bearing such interest has been paid or its payment duly provided for, payable June 1, 1986, and semiannually on the first days of each December and June thereafter. The Bonds shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall mature on December 1 of the following years in the following amounts:

<u>Maturity Year</u>	<u>Principal Amount</u>
1987	\$ 1,390,000
1988	1,515,000
1989	1,650,000
1990	1,800,000
1991	1,960,000
1992	2,135,000
1993	2,330,000
1994	2,540,000
1995	2,770,000
1996	3,020,000
1997	3,290,000
1998	3,585,000
1999	3,910,000
2000	4,260,000
2001	4,645,000

Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for bonds in any authorized denomination of an

equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee.

The owner of any Bond redeemed in part will receive, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of the Bond so surrendered.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owners or assigns at the addresses as they appear on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender thereof by the registered owners at the office of a Co-Paying Agent.

The Bonds shall be obligations only of the Bond Redemption Fund and shall be payable and secured as provided herein. The Bonds are not general obligations of the Port. The Bonds are special obligations of the Port and do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

B. Prior Redemption.

(1) Optional Redemption. The Port hereby reserves the right, at its option, to redeem the outstanding Bonds in whole, or in part in inverse order of maturity (by lot within a maturity in such manner as the Bond Registrar shall determine), on any interest payment date on and after December 1, 1995, at the following prices, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Prices</u>
December 1, 1995 and June 1, 1996	102%
December 1, 1996 and June 1, 1997	101%
December 1, 1997 and thereafter	100%

(2) Notice of Call. Notice of any such 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 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 or not it is actually received by the owner of any Bond. In addition, such redemption notice shall also be mailed within the same time period, postage prepaid, to Standard & Poor's Corporation and to Moody's Investors Service, Inc. at their offices in New York, New York, or to their successors, if any, at the main place of business of such firms, but such mailings shall not be a condition precedent to the call of any Bonds for redemption.

(3) Effect of Call. Interest on any 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.

Section 4. Bond Redemption Fund. A special fund of the Port known as the "Port of Seattle Revenue Bond Redemption Fund" has heretofore been created in the office of the Comptroller of King County by Resolution No. 2143 for the sole purpose of paying the principal of, premium if any, and interest on the Outstanding Parity Bonds and any bonds issued in a parity therewith, including the Bonds. A separate account to be known as the "1985 Account" in the Bond Redemption Fund for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The 1985 Account is created in order to segregate payments made with respect to the Bonds from other Bond Redemption Fund payments to determine compliance with the requirements of the Internal Revenue

Code of 1954, as amended. The creation and use of the 1985 Account shall in no way diminish the rights or security of the holders or owners of the Outstanding Parity Bonds or any Future Parity Bonds.

From and after the time of issuance and delivery of the Bonds and as long thereafter as any of the same remain outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the 1985 Account in the Bond Redemption Fund out of the Gross Revenue, at least 45 days prior to the respective dates on which the interest on or principal of and interest on the Bonds shall become due, the amount necessary with other available funds to pay such interest or principal and interest next coming due on the Bonds outstanding.

Said amounts so pledged to be paid into the 1985 Account in the Bond Redemption Fund and hereafter pledged to be paid into the special sub-account in the Reserve Account are hereby declared to be a lien and charge upon the Gross Revenue, superior to all other charges or any kind or nature whatsoever, except that they are of equal lien to the charges on such Gross Revenue required to pay and secure the payment of principal of and interest on the Outstanding Parity Bonds and to any charges which may hereafter be made thereon to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

Section 5. Defeasance. In the event that money and/or "Government Obligations," as such Obligations are now or may hereafter be defined in Ch. 39.53 RCW, maturing 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 Bonds in accordance with their terms, are hereafter set aside in the Bond Redemption Fund to effect such redemption and retirement, then no further payments need be made into the Bond Redemption Fund for the payment of the principal of and interest on such part or all of the Bonds and such part or all

of the Bonds and applicable interest 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 such Bonds and the applicable interest shall be deemed not to be outstanding hereunder, or under any resolution authorizing the issuance of Outstanding Parity Bonds or Future Parity Bonds.

Section 6. Reserve Account. The Reserve Account has heretofore been created in the Bond Redemption Fund for the purpose of securing the payment of the principal of and interest on all outstanding revenue bonds of the Port payable out of such Fund. A special sub-account to be known as the 1985 Sub-account is hereby created in the Reserve Fund for the purpose of segregating the moneys required to be deposited in the Reserve Account because of the issuance of the Bonds from other moneys required to be deposited in the Reserve Account in order to determine compliance with the requirements of the Internal Revenue Code of 1954, as amended. The creation and use of the 1985 Sub-account shall in no way diminish the rights or security of the holders or owners of the Outstanding Parity Bonds or any Future Parity Bonds.

The Port covenants and agrees that it will pay into the 1985 Sub-account in the Reserve Account out of Gross Revenue (or out of any other funds on hand legally available for such purpose) not less than approximately equal monthly payments commencing with the date of issuance of the Bonds, so that by the date five years subsequent thereto, there will have been paid into the 1985 Sub-account in the Reserve Account an amount which, with the money heretofore required to be and already on deposit therein, will be equal to the maximum amount required in any calendar year thereafter to pay the principal of and interest on the Outstanding Parity Bonds and the Bonds.

The Port hereby further covenants and agrees that in the event it issues any Future Parity Bonds that it will provide in the resolution authorizing the issuance of the same that it will

pay into the Reserve Account out of Gross Revenue (or out of any other funds on hand legally available for such purpose) not less than approximately equal monthly payments commencing with the month in which such Future Parity Bonds are dated so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Account an amount which, with the money theretofore required to be and already on deposit therein, will be equal to the maximum amount required in any calendar year thereafter to pay the principal of and interest on all outstanding bonds payable out of the Bond Redemption Fund.

The Port further covenants and agrees that when said required amounts have been paid into the Reserve Account, it will at all times maintain those amounts therein until there is a sufficient amount in the Bond Redemption Fund and Reserve Account to pay the principal of, premium if any, and interest on all outstanding bonds payable out of such Fund, at which time the money in the Reserve Account may be used to pay such principal, premium if any, and interest. It is hereby provided, however, that money in the Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption and premium, if any, on all the outstanding bonds of any single issue or series of revenue bonds payable out of the Bond Redemption Fund, as long as the moneys left remaining on deposit in the Reserve Account are equal to the maximum amount required in any calendar year thereafter to pay the principal of and interest on the remaining outstanding bonds payable out of the Bond Redemption Fund.

In the event there shall be a deficiency in the Bond Redemption Fund to meet maturing installments of either interest on or principal of and interest on the outstanding bonds payable out of such Fund, such deficiency shall be made up from the Reserve Account by the withdrawal of moneys therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from Gross Revenue (or out of any other

funds on hand legally available for such purpose) first available after making necessary provision for the payments required to be made into the Bond Redemption Fund to pay the interest on or principal of and interest on all outstanding bonds payable out of such Fund and next coming due.

All money in the Reserve Account may be kept in cash or invested in certificates, notes, bonds or other direct obligations of the United States of America maturing not later than twelve years from date of purchase and in no event later than the last maturity of any outstanding bonds that are payable out of the Bond Redemption Fund. Interest earned on or any profits made from the sale of any such investments shall be deposited in and become a part of the Bond Redemption Fund.

Moneys deposited in the 1985 Sub-account shall be invested at a yield not in excess of the yield permitted under the applicable provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended, and rulings and regulations promulgated thereunder.

Section 7. Creation of Construction Fund and Disposition of the Proceeds of Sale of Bonds. There is hereby created in the office of the Treasurer a special fund of the Port to be known as the "Port of Seattle Airport Construction Fund, 1985" (the "Construction Fund"). The moneys received from the sale of the Bonds (except for accrued interest, if any, which shall be deposited in the Bond Fund) shall be paid into the Construction Fund.

Bond proceeds in the Construction Fund shall be used only for the purpose of paying part of the cost of acquiring, constructing, installing and making the improvements specified in Section 2 hereof and expenses incidental thereto and shall be expended only after such improvements have been properly included in the comprehensive scheme of harbor improvement of the Port, where required, and only after compliance with the applicable Washington State and United States statutes and regulations relating to the

acquisition, construction, installation or making of such improvements. None of such moneys shall be expended for any purpose which would result in interest on the Bonds becoming taxable income to the owners of the Bonds under Section 103 of the Internal Revenue Code of 1954, as amended.

All or part of the moneys in the Construction Fund may be invested in such securities as are permitted under the applicable statutes of the State of Washington and which will mature prior to the date on which such money shall be needed. The investment of such money shall be made in such manner and at such yield that will not result in interest on the Bonds becoming taxable income to the owners of the Bonds under Section 103 of the Internal Revenue Code of 1954, as amended.

Any part of the proceeds of the Bonds remaining in the Construction Fund after all costs referred to in this Section have been paid may be used to acquire, construct, equip and make other improvements to the Facilities of the Port, subject to compliance with the provisions of this Section 7, or may be transferred to the Bond Fund for the uses and purpose therein provided.

Section 8. Specific Covenants. The Port hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain outstanding as follows:

A. That it will at all times establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any of the outstanding Parity Bonds and the Bonds are outstanding that will produce Net Revenue in an amount equal to at least 1.35 times the maximum amount required in any calendar year thereafter to pay the principal of and interest on such Outstanding Parity Bonds and the Bonds outstanding.

B. That it will duly and punctually pay or cause to be paid out of the Bond Redemption Fund the principal of and interest on the Bonds at the times and places as herein and in said Bonds

provided; that it will faithfully do and perform and at all times observe any and all covenants, undertakings and provisions contained in this resolution and in the Bonds.

C. 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. That in the event any Facility or part thereof which contributes in some measure to the Gross Revenue 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 capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of the Bonds or the Outstanding Parity Bonds.

E. 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 of the Port shall deem necessary for the protection of the Port and of the holders of the Bonds.

That it will at all times keep or arrange to keep in full force and effect policies of public liability 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 of the Port shall deem necessary for the protection of the Port and of the holders of the Bonds.

F. 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 proper and legal accounting

procedure. That on or before one hundred and twenty (120) days after each calendar year it will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding calendar year. Each such statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expense or normal and extraordinary maintenance and repairs, and expenditures for capital purposes of the Port for such calendar year and shall contain a statement as of the end of such year showing the status of all the funds and accounts of the Port pertaining to the operation of its business and the status of all the funds and accounts created by various resolutions of the Commission of the Port authorizing the issuance of outstanding bonds payable from the Gross Revenue. Copies of such statement shall be placed on file in the main office of the Port, and shall be open to inspection at any reasonable time by any holder of any of the Bonds.

G. That it will not make any use of the proceeds of sale of the Bonds or any other funds of the Port which may be deemed to be proceeds of such Bonds pursuant to Section 103(c)(2) of the Internal Revenue Code and the applicable Regulations thereunder which, would cause the Bonds to be "Arbitrage Bonds" within the meaning of said Section and said Regulations. The Port will comply with the requirements of subsection (c) of Section 103 of the Internal Revenue Code and the applicable Regulations thereunder throughout the term of the Bonds.

Section 9. Parity Bonds. The Port hereby further covenants and agrees with the owner and holders of each of the Bonds for as long as any of the same remain outstanding as follows:

That it will not issue any bonds having a greater or equal lien upon the Gross Revenue to pay or secure the payment of the principal of and interest on such bonds than the lien created on such Gross Revenue to pay or secure the payment of the principal

of and interest on the Outstanding Parity Bonds and the Bonds, except

A. That it reserves the right for

First, the purpose of providing funds to acquire, construct, reconstruct, maintain, install, repair or replace any equipment, additions, betterments, or improvements to the Facilities of the Port for which it is authorized by law to issue revenue bonds, or

Second, the purpose of refunding by exchange, call or purchase, at or prior to their stated maturity, any outstanding revenue bonds or revenue warrants of the Port that have a lien on the Gross Revenue for the payment of the principal thereof and interest thereon junior and inferior to the lien on such Gross Revenue for the payment of the principal of and interest on the Bonds, to issue parity bonds (hereinbefore defined as "Future Parity Bonds") and to pledge that payments will be made out of the Gross Revenue into the Bond Redemption Fund and Reserve Account to pay and secure the payment of the principal of and interest on such Future Parity Bonds on a parity with the payments required herein to be made out of such Gross Revenue into such Fund and Account to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds, upon compliance with the following conditions:

(1) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Redemption Fund and Reserve Account.

(2) That each resolution authorizing the issuance of Future Parity Bonds will contain the covenants required in the third paragraph of Section 6 hereof.

That each resolution authorizing the issuance of Future Parity Bonds will contain a covenant that the Port will at all times establish, maintain and collect rentals, tariffs, rates and

charges in the operation of all of its business for as long as any bonds payable out of the Bond Redemption Fund--including the Future Parity Bonds being issued--are outstanding that will produce Net Revenue in an amount equal to at least 1.35 times the maximum amount required in any calendar year thereafter to pay the principal of and interest on all such bonds.

That each resolution authorizing the issuance of Future Parity Bonds will make applicable to such Future Parity Bonds all of the covenants herein contained that are applicable to the Outstanding Parity Bonds and the Bonds and that may be applicable to such Future Parity Bonds.

(3) That the "Net Revenue available for revenue bond debt service," computed as hereinafter provided for each calendar year after the year of issuance of such Future Parity Bonds, will equal at least 1.35 times the maximum amount required in any such calendar year to pay the principal of and interest on all outstanding bonds payable out of the Bond Redemption Fund and the Future Parity Bonds being issued.

Such "Net Revenue" available for revenue bond debt service" shall be the Net Revenue of the Port for a period of any twelve consecutive months out of the twenty-four months immediately preceding the date of delivery of such Future Parity Bonds as determined by a certificate from a certified public accountant. If desirable, such consecutive twelve-month Net Revenue may be adjusted to include the following:

(a) Such twelve-months Net Revenue may be adjusted for a full twelve-month period to reflect any changes made in the rentals, tariffs, rates and charges of the Port during such twelve-month period; and may also be adjusted to reflect any change in such Net Revenue caused by any new Facilities of the Port having been put into use and operation subsequent to the date of such certificate.

(b) The estimated Net Revenue to be derived by the Port from the lease, use and/or operation of the additions, improvements, betterments, etc., to be acquired, constructed, or installed out of the proceeds of the sale of such Future Parity Bonds, and from the lease, use and/or operation of any other additions, improvements, betterments, etc., to the Facilities of the Port actually under construction but which will not be put into use and operation until after the date of the herein required certificate, as determined by a certified statement from an independent consulting professional engineer experienced in the design and operation of facilities of port districts.

B. That it may issue Future Parity Bonds for the purpose of refunding by exchange or purchasing or calling and retiring at or prior to their maturity any part or all of the then outstanding bonds payable out of the Bond Redemption Fund, if the issuance of such refunding Future Parity Bonds does not require a greater amount to be paid out of the Gross Revenue for principal of and interest on such refunding Future Parity Bonds over their life than is required to be paid out of such Gross Revenue for the principal of and interest on the bonds being refunded over their life, and if the conditions required in subsections A(1) and A(2) of this section are complied with.

C. Nothing herein contained shall prevent the Port from issuing revenue bonds or revenue warrants (coupon or otherwise) which are a charge upon the Gross Revenue junior or inferior to the payments required by this resolution to be made out of such Gross Revenue into the Bond Redemption Fund and Reserve Account, or from issuing revenue bonds to refund maturing bonds or warrants for the payment of which moneys are not otherwise available.

Section 10. Form of Bonds. The Bonds shall be designated "Port of Seattle Revenue Bonds, 1985," and shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

PORT OF SEATTLE
REVENUE BOND, 1985

Maturity Date:

CUSIP No.

Interest Rate:
Registered Owner:
Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Bond Redemption Fund" (the "Bond Fund") created by Resolution No. 2143 of the Port Commission the Principal Amount indicated above and to pay interest thereon from the Bond Fund from December 1, 1985, 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 June 1, 1986, and semiannually thereafter on the first days of each December and June. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft to the Registered Owner or assigns at the address appearing on the Bond Register on the 15th day of the month prior to the interest payment date. 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 "Bond Registrar").

Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof and such additional provisions shall for all purposes have the same effect as if set forth on this space.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution (as hereinafter defined) until the Certificate of Authentication hereon shall have been manually signed by the Bond 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 facsimile signatures of the President and Secretary of the Port Commission, and a

facsimile corporate seal of the Port to be imprinted hereon as of the 1st day of December, 1985.

PORT OF SEATTLE, WASHINGTON

By _____
President, Port Commission

ATTEST:

Secretary, Port Commission

Office of Finance Issue No. _____

ADDITIONAL BOND PROVISIONS

This bond is one of an issue of \$40,800,000 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 Resolution No. 2983 (the "Bond Resolution") to provide funds to acquire, construct and install improvements to Port facilities.

The Port reserves the right to redeem any of the outstanding bonds of this issue, in inverse order of maturity and by lot within a maturity at the following times and at the following prices, expressed as a percentage of principal amount, plus accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Prices</u>
December 1, 1995 and June 1, 1996	102%
December 1, 1996 and June 1, 1997	101%
December 1, 1997 and any interest payment date thereafter	100%

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 bond to be redeemed at the address appearing on the bond register. The requirements of the Bond Resolution shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owner of any bond. Interest on any such bond so called for redemption shall cease to accrue on the date fixed for redemption unless such bond or bonds so called for redemption are not redeemed upon presentation made pursuant to such call. In addition, such redemption notice shall be mailed within the same time period to Standard and Poor's Corporation and to Moody's Investors Service, Inc., or to their successors, if any, but such mailings shall not be a condition precedent to the call of any bonds for redemption.

The bonds are interchangeable for bonds of any denomination authorized by the Bond Resolution of an equal aggregate principal amount and of the same interest rate and maturity. Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof may also be redeemed in accordance with the schedule set forth above, and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the principal office of the Bond Registrar there shall be

issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the owner, a bond or bonds of like maturity and interest rate in any of the denominations authorized by the Bond Resolution.

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 of Resolutions No. 2143, 2242, 2264, 2272, 2286, 2397, 2504, 2653, 2764, 2919 and 2983 to be by it kept and performed.

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

Said amounts so pledged to be paid out of Gross Revenue into said Bond Redemption Fund and Reserve Account are hereby declared to be a first and prior lien and charge upon such Gross Revenue and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the outstanding revenue bonds of the Port issued under dates of November 1, 1963, November 1, 1966, November 1, 1967, July 1, 1968, February 1, 1969, November 1, 1971, November 1, 1973, October 1, 1976, July 1, 1979, and January 1, 1984 (collectively the "Outstanding Parity Bonds") and any revenue bonds of the Port hereafter issued on a parity with such bonds and 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 of the Outstanding Parity Bonds and the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenue (as the same is defined in the Bond Resolution) in an amount equal to at least 1.35 times the maximum amount required in any calendar year hereafter to pay the principal of and interest on all of such bonds outstanding.

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Revenue Bonds, 1985 of the Port of Seattle, Washington, dated December 1, 1985.

WASHINGTON STATE FISCAL AGENCY,
Bond Registrar

By _____
Authorized Officer

UNIF GIFT MIN ACT--

TEN COM -- as tenants in common	_____	Custodian	_____
TEN ENT -- as tenants by the	(Cust)	(Minor)	
entireties	under Uniform Gifts to		
JT Ten -- as joint tenants with	Minors		

right of survivor-
ship and not as
tenants in common

Act _____

(State)

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

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

(Name and address of Assignee)

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

Dated: _____

Signature Guaranteed: _____

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

* * * * *

Section 11. Execution and Delivery of Bonds. The Bonds
shall be executed on behalf of the Port with the facsimile signa-
ture of the President of its Commission, shall be attested by the
facsimile signature of the Secretary thereof, and shall have a
facsimile of the seal of the Port imprinted thereon.

No Bond shall be valid or obligatory for any purpose or
entitled to the benefits of this resolution unless the Certificate
of Authentication appearing on such Bonds has been manually
executed by the Bond Registrar. Such manual execution shall be
conclusive evidence that such Bond has been duly executed and
delivered pursuant to this resolution and is entitled to its
benefits.

Upon the sale of Bonds the proper officials of the Port are
hereby authorized and directed to do all things necessary for the
prompt execution and delivery of the Bonds to the purchaser and
for the proper use and application of the proceeds of sale
thereof.

Section 12. Sale of Bonds. The Bonds shall be sold at public sale at a time to be fixed by the Senior Director of Finance and Administration of the Port who is hereby authorized and directed to prepare or cause to be prepared a notice of sale of the Bonds and an Official Statement relating thereto and to cause to be published and circulated as he shall deem appropriate. The President of the Port Commission and the Senior Director of Finance and Administration are each authorized to review and approve the Official Statement on behalf of the Port with such corrections and additions as may be deemed necessary or desirable.

Section 13. Amendatory and Supplemental Resolution.

A. 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 of all of the following purposes:

(1) To add to the covenants and agreements of the Port in this resolution contained other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Port.

(2) 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 in regard to matters or questions arising under this resolution as the Commission may deem necessary or desirable and not inconsistent with this resolution and which shall not adversely affect the interest of the holders of the Bonds.

Any such supplemental resolution of the Commission may be adopted without the consent of the holder of any of the Bonds at any time outstanding, notwithstanding any of the provisions of subsection B of this section.

B. With the consent of the holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, the Commission of the Port 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:

(1) Extend the fixed maturity of any of the Bonds, or reduce the rate of interest thereon, or extend the time of payments 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 holder of each Bond so affected; or

(2) Reduce the aforesaid percentage of holders of Bonds required to approve any such supplemental resolution without the consent of the holders of all of the Bonds then outstanding.

It shall not be necessary for the consent of the Bondholders under this subsection B to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

C. 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 holders of Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the 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.

D. Bonds executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this section may bear a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new Bonds so modified as to conform, in the opinion of the Commission, to any modification of this resolution

contained in any such supplemental resolution, may be prepared by the Port and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds with all unmatured coupons and all matured coupons not fully paid, in equal aggregate principal amounts.

Section 14. 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 covenant and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 10th day of December, 1985, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof and the seal of the Commission.

PORT OF SEATTLE, WASHINGTON

Carl B. Blod
Paul J. Fredlander
Jim Wright
Henry T. Johnson
Carl M. Kow

(S E A L)

ATTEST:

Jim Wright
Secretary of said Commission