

RESOLUTION NO. 2653

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 \$55,000,000 for the purpose of providing part of the funds required to refund certain outstanding revenue bonds, to refund certain outstanding second lien warrants and to acquire, construct, install and make certain improvements to the port district's harbor facilities; authorizing the use of certain moneys of the port district to effect such revenue bond refunding; creating a special 1976 Refunding Account in the Bond Redemption Fund created by Resolution No. 2143; providing the date, form, terms and maturities of the bonds to be issued; 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; providing and adopting certain covenants safeguarding the payment of such principal and interest.

WHEREAS, the Port of Seattle, Washington (hereinafter called the "Port"), now has outstanding its Revenue Bonds, 1975 issued under date of February 1, 1975, which bonds mature on February 1 of the following years in the following amounts:

<u>Maturity Year</u>	<u>Amount</u>	<u>Maturity Year</u>	<u>Amount</u>
1977	\$ 940,000	1987	2,035,000
1978	1,015,000	1988	2,200,000
1979	1,095,000	1989	2,380,000
1980	1,185,000	1990	2,570,000
1981	1,280,000	1991	2,775,000
1982	1,380,000	1992	3,000,000
1983	1,495,000	1993	3,245,000
1984	1,615,000	1994	3,505,000
1985	1,745,000	1995	3,785,000
1986	1,885,000		

and

WHEREAS, the Port has reserved the right to redeem said outstanding bonds at par in inverse numerical order on any interest payment date on and after February 1, 1985; and

WHEREAS, after due consideration it appears to the Port Commission that the outstanding Revenue Bonds, 1975 (hereinafter called the "Refunded Bonds"), of the Port may be refunded out of the proceeds of revenue bonds of the Port and that a substantial savings in interest cost will be effected by the issuance of such revenue bonds and the redemption of said outstanding bonds on the date above set forth; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the Port it is hereby found necessary and advisable that certain "Acquired Obligations" bearing interest and maturing at such times as necessary to pay the principal of and interest on the Refunded Bonds as the same shall become due to and including the above redemption date and to redeem and retire said Refunded Bonds on said date be purchased out of the proceeds of sale of such revenue bonds and certain other moneys of the Port available for such purpose; and

WHEREAS, the Port also has outstanding its Second Lien Revenue Warrants issued under the following dates in the following amounts pursuant to the following resolutions:

<u>Date of Issue</u>	<u>Amount</u>	<u>Resolution</u>
October 11, 1973	\$3,000,000	No. 2479
November 29, 1973	3,000,000	No. 2479
October 10, 1974	3,000,000	No. 2547; and

WHEREAS, it is deemed advisable and in the best interest of the Port that said warrants be refunded out of the proceeds of revenue bonds of the Port; and

WHEREAS, it is further deemed necessary and advisable the Port acquire, construct, equip and make certain improvements to its facilities and that in order to pay part or all of the cost

thereof that the Port issue its revenue bonds in the aggregate principal amount of approximately \$5,000,000; and

WHEREAS, it is hereby found that it is in the best interest of the Port that such revenue bonds be combined and sold as one issue in the total principal amount of \$55,000,000 (hereinafter called the "Bonds"); and

WHEREAS, it has been determined that the Bonds may be issued on a parity with the outstanding revenue bonds of the Port issued pursuant to Resolutions Nos. 2143, 2242, 2264, 2272, 2286, 2397 and 2504 of the Port Commission under dates of November 1, 1963, November 1, 1966, November 1, 1967, July 1, 1968, February 1, 1969, November 1, 1971 and November 1, 1973, respectively, and that it is in the best interest of the Port that the Bonds be so issued; and

WHEREAS, it is necessary that the date, form, terms, conditions and covenants of said Bonds now be fixed;

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

Section 1. As used in this resolution, the following words shall have the following meanings:

A. The word "Port" shall mean 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.

B. The word "Commission" shall mean the Commission of the Port as the same shall be duly and regularly constituted from time to time.

C. The words "Outstanding Parity Bonds" shall mean 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

D. The words "Bond Redemption Fund" shall mean 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.

E. The words "Reserve Account" shall mean the account of that name created in the Bond Redemption Fund by Section 6 of said 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.

F. The word "Bonds" shall mean the \$55,000,000 principal amount of revenue bonds of the Port issued pursuant to this resolution for the purposes herein provided.

G. The word "Facilities" shall mean 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.

H. The words "Gross Revenue" shall mean 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. The words "Net Revenue" shall mean 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. The words "Future Parity Bonds" shall mean 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.

K. The words "Refunded Bonds" mean the outstanding Revenue Bonds, 1975 of the Port issued pursuant to Resolution No. 2564 under date of February 1, 1975.

L. The words "Acquired Obligations" shall mean those direct obligations of the United States of America to be acquired to effect the refunding of the Refunded Bonds and any direct obligations of the United States of America substituted therefor pursuant to Section 8 of this resolution.

Section 2. The Commission hereby finds and determines as follows:

First: That the Bonds will be issued for the purpose of providing part of the funds to acquire, construct, reconstruct, install, repair or replace equipment, additions, betterments, and improvements to the Facilities of the Port for which it is authorized by law to issue revenue bonds, to refund at or prior to their maturity outstanding revenue warrants of the Port that have a lien on Gross Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Outstanding Parity Bonds and to refund prior to their maturity outstanding revenue bonds payable out of the Bond Redemption Fund.

Second: That at the time of the adoption of this resolution and at the time of the issuance and delivery of the Bonds, there was not nor will there be any deficiency in the Bond Redemption Fund and the Reserve Account.

Third: That this resolution contains the covenants required in Subsection A(2) of Section 8 of Resolution No. 2143, in Subsections (A) of Sections 10 of Resolutions Nos. 2242, 2264, 2272, 2286 and 2397, and in Subsection 11A(2) of Resolution No. 2504.

Fourth: That "net revenue available for revenue bond debt service," computed as provided in Subsection A(3) of Section 8 of Resolution No. 2143, in Subsections A(3) of Section 10 of Resolutions Nos. 2242, 2264, 2272, 2286 and 2397, and in Subsection A(3) of Section 11 of Resolution No. 2504, for each calendar year after the year of issuance of the Bonds (1976) 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 of the Port payable out of the Bond Redemption Fund and the Bonds. Such "net revenue available for revenue bond debt service" is based upon the Net Revenue of the Port for the period January 1, 1975 to December 31, 1975, to be determined by the certificate of Touche Ross & Co., certified public accountants, which will be on file with the Port prior to delivery of the Bonds. The Commission has been assured that such certificate will indicate compliance with the above cited Subsection A(3). The Port hereby covenants that the Bonds will not be delivered to the purchasers thereof until such certificates indicating such compliance shall be on file with the Port.

The limitations contained in Section 8 of Resolution No. 2143, in Sections 10 of Resolutions Nos. 2242, 2264, 2272, 2286, and in Section 11 of Resolution No. 2504 having been complied with or assured in the issuance of the Bonds, the payments into the Bond Redemption Fund and the Reserve Account required by this resolution to pay and secure the payment of the principal of and interest on the Bonds shall constitute a lien and charge upon the Gross Revenue equal to the lien and charge thereon for the payments required to be made into the Bond Redemption Fund and Reserve Account for the purpose of paying and securing the payment of the principal of and interest on the Outstanding Parity Bonds.

Section 3. The Port shall issue the Bonds in the following approximate amounts aggregating the sum of \$55,000,000 for the following purposes:

A. Approximately \$41,000,000 to provide part of the funds necessary to purchase Acquired Obligations bearing interest and maturing at such times as necessary to pay the principal of and interest on the Refunded Bonds coming due to and including February 1, 1985 and to redeem and retire the balance of such Refunded Bonds on said date.

B. Approximately \$9,000,000 to provide part of the funds necessary to refund the Outstanding Second Lien Revenue Warrants of the Port issued under dates of October 11, 1973, November 29, 1973 and October 10, 1974.

C. Approximately \$5,000,000 to provide funds to pay part of the cost of improving Terminals 5, 18 by removing and relocating existing buildings and site clearing, grading, filling and paving and by constructing and equipping a container freight station gate house containing approximately 83,160 square feet at Terminal 25.

The exact allocation of the amount for each purpose cannot now be made since the amount of the bond discount, if any, and the permissible rate of return on the major portion of the Acquired Obligations cannot be ascertained. At or prior to the time of delivery of the Bonds to the purchaser thereof the Director of Finance and Administration of the Port shall execute a certificate setting forth the amount of Bond proceeds allocated to each of the above purposes. The Bonds to be issued to refund the Refunded Bonds shall be deemed to be the first numbered Bonds. The Bonds to refund the Outstanding Second Lien Warrants shall be the last numbered Bonds. The balance of the Bonds shall be issued for the purposes set forth in subsection C. above.

Section 4. The Bonds shall be dated October 1, 1976, shall be in coupon form in the denomination of \$5,000 each, may be registered as to principal only or as to both principal and interest at the option of the holder, shall bear interest payable April 1, 1977 and semiannually thereafter on the first days of

each April and October, and shall be numbered and mature on April 1 in order of their number as set forth in Exhibit A attached hereto and by this reference made a part hereof as though fully set forth herein.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the Treasurer of King County in Seattle, Washington, or, at the option of the holder, at the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, and New York, New York, and shall be obligations only of the Bond Redemption Fund.

Section 5. The Port hereby reserves the right to redeem any or all of the Bonds outstanding in inverse numerical order at the following times and at the following prices expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:

On April 1, and October 1, 1985	at 102%
On April 1, and October 1, 1986	at 101%
On April 1, 1987 and any interest payment date thereafter	at 100%.

Notice of any such intended redemption shall be given by one publication thereof in the official newspaper of King County, Washington, and in a financial newspaper or journal of general circulation throughout the United States, with each such publication to be not more than forty nor less than thirty days prior to said redemption date, and by mailing a like notice at the same time to the manager or managers of the account that purchases the Bonds at their sale by the Port at its or their main office or offices or to the business successor or successors, if any, of such account manager or managers at its or their main office or offices. Interest on any Bond or Bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call. Such



notice of intended redemption shall also be mailed, postage prepaid, not more than forty nor less than thirty days prior to such redemption date to the registered owners of any Bonds which are to be redeemed at their last known addresses, if any, appearing on the registration books, but such mailing shall not be a condition precedent to such redemption, and failure to so mail such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the Bonds. In addition to such publication and mailing, the Port shall also mail notice of such intended redemption to Standard & Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any. The mailing of such notice shall not, however, be a condition precedent to the call of any Bonds for redemption.

The Port further reserves the right to use any surplus unpledged Gross Revenue at any time to purchase any of the Bonds in the open market for retirement only, if the same may be purchased at a price not exceeding that at which they could be called for redemption on the first succeeding date on which they may be called, plus accrued interest.

Section 6. 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 Treasurer 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 on a parity therewith, including the 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 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 amounts necessary with other available funds to pay such interest or principal and interest next coming due on the Bond outstanding.

Said amounts so pledged to be paid into the Bond Redemption Fund and hereafter pledged to be paid into the Reserve Account are hereby declared to be a lien and charge upon the Gross Revenue, superior to all other charges of 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.

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 appurtenant coupons 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 appurtenant coupons

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

Section 7. 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.

The Port covenants and agrees 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 of October, 1976, so that by October 1, 1981, there will have been paid into the Reserve Account an amount which, with the money 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 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.

Section 8. The proceeds of the issuance of and sale of the Bonds shall be used and applied in the following manner and order of priority:

A. There is hereby created in the Bond Redemption Fund a special account to be known as the "1976 Refunding Account." The Director of Finance and Administration of the Port is hereby authorized and directed to transfer to the Refunding Account from the Bond Redemption Fund an amount equal to the interest and principal on the Refunded Bonds from their respective last interest and principal payment dates to the date of delivery of the Bonds. The Director of Finance and Administration is also authorized and directed as a first priority of use of Bond proceeds to deposit in the Refunding Account so much of the proceeds of the sale of the Bonds as, together with the other moneys transferred to such Account, are required to enable the Director of Finance and Administration to purchase Acquired Obligations bearing interest and maturing at such times and in such amounts as are required to pay the principal of and interest on the Refunded Bonds as the same become due to and including February 1, 1985 and to redeem and retire the balance of the outstanding Refunded Bonds on said date. Provided, however, that in the event the Director of Finance and Administration deems it advisable, a portion of the funds in the Refunding Account may be held in cash.

Such Acquired Obligations and cash, if any, shall be irrevocably deposited with Rainier National Bank, Seattle, Washington (hereinafter called the "Refunding Agent"), in trust for the owners and holders of the Refunded Bonds.

The Refunding Account shall be drawn upon only for the payment of the principal of and interest on the Refunded Bonds coming due on or before February 1, 1985 and to redeem and retire the balance of the outstanding Refunded Bonds on said date. Provided, however, that the Port may from time to time transfer, or cause to be transferred, from the Refunding Account to the Bond Redemption Fund any moneys not thereafter required for the purposes set forth in the preceding paragraph. The Port further reserves the right to substitute higher yield Acquired Obligations in the event it may do so pursuant to Section 103(d) (2) of the Internal Revenue Code and applicable regulations thereunder.

B. The Director of Finance and Administration of the Port is hereby authorized and directed, as a second priority of use of Bond proceeds, to set aside and use \$9,000,000 of such proceeds for the purpose of redeeming and retiring the outstanding Second Lien Revenue Warrants 1973 and 1974, issued under dates of October 11, 1973, November 29, 1973 and October 10, 1974, at such time or times he deems to be in the best interest of the Port.

C. The Director of Finance and Administration is hereby authorized and directed to pay all fees, costs and expenses incurred in connection with the authorization, issuance, sale and delivery of the bonds, the acquisition of the acquired Obligations and the services of the Refunding Agent.

D. The balance of the Bond proceeds shall be deposited in the Port of Seattle Construction Fund, 1975 (hereinafter called the "Construction Fund). Such proceeds so deposited

shall be used to acquire, construct, install and equip improvements to Terminals 5, 18 and 25 as set forth in Section 3 hereof, to pay any expenses incidental to any of these purposes and to the issuance of the Bonds, to pay interest accruing on properly allocated portions of the Bonds during the periods of construction of projects financed out of Bond proceeds and for six months after completion of such projects, and to repay moneys advanced from any other fund of the Port for any of the preceding purposes. Bond proceeds in the Construction Fund to be used to finance the acquisition, construction, installation or making of harbor improvements shall be expended only after such improvements have been properly included in the Comprehensive Scheme and only after compliance with applicable Washington State and United States statutes and regulations relating to the acquisition, construction, installation or making of such improvements including but not limited to statutes and regulations relating to environmental protection and shoreline management; nor shall such moneys be expended for any purpose which would result in interest on the Bonds becoming taxable income to the holder of the Bonds under Section 103 of the Internal Revenue Code.

Moneys, if any, remaining in the Construction Fund after the expenditures authorized pursuant to the preceding paragraph have been made may be used to acquire additional terminal equipment or to acquire, construct, equip, install or make other improvements to the Facilities of the Port, subject to the conditions set forth in said paragraph, may be used to purchase and retire Bonds as provided in Section 5 hereof or may be transferred to the Bond Redemption Fund for the uses and purposes herein provided.

Section 9. The Commission hereby finds and determines that the issuance and sale of the Bonds and the provision for the payment of the Refunded Bonds will effect a saving to the Port. In making such finding and determination, this Commission has given consideration to the interest to the fixed maturities of the amount of the Bonds issued for this refunding and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the Acquired Obligations pending redemption of the Refunded Bonds.

The Commission hereby finds and determines that the moneys and Acquired Obligations to be deposited with the Refunding Agent to pay and redeem the Refunded Bonds in accordance herewith will discharge and satisfy the obligations of the Port under Resolution No. 2564 authorizing the issuance of the Revenue Bonds, 1975 and the pledges, charges, trusts, covenants and agreements of the Port therein made or provided for as to said bonds, and that said bonds shall no longer be deemed to be outstanding under said Resolutions immediately upon the deposit of such moneys and the Acquired Obligations with the Refunding Agent.

The Port hereby irrevocably calls for redemption the Refunded Bonds on the date set forth above in accordance with the applicable provisions of Resolution No. 2564 pursuant to which said Refunded Bonds were issued. Said call for redemption shall be irrevocable after delivery of the Bonds to the original purchaser or purchasers thereof.

Section 10. 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 Refunding 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, expenses 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(d)(2) of the Internal Revenue Code and the applicable Regulations thereunder which, if such use had been reasonably expected on the date of delivery of the Bonds to the initial purchasers thereof, would have caused the Bonds to be "Arbitrage Bonds" within the meaning of said Section and said Regulations. The Port will comply with the requirements of subsection (d) of Section 103 of the Internal Revenue Code and the applicable Regulations thereunder throughout the term of the Bonds.

Section 11. The Port hereby further 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:

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 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 7 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 the 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 12. The Bonds shall be designated "Port of Seattle Revenue Bonds, 1976" and shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$5,000

STATE OF WASHINGTON

PORT OF SEATTLE

REVENUE BOND, 1976

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington, hereby acknowledges itself indebted and for value received promises to pay to bearer, or, if registered, to the registered holder hereof, the principal sum of

FIVE THOUSAND DOLLARS

on the first day of April, 19\_\_\_\_, with interest thereon from the date hereof at the rate of \_\_\_\_% per annum until such principal sum is paid or payment has been duly provided for, payable April 1, 1977, and semiannually thereafter on the first days of April and October. Payment of the interest on this bond shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively fall due, or if this bond shall be registered as to both principal and interest, to the registered holder.

Both principal of and interest on this bond are payable in lawful money of the United States of America at the Office of the Treasurer of King County, Washington,

in Seattle, Washington, or, at the option of the holder, at the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or, New York, New York, solely out of the special fund of the port district known as the "Port of Seattle Revenue Bond Redemption Fund" created by Resolution No. 2143 of the Commission of the port district.

The Port of Seattle has reserved the right to redeem any or all of the bonds of this issue outstanding, in inverse numerical order, at the following times and at the following prices expressed as a percentage of the principal amount, plus accrued interest to date of redemption:

On April 1, and October 1, 1985	at 102%
On April 1, and October 1, 1986	at 101%
On April 1, 1987 and any interest payment date thereafter	at 100%.

Notice of any such intended redemption shall be given by one publication thereof in the official newspaper of King County, Washington, and in a financial newspaper or journal of general circulation throughout the United States, with each such publication to be not more than forty nor less than thirty days prior to said redemption date, and by mailing a like notice at the same time to \_\_\_\_\_

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In addition to such publication and mailing, the district shall also mail notice of such intended redemption to the registered owners of the bonds to be redeemed and to Standard & Poor's Corporation and Moody's Investors



Service, Inc., New York, New York, or to their successors, if any. The mailing of such notice shall not, however, be a condition precedent to the call of any bonds for redemption.

This bond is one of an issue of eleven thousand (11,000) bonds of the port district of like amount, date and tenor except as to number, rate of interest and date of maturity in the aggregate principal amount of \$55,000,000, and is issued pursuant to duly adopted resolutions of the Port Commission for the purpose of providing money to refund certain outstanding revenue bonds of the port district issued under date of February 1, 1975, and certain outstanding revenue warrants issued under dates of October 11, 1973, November 24, 1973 and October 10, 1974, and to acquire, construct, equip and make certain improvements to the facilities of the Port of Seattle, all in conformity with the laws of the State of Washington. This bond and the bonds of this issue are payable solely out of the Gross Revenue of the port district as such Gross Revenue is defined in Resolution No. 2653 of the Commission of the port district.

The Port of Seattle 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 Nos. 2143, 2242, 2264, 2272, 2286, 2397, 2504 and 2653, to be by it kept and performed.

The Port of Seattle 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 said Resolution No. 2653 to be paid into and maintained in said Fund and Account, all within the times provided by said 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 district issued under dates of November 1, 1963, November 1, 1966, November 1, 1967, July 1, 1968, February 1, 1969, November 1, 1971 and November 1, 1973, and any revenue bonds of the port district hereafter issued on a parity with such bonds and the bonds of this issue.

The Port of Seattle 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 such November 1, 1963, November 1, 1966, November 1, 1967, July 1, 1968, February 1, 1969, November 1, 1971 and November 1, 1973

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 said Resolution No. 2653) 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.

Unless registered, this bond, and the bonds of this issue, and each of the coupons attached to each of said bonds are hereby declared to be fully negotiable instruments within the provisions and intent of the laws of the State of Washington.

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 Commission of the Port of Seattle, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed in its name by the facsimile or manual signature of the President of its Commission, to be attested by the facsimile or manual signature of the Secretary of its Commission, the corporate seal of the Port of Seattle to be impressed hereon, and the interest coupons attached hereto to be signed with the facsimile signatures of said officials, this first day of October, 1976.

PORT OF SEATTLE, WASHINGTON

By \_\_\_\_\_  
President of its Commission

ATTEST:

\_\_\_\_\_  
Secretary of its Commission

KING COUNTY TREASURER'S  
REFERENCE NO. \_\_\_\_\_

The interest coupons attached to the Bonds shall be in substantially the following form:

KING COUNTY TREASURER'S REFERENCE NO. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19\_\_\_\_, the Port of Seattle will pay to bearer at the office of the Treasurer of King County, in Seattle, Washington, or, at the option of the holder, at the fiscal agencies of the State of Washington, in the Cities of Seattle, Washington or New York, New York, the amount shown hereon in lawful money of the United States of America, out of the special fund of the port district entitled "Port of Seattle Revenue Bond Redemption Fund," said amount being the interest due that day on its Revenue Bond, 1976 dated October 1, 1976, and numbered \_\_\_\_\_.

PORT OF SEATTLE, WASHINGTON

By \_\_\_\_\_  
President of its Commission

ATTEST:

\_\_\_\_\_  
Secretary of its Commission

The Bonds shall have endorsed thereon the following certificate:

REGISTRATION CERTIFICATE

This bond may be registered in the name of the holder at the office of the Treasurer of King County in Seattle, Washington, as to principal only, such registration being noted hereon by the Registrar in the registration blank below, after which no transfer shall be valid unless made by the registered holder or his duly authorized agent, and similarly noted in the registration blank below; but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery and may again be registered as before. The registration of this bond as to principal shall not affect the negotiability of the coupons attached hereto, but the coupons may be surrendered and the interest made payable only to the registered holder, in which event the Registrar shall note in the registration blank below that this bond is registered as to interest as well as to principal.

Upon request of the holder and with the consent of the Port of Seattle, but always at the expense of the holder, this bond when converted to a bond registered as to both principal and interest may be reconverted as to both principal and interest as hereinabove provided. Upon reconversion of this bond when registered as to principal and interest into a coupon bond, new coupons representing the interest to accrue hereon to date of maturity shall be attached hereto by the Registrar, who shall note in the registration blank below whether the bond is registered as to principal only or payable to bearer.

Date of Registration	In Whose Name Registered	Manner of Registration	Signature of Registrar
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:
:	:	:	:

Section 13. The Bonds shall be executed on behalf of the Port with the facsimile or manual signature of the President of its Commission, shall be attested by the facsimile or manual signature of the Secretary thereof (at least one of which signatures shall be manual), and shall have the seal of the Port impressed thereon. The interest coupons attached hereto shall be signed with the facsimile signatures of said officials.

Section 14. The Bonds shall be sold at public sale. Sealed proposals for the purchase of the Bonds shall be received, publicly opened and read at \_\_\_\_ o'clock A.M. Pacific Daylight Time on the \_\_\_\_ day of \_\_\_\_\_, 1976, at the Bell Street offices of the Port of Seattle, Washington. Such bids will be considered and acted upon at a special meeting of the Commission to be held at said office at 2:00 o'clock P.M. Pacific Daylight Time, on such date.

Notice of such sale shall be published once in The Bond Buyer prior to said date of sale. Such other publicity of such sale shall be given as found advisable by the Director or Finance and Administration of the Port.

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

Section 15.

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 or 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 holders of any of the Refunding 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 Refunding 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

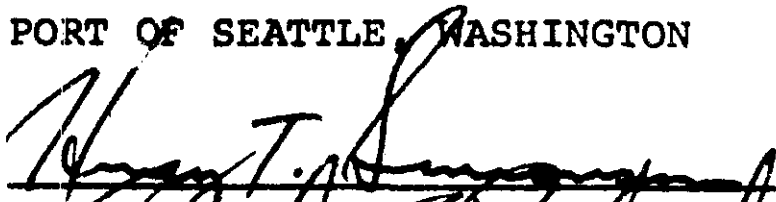




resolution shall so provide, new Bonds so modified as to conform, in the opinion of the Commission, to any modification of this resolution contained in any such supplemental resolution, may be prepared by the Port and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Refunding Bonds of such Bonds with all unmatured coupons and all matured coupons not fully paid, in equal aggregate principal amounts.

Section 16. 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 the Bonds.

ADOPTED by the Port Commission of the Port of Seattle at a special meeting thereof, notice of which was duly given, held this 27th day of September, 1976, 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

(SEAL)

EXHIBIT A

<u>Bond Nos.</u>	<u>Maturity Year</u>	<u>Amount</u>
1-125	1978	\$ 625,000
126-412	1979	1,435,000
413-713	1980	1,505,000
714-1029	1981	1,580,000
1030-1361	1982	1,660,000
1362-1712	1983	1,755,000
1713-2083	1984	1,855,000
2084-2476	1985	1,965,000
2477-2894	1986	2,090,000
2895-3341	1987	2,235,000
3342-3818	1988	2,385,000
3819-4327	1989	2,545,000
4328-4870	1990	2,715,000
4871-5450	1991	2,900,000
5451-6069	1992	3,095,000
6070-6731	1993	3,310,000
6732-7440	1994	3,545,000
7441-8200	1995	3,800,000
8201-8800	1996	3,000,000
8801-9400	1997	3,000,000
9401-10000	1998	3,000,000
10001-10600	1999	3,000,000
10601-11000	2000	2,000,000