

INTERMEDIATE LIEN  
SERIES RESOLUTION

PORT OF SEATTLE

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RESOLUTION NO. 3637

A RESOLUTION of the Port Commission of the Port of Seattle authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series for the purpose of refunding certain outstanding revenue bonds of the Port and for the purpose of financing or refinancing capital improvements to aviation facilities; delegating authority for the sale of the bonds and the preparation and dissemination of a preliminary official statement and final official statement; authorizing the appointment of an escrow agent and execution of an escrow agreement; providing for continuing disclosure; and providing for a negotiated sale of the bonds to Morgan Stanley & Co. Incorporated, Barclays Capital Inc., Goldman, Sachs & Co. and Siebert Brandford Shank & Co., LLC.

ADOPTED: JULY 20, 2010

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**PORT OF SEATTLE**  
**Resolution No. 3637**  
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WHEREAS, the Port of Seattle (the "Port"), a municipal corporation of the State of Washington, owns and operates aviation facilities that are in need of capital expansion and improvement (herein further defined as the "Projects"); and

WHEREAS, to undertake the Projects, the Port has determined to issue revenue bonds (hereinafter defined as the "Series 2010 Bonds"); and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended by Resolution No. 3214, adopted on March 26, 1996, Resolution No. 3241, adopted on April 8, 1997, and Resolution No. 3436, adopted on July 11, 2000 and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the "First Lien Master Resolution"), each series being payable from the Gross Revenue of the Port after payment of Operating Expenses (as such terms are defined in the First Lien Master Resolution); and

WHEREAS, the Port has issued and currently has outstanding fourteen series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Resolution Number	Date of Issue		Original Principal Amt.	Currently Outstanding (06/02/10)	Final Maturity Dates
3215	04/01/1996	(B)	74,520,000	38,325,000	09/1/2017
3275	05/01/1998	(A)	73,180,000	38,945,000	06/1/2017
3430	08/10/2000	(A)	130,690,000	130,690,000 <sup>(1)</sup>	02/1/2030
3430	08/10/2000	(B)	221,590,000	175,200,000	02/1/2024
3430	09/06/2000	(D)	28,085,000	3,475,000	02/1/2011
3462/3467	10/17/2001	(A)	176,105,000	176,105,000	04/1/2031
3462/3467	10/17/2001	(B)	251,380,000	208,165,000	04/1/2024
3462/3467	10/17/2001	(C)	12,205,000	12,205,000	12/1/2014
3462/3467	08/07/2002	(D)	68,580,000	45,445,000	11/1/2017
3509	08/20/2003	(A)	190,470,000	188,190,000	07/1/2033
3509	08/20/2003	(B)	164,900,000	146,900,000	07/1/2029
3528	06/30/2004		24,710,000	17,500,000	06/1/2017
3576/3577	03/20/2007	(A)	27,880,000	27,880,000	10/01/2019
3576/3577	03/20/2007	(B)	200,115,000	196,465,000	10/01/2027

<sup>(1)</sup> All or part of the Series 1998A Bonds, the Series 2000A Bonds, and the Series 2001B Bonds may be refunded pursuant to this series resolution.

(the “Outstanding First Lien Bonds”); and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding First Lien Bonds permits the Port to issue its revenue bonds having a lien on Net Revenues (as such term is defined in the First Lien Master Resolution) subordinate to the lien thereon of the Outstanding First Lien Bonds; and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3540, as amended, of the Commission, adopted on June 14, 2005 (the “Intermediate Lien Master Resolution”); and

WHEREAS, the Port has issued and currently has outstanding three series of intermediate lien revenue bonds pursuant to the Intermediate Lien Master Resolution, as follows:

<u>Resolution Number</u>	<u>Date of Issue</u>		<u>Original Principal Amt.</u>	<u>Currently Outstanding (06/02/10)</u>	<u>Final Maturity Dates</u>
3541	07/20/2005	(A)	\$ 404,595,000	\$ 380,475,000	03/01/2035
3541	06/06/2006	(C)	40,120,000	35,730,000	09/01/2017
3563	06/28/2006		124,625,000	124,625,000	02/01/2030

(the “Outstanding Intermediate Lien Bonds”)

WHEREAS, the Port has outstanding certain revenue bonds described on Exhibit A attached hereto (together, the “Refunding Candidates”) that may be defeased and refunded by a portion of the proceeds of the Series 2010 Bonds authorized (and further defined) herein; and

WHEREAS, the Intermediate Lien Master Resolution permits the Port to issue its revenue bonds having a lien on Available Intermediate Lien Revenues (as such term is defined in the Intermediate Lien Master Resolution) on a parity with the lien thereon of the Outstanding Intermediate Lien Bonds upon compliance with certain conditions; and

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to RCW 53.40.030, the Port Commission may delegate authority to the chief executive officer of the Port to approve the designation of the bonds to be refunded, the interest rates, maturity dates, redemption rights, interest payment dates, and principal amounts under such terms and conditions as are approved by resolution; and

WHEREAS, the Port has held a public hearing on the issuance of a series of the Series 2010 Bonds (hereinafter defined) as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2010 Bonds be sold pursuant to negotiated sale as herein provided;

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

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

*Annual Disclosure Report* has the meaning given such term in Section 17(b) of this series resolution.

*Bond Insurance Commitment* means the commitment(s) of the Insurer, if any, to insure one or more series, or certain principal maturities thereof, of the Series 2010 Bonds.

*Bond Insurance Policy* means the policy(ies) of municipal bond insurance, if any, delivered by the Insurer at the time of issuance and delivery of Series 2010 Bonds to be insured pursuant to the Bond Insurance Commitment.

*Bond Purchase Contract* means the Bond Purchase Contract providing for the purchase of the Series 2010 Bonds by the Underwriters and setting forth certain terms authorized to be approved by the Chief Executive Officer as provided in Section 16 of this series resolution.

*Bond Register* means the registration records for the Series 2010 Bonds maintained by the Registrar.

*Build America Bonds* means bonds issued under authority of Section 54AA of the Code, enacted by the American Recovery and Reinvestment Act of 2009.

*Capitalized Interest Account – Series 2010* means the account or accounts established by the Port pursuant to this series resolution for the purpose of holding certain proceeds of Improvement Bonds to be used to pay interest on certain Series 2010 Bonds during construction.

**Chief Executive Officer** means the Chief Executive Officer of the Port, or any successor to the functions of his/her office.

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

**Construction Account —2010[A][B][C][D]** means the account or accounts by that name maintained in the office of the Treasurer for the purpose of holding funds, including a portion of the proceeds of the Series 2010 Bonds, of the respective series, to be used for the Projects.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2010 Bonds pursuant to Section 6 of this series resolution.

**Escrow Agent** means the Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution.

**Escrow Agreement** means the Escrow Deposit Agreement dated as of the date of the closing and delivery of one or more series of the Series 2010 Bonds between the Port and the Escrow Agent to be executed in connection with the refunding of the Refunded Bonds, substantially in the form attached hereto as Exhibit C.

**First Lien Master Resolution** means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended by Resolution No. 3214, adopted on March 26, 1996, Resolution No. 3241, adopted on April 8, 1997, and Resolution No. 3436, adopted on July 11, 2000 and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

**Government Obligations** has the meaning given to such term in RCW Chapter 39.53, as amended.

**Improvement Bonds** mean the new money portion of the Series 2010 Bonds of one or more series issued pursuant to this series resolution for purpose of paying a portion of the cost of the Projects.

**Insurer** means the bond insurance company or companies, if any, selected pursuant to Section 18 of this series resolution to issue the Bond Insurance Policy.

**Intermediate Lien Master Resolution** means Resolution No. 3540, as amended, of the Commission adopted on June 14, 2005.

**Letter of Representations** means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

**MSRB** means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at [www.emma.msrb.org](http://www.emma.msrb.org).

**Outstanding Intermediate Lien Bonds** mean Port's revenue bonds identified in the recitals to this series resolution.

**Projects** mean the projects listed in Exhibit B hereto.

**Refunded Bonds** mean those Refunding Candidates designated by the Chief Executive Officer pursuant to authority delegated by Section 16 of this series resolution.

**Refunding Bonds** mean a portion of one or more series of the Series 2010 Bonds issued pursuant to this series resolution for the purpose of refunding the Refunded Bonds.

**Refunding Candidates** mean all or any portion of the revenue bonds identified on Exhibit A to this series resolution.



**Registrar** means the fiscal agency of the State of Washington, appointed by the Treasurer for the purposes of registering and authenticating the Series 2010 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2010 Bonds. The term Registrar shall include any successor to the fiscal agency, if any, hereinafter appointed by the Treasurer.

**Rule** means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

**Savings Target** means a dollar amount equal to at least \_\_\_\_ percent (\_\_\_\_%) of the outstanding principal of the Refunded Bonds, originally issued as fixed rate bonds..

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

**Series 2010 Bonds** mean the Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2010[A/B/C/D], collectively authorized to be issued by Section 3 of this series resolution.

**Series 2010 Reserve Account Deposit** means the amount that is required to be added to the reserve account balances in the Intermediate Lien Reserve Account in order to satisfy the Intermediate Lien Reserve Requirement and that is identified in a closing certificate or certificates of the Port.

**Tax and Arbitrage Certificate** means the federal tax certificate of the Port pertaining to the tax exemption of interest on the Series 2010 Bonds issued on a tax-exempt basis and the payment of any rebate amount to the United States.

**Underwriters** mean, collectively, Morgan Stanley & Co. Incorporated, Barclays Capital Inc., Goldman, Sachs & Co. and Siebert Brandford Shank & Co., LLC.

**Rules of Interpretation.** In this series resolution, unless the context otherwise requires:

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

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

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

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

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

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance. The Refunding Candidates are callable in whole or in part prior to their scheduled maturities and may be selected for refunding depending upon market conditions. The final selection of the maturities, if any, within each series of the

Refunding Candidates designated as Refunded Bonds to be refunded by the Refunding Bonds shall be made by the Chief Executive Officer pursuant to the authority granted in Section 16 of this series resolution.

The Port is undertaking and intends to undertake improvements to its airport facilities described on Exhibit B and at the locations described therein (the “Projects”), attached hereto and incorporated by this reference herein. A portion of the costs of the Projects are expected to be paid, refinanced or reimbursed with the proceeds of the Improvement Bonds.

Section 3. Authorization of Series 2010 Bonds. The Port shall issue one or more series of bonds (collectively, the “Series 2010 Bonds”) consisting of the Improvement Bonds and the Refunding Bonds, if any. The proceeds of the Improvement Bonds shall be used to provide part of the funds necessary to (i) pay (or pay subordinate lien commercial paper notes issued to pay), or to reimburse the Port, for all or a portion of the costs of the Projects; (ii) capitalize interest on all or a portion of the Series 2010 Bonds for all or a portion of the construction period of the Projects; (iii) deposit the Series 2010 Reserve Account Deposit to the Intermediate Lien Reserve Account; and (iv) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Improvement Bonds. The proceeds of the Refunding Bonds, if any, shall be used for the purpose of providing the funds necessary to (i) refund the Refunded Bonds; (ii) deposit the Series 2010 Reserve Account Deposit to the Intermediate Lien Reserve Account; and (iii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Refunding Bonds.

The aggregate principal amount of the Series 2010 Bonds to be issued under this series resolution shall not exceed \$\_\_\_\_\_ and shall be determined by the Chief Executive Officer, pursuant to the authority granted in Section 16 of this series resolution.

Section 4.     Bond Details. The Series 2010 Bonds shall be designated as “Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2010,” with each series further identified by a letter identifier, A, B, C, etc., shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within a series and maturity, shall bear interest from their date of delivery until the Series 2010 Bonds bearing such interest have been paid or their payment duly provided for. The Series 2010 Bonds of a series shall be issued in the aggregate principal amount, shall bear interest at the per annum rates, payable on the interest payment dates and shall mature in the principal amounts on the principal payment dates set forth in the Bond Purchase Contract and as approved by the Chief Executive Officer pursuant to Section 16 of this series resolution.

The Series 2010 Bonds shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account created under the Intermediate Lien Master Resolution and shall be payable and secured as provided in the Intermediate Lien Master Resolution and this series resolution. The Series 2010 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 5.     Redemption and Purchase.

(a)     *Optional Redemption.* The Series 2010 Bonds of each series may be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract and as approved by the Chief Executive Officer pursuant to Section 16 of this series resolution.

(b) *Mandatory Redemption.* The Series 2010 Bonds of each series may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and as approved by the Chief Executive Officer pursuant to Section 16 of this series resolution.

(c) *Purchase of Series 2010 Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraph First through Eleventh of Section 2 of the Intermediate Lien Master Resolution to purchase for retirement any of the Series 2010 Bonds of any series offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d) *Selection of Series 2010 Bonds for Redemption.* If Series 2010 Bonds are called for optional redemption, the maturities of Series 2010 Bonds to be redeemed shall be selected by the Port. If any Series 2010 Bonds originally issued as tax-exempt bonds to be redeemed (optional or mandatory) then are held in book-entry-only form, the selection of Series 2010 Bonds within that series to be redeemed within a maturity shall be made in accordance with the operational arrangements then in effect at DTC. If the Series 2010 Bonds originally issued as tax-exempt bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2010 Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2010 Bonds having the same maturity date, portions of Series 2010 Bonds of such maturity to be redeemed shall be selected by lot (or in such other random manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2010 Bond of a maturity having a denomination greater than \$5,000, the Port and Registrar shall treat each Series 2010 Bond of that maturity as representing such number of separate Series 2010 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2010 Bond of that maturity by \$5,000. In the event that

only a portion of the principal amount of a Series 2010 Bond is to be redeemed, upon surrender of such Series 2010 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2010 Bond or, at the option of the Registered Owner, Series 2010 Bonds of like series, maturity and interest rate in any of the denominations herein authorized. The manner of selection for redemption of Series 2010 Bonds issued as taxable bonds shall be as set forth in the Bond Purchase Contract.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2010 Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2010 Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2010 Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2010 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC, and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption prepared and given by the Registrar to Registered Owners of Series 2010 Bonds (or portion thereof) to be redeemed shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if fewer than all outstanding Series 2010 Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial

redemption, the principal amounts) of the Series 2010 Bonds to be redeemed, (4) that (unless a notice of optional redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption only if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2010 Bonds) on the date fixed for redemption the redemption price will become due and payable upon each Series 2010 Bond or portion called for redemption, and that interest shall cease to accrue from the date fixed for redemption, (5) that such Series 2010 Bonds are to be surrendered for payment at the principal office of the Registrar, (6) the CUSIP numbers of all Series 2010 Bonds being redeemed, (7) the dated date of the Series 2010 Bonds being redeemed, (8) the rate of interest for each Series 2010 Bond (or portion thereof) being redeemed, (9) the date of the notice, and (10) any other information deemed necessary by the Registrar to identify the Series 2010 Bonds (or portion thereof) being redeemed.

Upon the payment of the redemption price of Series 2010 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Series 2010 Bonds (or portion thereof) being redeemed with the proceeds of such check or other transfer.

(f) *Effect of Redemption.* On or prior to each date on which Series 2010 Bonds are subject to mandatory redemption and on or prior each date on which Series 2010 Bonds have been scheduled for optional redemption, unless the Port has revoked a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for optional redemption set forth therein are not satisfied), the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all the Series 2010 Bonds to be

redeemed. If and to the extent that funds have been provided to the Registrar for the optional redemption of Series 2010 Bonds, then such Series 2010 Bonds (or portion thereof) shall become due and payable on the date fixed for redemption and interest on such Series 2010 Bond shall cease to accrue from and after such date.

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

Section 6. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The Port hereby specifies and adopts the system of registration and transfer for the Series 2010 Bonds approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies for the purposes of registering and authenticating the Series 2010 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2010 Bonds. The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2010 Bonds (the "Bond Register"), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, DTC, each party entitled to receive notice pursuant to Section 17 and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2010 Bonds transferred or exchanged in accordance with the



provisions of such Series 2010 Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution and the Intermediate Lien Master Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2010 Bonds.

(b) *Registered Ownership.* Except as provided in Section 6(c) and Section 16, the Port and the Registrar may deem and treat the Registered Owner of each Series 2010 Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2010 Bond shall be made only as described in subsection (g) hereof, but the transfer of such Series 2010 Bond may be registered as herein provided. All such payments made as described in subsection (g) shall be valid and shall satisfy the liability of the Port upon such Series 2010 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Series 2010 Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2010 Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2010 Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Series 2010 Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC), the selection by DTC or by any DTC participant of any

person to receive payment in the event of a partial redemption of the Series 2010 Bonds, or any consent given or other action taken by DTC as the Registered Owner. Except as provided in the Port's undertaking for ongoing disclosure with respect to the Series 2010 Bonds or as otherwise provided in a Bond Insurance Policy or Bond Insurance Commitment related thereto, so long as any Series 2010 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in any Series 2010 Bonds.

(d) *Use of Depository.*

(1) The Series 2010 Bonds shall be registered initially in the name of "Cede & Co." (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC, with a single Series 2010 Bond for each series and maturity in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2010 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by a Designated Port Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by a Designated Port Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), a Designated Port Representative may appoint a

substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Series 2010 Bonds, together with a written request from a Designated Port Representative, issue a single new Series 2010 Bond for each series and maturity of the Series 2010 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of a Designated Port Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) a Designated Port Representative determines that it is in the best interest of the Beneficial Owners of the Series 2010 Bonds of a series that such owners be able to obtain such bonds in the form of Series 2010 Bond certificates, the ownership of such Series 2010 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Series 2010 Bonds, to authenticate and deliver Series 2010 Bonds of the same series as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 2010 Bonds together with a written request on behalf of a Designated Port Representative to the Registrar, new Series 2010 Bonds shall be authenticated and delivered in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2010 Bonds; Change in Denominations.* The transfer of any Series 2010 Bond may be registered and any

Series 2010 Bond may be exchanged, but no transfer of any Series 2010 Bond shall be valid unless the Series 2010 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2010 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2010 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2010 Bond (or Series 2010 Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2010 Bond, in exchange for such surrendered and canceled Series 2010 Bond. Any Series 2010 Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2010 Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2010 Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2010 Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2010 Bonds, after the selection of such Series 2010 Bonds for redemption.

(f) *Registrar's Ownership of Series 2010 Bonds.* The Registrar may become the Registered Owner of any Series 2010 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2010 Bonds.

(g) *Place and Medium of Payment.* Both principal of and interest on the Series 2010 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2010 Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Series 2010 Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Series 2010 Bonds are no longer in fully immobilized form, interest on the Series 2010 Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal and premium, if any, of the Series 2010 Bonds shall be payable by check upon presentation and surrender of such Series 2010 Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the 15th day of the month preceding any interest payment date by the Registered Owner of at least \$1,000,000 aggregate principal amount of Series 2010 Bonds, interest will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 7. Pledge of Available Intermediate Lien Revenues; Series 2010 Reserve Account Deposit. Pursuant to the Intermediate Lien Master Resolution, the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account have been created for the purpose of paying and securing the payment of the principal of, premium, if any, and interest on all outstanding Intermediate Lien Parity Bonds. The Port hereby irrevocably obligates and binds itself for as long as any Series 2010 Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the

Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Series 2010 Bonds; and

(2) Such amounts with respect to Series 2010 Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Series 2010 Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for the liens and charges thereon of Permitted Prior Lien Bonds and except for liens and charges equal in rank that have or may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Outstanding Intermediate Lien Bonds and any Intermediate Lien Parity Bonds issued in the future under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of the Intermediate Lien Master Resolution.

The Series 2010 Reserve Account Deposit shall be deposited in the Intermediate Lien Reserve Account on the date of issuance of the Series 2010 Bonds. Taking into account reserve account balances in the Intermediate Lien Reserve Account, the Series 2010 Reserve Account Deposit shall be at least sufficient to meet the Intermediate Lien Reserve Requirement.

Section 8. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if

any) sufficient to redeem and retire part or all of the Series 2010 Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2010 Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Intermediate Lien Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2010 Bonds so provided for and such Series 2010 Bonds shall then cease to be entitled to any lien, benefit or security of the Intermediate Lien Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2010 Bonds shall no longer be deemed to be Outstanding hereunder, under the Intermediate Lien Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

Within 45 days after any defeasance of Series 2010 Bonds, the Port shall provide notice of defeasance of Series 2010 Bonds to Registered Owners of Series 2010 Bonds being defeased and to each party entitled to receive notice in accordance with Section 17 of this series resolution.

Section 9. Refunding Procedures.

(a) *Application of Refunding Bond Proceeds.* The net proceeds of the Refunding Bonds (exclusive of any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or Bond Insurance Policy premium or to satisfy the Series 2010 Reserve Account Deposit), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be paid at the direction of the Treasurer to the Escrow Agent.

(b) *Defeasance of Refunded Bonds.* The net proceeds of the Refunding Bonds so deposited shall be utilized immediately upon receipt thereof to purchase the Government Obligations specified by the Designated Port Representative (which obligations so purchased, are herein called “Acquired Obligations”) and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolution authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the dates fixed for redemption and the redemption price (the principal amount) on the redemption dates for the Refunded Bonds. When the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and to be used for the purposes specified by the Designated Port Representative.

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

(1) the interest on the Refunded Bonds as such becomes due on and before the dates fixed for redemption of the Refunded Bonds; and

(2) the price of redemption of the Refunded Bonds on the dates fixed for redemption of the Refunded Bonds.

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



(d) *Authorizing Appointment of Escrow Agent.* The Commission hereby authorizes and directs the Designated Port Representative to select a financial institution to act as the escrow agent for the Refunded Bonds (the “Escrow Agent”).

Section 10. Redemption of Refunded Bonds. The Commission hereby calls the Refunded Bonds for redemption on the redemption dates specified in the Escrow Agreement in accordance with the provisions of the resolutions authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the delivery of the proceeds of the Refunding Bonds (and/or Acquired Obligations purchased with such proceeds) to the Escrow Agent.

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

The Escrow Agent shall be authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 9(c) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

The Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. The Designated Port

Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Series 2010 Bonds. The Escrow Agreement shall be substantially in the form of Exhibit C attached to this series resolution and by this reference hereby made a part of this series resolution.

Section 11. Disposition of Improvement Bond Proceeds. The proceeds of the Improvement Bonds, net of Underwriters' discount and premium for the Bond Insurance Policy, shall be applied as follows:

(a) A sum specified by the Designated Port Representative to the Treasurer prior to the closing and delivery of the Improvement Bonds shall be deposited in the Capitalized Interest Account-Series 2010 (hereinafter authorized to be created);

(b) The portion of the Series 2010 Reserve Account Deposit specified by the Designated Port Representative in a closing certificate shall be deposited to the Intermediate Lien Reserve Account; and

(c) The remainder of the proceeds of the Improvement Bonds shall be paid into the Construction Account—2010[A][B][C][D] (hereinafter authorized to be created).

The Treasurer of the Port is hereby authorized and directed to create a special account, the "Port of Seattle 2010 Capitalized Interest Account" (the "Capitalized Interest Account-Series 2010") for the purpose of holding Improvement Bond proceeds and interest earnings thereon to be used and disbursed to pay interest on the Improvement Bonds through the date or dates specified by the Designated Port Representative.

The Treasurer of the Port is hereby authorized and directed to create a special fund or funds or account(s) of the Port, designated as the "Port of Seattle Construction Account,

2010[A][B][C][D]” (the “Construction Account—2010[A][B][C][D]”), as appropriate, for each series designation. The money on deposit in the Construction Account—2010[A][B][C][D] and the interest earnings thereon shall be utilized to pay (or pay subordinate lien commercial paper notes issued to pay) or reimburse the Port for the costs of the Projects and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Improvement Bonds of the respective series, to the extent designated by the Designated Port Representative.

All or part of the proceeds of the Improvement Bonds may be temporarily deposited in or with such institutions or invested in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature or otherwise be subject to liquidation at the option of the Port prior to the date on which such money shall be needed.

In the event that it shall not be possible or practicable to accomplish all of the Projects, the Port may apply the proceeds of the Improvement Bonds to pay the costs of such portion thereof or such other projects [as the Port] shall determine to be in the best interests of the Port, subject to the limitations set forth in the Tax and Arbitrage Certificate. Any part of the proceeds of the Improvement Bonds remaining in the Construction Account-2010[A][B][C][D] after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to the Facilities of the Port subject to the limitations of the Tax and Arbitrage Certificate or may be transferred to the Intermediate Lien Bond Fund for the uses and purposes therein provided.

Section 12. Tax Covenants.

(a) *Tax Covenant.* The Port covenants to undertake all actions required to maintain the tax-exempt status of interest on the Series 2010 Bonds issued as tax-exempt bonds under Section 103 of the Code as set forth in the Tax and Arbitrage Certificate.

(b) *No Bank Qualification.* The Series 2010 Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 13. Lost, Stolen, Mutilated or Destroyed Series 2010 Bonds. In case any Series 2010 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2010 Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2010 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2010 Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 14. Form of Series 2010 Bonds and Registration Certificate.

The Series 2010 Bonds shall be in substantially the following form:

[DTC HEADING]

NO. \_\_\_\_\_ UNITED STATES OF AMERICA \$ \_\_\_\_\_  
STATE OF WASHINGTON  
PORT OF SEATTLE  
INTERMEDIATE LIEN REVENUE AND REFUNDING BOND  
SERIES 2010[A][B][C][D]

Maturity Date: \_\_\_\_\_, \_\_\_\_\_ CUSIP No. \_\_\_\_\_  
Interest Rate:  
Registered Owner: Cede & Co.  
Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Intermediate Lien Bond Fund" (the "Intermediate Lien Bond Fund") created by Resolution No. 3540, as amended (the "Intermediate Lien Master Resolution" and together with Resolution No. 3637, as amended, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Intermediate Lien Bond Fund from the date of initial delivery, 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 semiannually on the first days of each \_\_\_\_\_ and \_\_\_\_\_ beginning on \_\_\_\_\_ 1, 200\_\_\_\_. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal, premium, if any, and interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$\_\_\_\_\_, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to finance airport capital improvements and refund certain outstanding Port obligations. [Simultaneously herewith, the Port is issuing one other series of revenue bonds: its Intermediate Lien Revenue and Refunding Bonds, Series 2010[A][B][C][D] in the principal amount of \$\_\_\_\_\_].

The bonds of this issue maturing on and after \_\_\_\_\_ 1, \_\_\_\_ shall be subject to optional redemption in advance of their scheduled maturity on and after \_\_\_\_\_ in whole or in part on any date at a price of par plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on \_\_\_\_\_ 1, \_\_\_\_ shall be redeemed by the Port on \_\_\_\_\_ 1 of the following years in the following principal amounts at a price of par plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
_____	\$ _____

\* Final Maturity]

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

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

The Port does hereby pledge and bind itself to set aside and pay into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account from Available Intermediate Lien Revenues or money in the Revenue Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Funds, all within the times provided by said Bond Resolution.

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

The Port has further bound itself to establish, maintain and collect rentals, tariffs, rates and charges in the operation of all of its business for as long as any bonds of this issue are outstanding that it will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Intermediate Lien Revenues in an amount equal to or greater than the Rate Covenant defined in the Intermediate Lien Master Resolution.

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

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

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the \_\_\_\_ day of \_\_\_\_\_, 2010.

PORT OF SEATTLE

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

ATTEST:

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

CERTIFICATE OF AUTHENTICATION

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

This bond is one of the bonds described in the within mentioned Resolution and is one of the Intermediate Lien Revenue and Refunding Bonds, Series 2010[\_\_\_] of the Port of Seattle, dated \_\_\_\_\_, 2010.

WASHINGTON STATE FISCAL AGENCY, as  
Registrar

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

\* \* \* \* \*

In the event any Series 2010 Bonds of a series are no longer in fully immobilized form, the form of such Series 2010 Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 15. Execution. The Series 2010 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 2010 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2010 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2010 Bonds shall cease to be such officer or officers of the Port before the Series 2010 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2010 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2010 Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Series 2010 Bond shall be the proper officers of the Port although at the original date of such Series 2010 Bond any such person shall not have been such officer.

Section 16. Designation of Refunded Bonds; Sale of Series 2010 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 9 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be refunded with the proceeds of the Series 2010 Bonds authorized by this series resolution. The Chief Executive Officer may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” in the Bond Purchase Contract if and to the extent that the net present value aggregate savings with respect to Refunded Bonds originally issued as fixed rate bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance of the allocable Refunding Bonds), exceed the Savings Target.

(b) *Series 2010 Bond Sale.* The Series 2010 Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2010 Bonds and to execute the Bond Purchase Contract, with such terms (including the designation of the



Refunded Bonds and the Series 2010 Reserve Account Deposit) as are approved by the Chief Executive Officer pursuant to this section and consistent with this series resolution and the Intermediate Lien Master Resolution. The Commission has been advised by its financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Chief Executive Officer for a limited time the authority to designate one or more series as Build America Bonds, to approve the number of series and within each series, the final interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2010 Bonds. The Chief Executive Officer is hereby authorized to designate one or more series as Build America Bonds, to approve the number of series and within each series, the final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2010 Bonds in the manner provided hereafter so long as the aggregate principal amount of the Series 2010 Bonds does not exceed the maximum principal amounts set forth in Section 3 and so long as the true interest cost for the Series 2010 Bonds (in the aggregate) does not exceed \_\_\_\_\_%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal maturities, redemption rights of the Series 2010 Bonds and the Series 2010 Reserve Account Deposit, the Chief Executive Officer, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Series 2010 Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2010 Bonds. Subject to the terms and conditions set forth in this

section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Chief Executive Officer's approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Chief Executive Officer shall provide a report to the Commission, describing the final terms of the Series 2010 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Chief Executive Officer and the Designated Port Representative by this section shall expire on September 20, 2010. If a Bond Purchase Contract for the Series 2010 Bonds has not been executed by September 20, 2010, the authorization for the issuance of the Series 2010 Bonds shall be rescinded, and the Series 2010 Bonds shall not be issued nor their sale approved unless the Series 2010 Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2010 Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2010 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2010 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2010 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Series 2010 Bonds and the distribution of the Series 2010 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Designated Port Representative and other Port officials, agents and representative are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2010 Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2010 Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriters and other retained services, including bond counsel, rating agencies, fiscal agency, escrow agent, financial advisory services, escrow structuring services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 17. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the Port's written undertaking for the benefit of the beneficial owners of the Series 2010 Bonds to assist the Underwriters in complying with the Rule. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2010 Bonds, including persons holding Series 2010 Bonds through nominees or depositories.

(b) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The Port covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2011 for the fiscal year ending December 31, 2010, the Port shall provide or cause to be provided to the MSRB, if any, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The Port may adjust such date if the Port changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (b); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection 17(c) hereof, and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the MSRB, if any, by the Submission Date, the Port shall send to the MSRB notice of its failure to furnish such report pursuant to Section 17(d).

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

(A) *Audited financial statements.* Audited financial statements, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial

statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating Data and Financial Information.* Updated versions of the type of information contained in the Official Statement and identified in a closing certificate executed by the Designated Port Representative and referencing this section.

In lieu of providing the information in such Annual Disclosure Report, the Port may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB. The Port shall identify clearly each document so included by reference.

(c) *Material Events.* The Port agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Series 2010 Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Series 2010 Bonds;
- Modifications to rights of owners;

- Optional, contingent or unscheduled Series 2010 Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Series 2010 Bonds; and
- Rating changes.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Series 2010 Bonds, the Port will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Series 2010 Bonds. The Port shall promptly determine whether the events described above are material.

(d) *Notice Upon Failure to Provide Financial Data.* The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the Submission Date.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Series 2010 Bonds. This section, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of

nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Series 2010 Bonds; and (2) notifies the MSRB, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this series resolution, the Port may amend this Section 17 (including the items in the closing certificate referenced above) and any provision of this Section 17 may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (b)(1), (b)(2) or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Series 2010 Bonds.

In the event of any amendment of or waiver of a provision of this Section 17, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Subsection (c), and

(ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

(g) *Additional Information.* Nothing in this Section 17 shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Section 17 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by this Section 17. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 17, the Port shall have no obligation under this series resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

Section 18. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5(b) of the Intermediate Lien Master Resolution, as follows:

First: The Port is not in default under the of the Intermediate Lien Master Resolution; and



Second: The Commission has been assured that prior to the issuance and delivery of the Series 2010 Bonds, the Port will meet the conditions set forth in Section 5(c) of the Intermediate Lien Master Resolution or will deliver either.

(A) a certificate will be prepared as provided below and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Consultant's certificate, will be prepared as provided in the Intermediate Lien Master Resolution, stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period.

The limitations contained in the conditions provided in Section 5(b) of the Intermediate Lien Master Resolution having been complied with, the payments required herein to be made out of the Available Intermediate Lien Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2010 Bonds shall constitute a lien and charge upon such a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds.

Section 19. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2005 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative, with the assistance of the Underwriters, shall solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial

advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment and other agreements with the Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 20. Severability. If any one or more of the covenants or agreements provided in this series 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 series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Intermediate Lien Parity Bonds.

Section 21. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this \_\_\_\_ day of \_\_\_\_\_, 2010, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof.

PORT OF SEATTLE

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Commissioners

EXHIBIT A

Refunding Candidates

**Port of Seattle Revenue Refunding Bonds, Series 1998A\***

<u>Maturity Dates (June 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2011	\$ 2,880,000	5.250
2012	9,000,000	5.375
2013	9,465,000	5.375
2014	9,985,000	5.125
2017	4,820,000	5.000

\* Callable at any time on and after August 1, 2009, in whole or in part at a redemption price of par.

**Port of Seattle Revenue Bonds, Series 2000B\***

<u>Maturity Dates (February 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2016	\$ 11,205,000	6.000%
2017	11,895,000	6.000
2018	12,615,000	5.750
2019	13,365,000	5.750
2020	14,160,000	5.800
2021	15,005,000	5.800
2024	50,000,000	5.625

\*Callable at any time on and after August 1, 2010, in whole or in part at a redemption price of par.

**Port of Seattle Revenue Bonds, Series 2001B (AMT)\***

Maturity Dates (April 1)	Principal Amounts	Interest Rates
2011	\$10,165,000	5.500%
2012	10,735,000	5.500
2013	11,350,000	5.625
2014	12,010,000	5.625
2015	12,705,000	5.625
2016	13,440,000	5.625
2017	14,215,000	5.625
2018	15,040,000	5.625
2024	108,505,000	5.100

\*Callable at any time on and after October 1, 2011, in whole or in part at a redemption price of par.

**Port of Seattle Passenger Facility Charge Revenue Bonds, 1998A (Non-AMT)**

Maturity Dates (December 1)	Principal Amounts	Interest Rates
2016	\$ 670,000	5.00%
2017	14,380,000	5.00
2023	72,420,000	5.00

\*Callable at any time on and after December 1, 2008, in whole or in part at a redemption price of par.

**Port of Seattle Passenger Facility Charge Revenue Bonds, 1998B (AMT)**

Maturity Years (December 1)	Principal Amounts	Interest Rates
2010	\$10,030,000	5.250%
2011	10,555,000	5.250
2012	11,110,000	5.250
2013	11,690,000	5.375
2014	12,325,000	5.250
2016	25,955,000	5.300

\*Callable at any time on and after December 1, 2008, in whole or in part at a redemption price of par.

**Port of Seattle Subordinate Lien Revenue Bond, 2005**

<u>Maturity Years (March 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2035	\$62,925,000	VR

Exhibit B

Projects

## **EXHIBIT C**

### **ESCROW DEPOSIT AGREEMENT**

#### **PORT OF SEATTLE**

#### **INTERMEDIATE LIEN REVENUE AND REFUNDING BONDS, SERIES 2010**

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of \_\_\_\_\_, 2010 (herein, together with any amendments or supplements hereto, called the “Agreement”) is entered into by and between the Port of Seattle (herein called the “Port”) and \_\_\_\_\_, as escrow agent (herein, together with any successor in such capacity, called the “Escrow Agent”). The notice addresses of the Port and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

### **WITNESSETH:**

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

**WHEREAS**, pursuant to Resolution No. 3637, adopted on \_\_\_\_\_, 2010 (the “Series Resolution”), the Port has determined to issue its Intermediate Lien Revenue and Refunding Bonds, Series 2010 (the “Series 2010 Bonds”) in part for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

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

[**WHEREAS**, Grant Thornton LLP of Minneapolis, Minnesota, have prepared a verification report which is dated \_\_\_\_\_, 2010 (the “Verification Report”) relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and]

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

**WHEREAS**, the issuance, sale, and delivery of the Series 2010 Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on the Refunded Bonds when due as shown on Exhibit C attached hereto; and

**WHEREAS**, the Port desires that, concurrently with the delivery of the Series 2010 Bonds to the purchasers thereof, the proceeds of the Series 2010 Bonds, together with certain

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

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

**WHEREAS**, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Port desires to establish the Escrow Fund at the corporate trust office of the Escrow Agent in; and

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

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

## **Article 1. Definitions**

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

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

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

***Escrowed Securities*** means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other noncallable Government Obligations substituted therefor pursuant to Section 4.2 of this Agreement.

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



*Paying Agent* means the fiscal agency of the State of Washington, as the paying agent for the Refunded Bonds.

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

The terms “Agreement,” “Port,” “Escrow Agent,” “Series Resolution,” “Verification Report,” “Refunded Bonds,” and “Series 2010 Bonds” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

### **Section 1.3. Interpretations.**

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

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

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

Concurrently with the sale and delivery of the Series 2010 Bonds the Port shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds sufficient to purchase the Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Port in writing.

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

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

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Escrow Fund (the “Escrow Fund”). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Port, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

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

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their respective maturity or redemption dates and interest thereon to such maturity or redemption dates in the amounts and at the times shown in Exhibit C attached hereto.

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

The Port represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of the Refunded Bonds as the Refunded Bonds are paid on the optional redemption date set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the Port shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Port's failure to make additional deposits thereto.

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

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

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

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

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

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

At the written request of the Port, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the Port in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause any of the Series 2010 Bonds or Refunded Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The Escrowed Securities then held by the Escrow Agent shall not be released until the Escrow Agent shall have received the substituted Escrowed Securities.

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

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

Except as provided in Sections 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

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

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

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

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

### **Section 6.2. Notice of Redemption.**

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

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

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

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

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

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

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

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

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

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

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

The recitals herein and in the proceedings authorizing the Series 2010 Bonds shall be taken as the statements of the Port and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Series 2010 Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except as set forth herein and to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

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

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

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

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Port with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct, bad faith or its negligence. In

determining the occurrence of any such event or contingency the Escrow Agent may request from the Port or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Port at any time.

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

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

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

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

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Port, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Port within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Port, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

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

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

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

## **Article 9. Miscellaneous**

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

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

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

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

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

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

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

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

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

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

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

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

#### **Section 9.7. Notice to Moody's and S&P.**

In the event that this Agreement or any provision thereof is severed, amended or revoked, the Port shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, Attention: Public Finance Rating Desk/Refunded Bonds and to Standard & Poor's Ratings Service, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Public Finance Rating Desk/ Refunded Bonds.

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

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



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

**PORT OF SEATTLE**

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Chief Financial Officer

[\_\_\_\_\_]

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as Authorized Signer

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

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

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

**Escrow Agent:**

**EXHIBIT B  
THE REFUNDED BONDS**

**Port of Seattle  
Revenue Refunding Bonds, Series 1998A**

Maturity Dates (June 1)	Principal Amounts	Interest Rates
2011	\$ 2,880,000	5.250
2012	9,000,000	5.375
2013	9,465,000	5.375
2014	9,985,000	5.125
2017	4,820,000	5.000

**Port of Seattle  
Revenue Refunding Bonds, Series 2000B**

Maturity Dates (February 1)	Principal Amounts	Interest Rates
2011	\$ 8,300,000	6.000%
2012	8,815,000	6.000
2013	9,355,000	6.000
2014	9,935,000	6.000
2015	10,550,000	6.000
2016	11,205,000	6.000
2017	11,895,000	6.000
2018	12,615,000	5.750
2019	13,365,000	5.750
2020	14,160,000	5.800
2021	15,005,000	5.800
2024	50,000,000	5.625

**Port of Seattle Revenue Bonds, Series 2001B (AMT)**

<u>Maturity Dates (April 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2011	\$10,165,000	5.500%
2012	10,735,000	5.500
2013	11,350,000	5.625
2014	12,010,000	5.625
2015	12,705,000	5.625
2016	13,440,000	5.625
2017	14,215,000	5.625
2018	15,040,000	5.625
2024	108,505,000	5.100

**Port of Seattle Passenger Facility Charge Revenue Bonds, 1998A (Non-AMT)**

<u>Maturity Dates (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2016	\$ 670,000	5.00%
2017	14,380,000	5.00
2023	72,420,000	5.00

**Port of Seattle Passenger Facility Charge Revenue Bonds, 1998B (AMT)**

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2010	\$10,030,000	5.250%
2011	10,555,000	5.250
2012	11,110,000	5.250
2013	11,690,000	5.375
2014	12,325,000	5.250
2016	25,955,000	5.300

**Port of Seattle Subordinate Lien Revenue Bond, 2005**

<u>Maturity Years (March 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2035	\$62,925,000	VR

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

Date	Interest	Principal/ Redemption Price	Total
	\$	\$	\$
<b>Totals:</b>	\$	\$	\$



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

<b>Date</b>	<b>Total Cash Receipts From U.S. Treasury Securities</b>	<b>Reinvestment In Zero-Coupon U.S. Treasury SLGS (Investments)      Maturities</b>	<b>Adjusted Cash Receipts From U.S. Treasury From Escrow</b>	<b>Cash Disbursements From Escrow</b>	<b>Cash Balance</b>

**APPENDIX A-1**

**NOTICE OF REDEMPTION\***

**Port of Seattle  
[Name of Refunded Bonds]**

NOTICE IS HEREBY GIVEN that the Port of Seattle has called for redemption on \_\_\_\_\_ 1, \_\_\_\_\_, its outstanding Revenue Bonds, \_\_\_\_\_ (the "Bonds").

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

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

-or-

Wells Fargo Bank, National  
Association  
Any branch in the State of  
Washington

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

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



The following Bonds are being redeemed:

<u>Maturity Years</u> (_____ 1)	<u>Interest Rates</u>	<u>Principal Amounts</u>	<u>CUSIP Nos.</u>
	\$	%	

**By Order of the Port of Seattle**

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

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

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 28% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

**APPENDIX B-1**  
**Notice of Defeasance<sup>1</sup>**  
**Port of Seattle**  
**[Name of Refunded Bonds]**

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

The Defeased Bonds are described as follows:

Port of Seattle

\_\_\_\_\_

(Dated \_\_\_\_\_)

Maturity Date (_____1)	Par Amount Defeased	Interest Rate	Call Date (at 100%)	CUSIP Nos.
Year*	\$	%		

[\*New CUSIP numbers have been assigned to these bonds.]

\_\_\_\_\_

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

Bond Numbers of \_\_\_\_\_ Defeased Bonds

Information for Individual Registered Owner

The addressee of this notice is the registered owner of Bond Certificate No. \_\_\_\_\_ of the Defeased Bonds described above, which certificate is in the principal amount of \$\_\_\_\_\_. Of that principal amount, \$\_\_\_\_\_ has been defeased as described above.

New CUSIP numbers have been assigned to maturities of the Defeased Bonds designated above with an asterisk (\*). Such Defeased Bonds must be submitted to the Fiscal Agent for the State of Washington for reissue with the appropriate CUSIP number(s). If your bond has been assigned a new CUSIP number, please submit it to the address listed below along with a copy of this notice.

The Bonds should be presented as follows:

IF BY MAIL:

The Bank of New York  
Fiscal Agency Department  
101 Barclay Street - 7E  
New York, New York 10286

IF BY HAND:

The Bank of New York  
Fiscal Agency Department  
101 Barclay Street  
Main Floor Window  
New York, New York 10007

[Date]

\_\_\_\_\_, as Escrow Trustee

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

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

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Seattle (the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3637 (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the \_\_\_ day of \_\_\_\_\_, 2010, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Secretary