THE PORT OF PORTLAND
(OREGON)

ORDINANCE NO. 155
(ENACTED NOVEMBER 10, 1971, AS
AMENDED AND RESTATED PURSUANT TO
ORDINANCE NO. 368-B WHICH WAS ENACTED OCTOBER 13, 1993,
ORDINANCE NO. 375-B WHICH WAS ENACTED AUGUST 10, 1994
AND ORDINANCE NO. 393-B WHICH WAS ENACTED FEBRUARY 10, 1999)

AUTHORIZING

PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS
### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Findings and Determinations</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Definitions and Computations</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Authorization of Bonds and Notes; Payment Thereof; Pledges and Assignments to such Payment; Series Ordinances</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Authorization of First Series of Bonds and of Additional Bonds Hereunder</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Refunding Bonds</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Payment of Principal, Interest and Premium of Bonds; Cancellation of Matured Coupons; Cancellation and Destruction of Bonds and Coupons</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Redemption of Bonds</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>Registration, Transfer, Exchange and Ownership of Bonds</td>
<td>13</td>
</tr>
<tr>
<td>9</td>
<td>Execution of Bonds</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Forms of Bonds, Coupons and Registration and Assignment Provisions</td>
<td>16</td>
</tr>
<tr>
<td>11</td>
<td>Mutilated, Lost, Stolen or Destroyed Bonds or Coupons</td>
<td>25</td>
</tr>
<tr>
<td>12</td>
<td>Airport Construction Fund</td>
<td>26</td>
</tr>
<tr>
<td>13</td>
<td>The Airport Revenue Fund; Application of Revenues</td>
<td>28</td>
</tr>
<tr>
<td>14</td>
<td>The Bond Fund; Appointment of Trustee to Administer the Same</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>Annual Airport Budget</td>
<td>37</td>
</tr>
<tr>
<td>16</td>
<td>Covenant as to Rates, Rentals, Fees and Charges</td>
<td>38</td>
</tr>
<tr>
<td>17</td>
<td>Additional Covenants of The Port of Portland; Insurance Proceeds and Condemnation Awards</td>
<td>39</td>
</tr>
<tr>
<td>18</td>
<td>Concerning the Trustee and the Paying Agents</td>
<td>52</td>
</tr>
<tr>
<td>19</td>
<td>List of Bondholders</td>
<td>56</td>
</tr>
<tr>
<td>20</td>
<td>Amendment of This Ordinance</td>
<td>56</td>
</tr>
<tr>
<td>21</td>
<td>Certain Bonds Deemed Not Outstanding Hereunder</td>
<td>59</td>
</tr>
<tr>
<td>22</td>
<td>Ordinance to Constitute a Contract with Bondholders; Enforcement of Same</td>
<td>59</td>
</tr>
<tr>
<td>23</td>
<td>Events of Default</td>
<td>59</td>
</tr>
<tr>
<td>24</td>
<td>Notice to Bondholders and Others Upon Occurrence of an Event of Default</td>
<td>60</td>
</tr>
<tr>
<td>25</td>
<td>Acceleration</td>
<td>61</td>
</tr>
<tr>
<td>SECTION</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>26</td>
<td>Remedies Upon Occurrence of Event of Default; Powers of Trustee and Bondholders; Waivers of Event of Default; Termination of Proceedings</td>
<td>61</td>
</tr>
<tr>
<td>27</td>
<td>Consents, etc., of Bondholders</td>
<td>62</td>
</tr>
<tr>
<td>28</td>
<td>Special Obligation Bonds and Net Rent Leases</td>
<td>63</td>
</tr>
<tr>
<td>29</td>
<td>Discharge of Liens and Pledges; Bonds No Longer Outstanding Hereunder</td>
<td>66</td>
</tr>
<tr>
<td>30</td>
<td>No Personal Liability</td>
<td>67</td>
</tr>
<tr>
<td>31</td>
<td>Limitation of Rights</td>
<td>68</td>
</tr>
<tr>
<td>32</td>
<td>Laws Governing; Severability</td>
<td>68</td>
</tr>
<tr>
<td>33</td>
<td>Notices</td>
<td>68</td>
</tr>
<tr>
<td>34</td>
<td>Effect of Sundays and Legal Holidays</td>
<td>68</td>
</tr>
<tr>
<td>35</td>
<td>Section Headings; Table of Contents</td>
<td>68</td>
</tr>
<tr>
<td>36</td>
<td>Publication of Summary and Effectiveness of this Ordinance</td>
<td>68</td>
</tr>
</tbody>
</table>
ORDINANCE No. 155
(Amended and Restated Pursuant to Ordinance No. 368-B, Ordinance No. 375-B and Ordinance No. 393-B)

AN ORDINANCE AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE PORT OF PORTLAND TO PAY THE COSTS OF ACQUIRING AND CONSTRUCTING AIRPORT AND OTHER PORT IMPROVEMENTS; PRESCRIBING THE LIMITATIONS ON AND CONDITIONS OF ISSUANCE AND THE FORM OF SUCH BONDS; PROVIDING FOR THE DETAILS OF SUCH BONDS; COVENANTING AS TO THE REVENUES DERIVED FROM THE PORTLAND INTER-NATIONAL AIRPORT AND THE USE AND APPLICATION OF SUCH REVENUES; PLEDGING SUCH REVENUES TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SUCH BONDS AND LIMITING SUCH PAYMENT SOLELY TO SAID REVENUES; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

BE IT ENACTED BY THE PORT OF PORTLAND:

SECTION 1. Findings and Determinations. The Board of Commissioners of The Port of Portland hereby finds and determines as set forth in this section. Under applicable laws of the State of Oregon the object, purposes and occupation of The Port of Portland (hereinafter referred to and defined as the “Port”) are to promote the maritime, shipping, aviation, commercial and industrial interests of the Port in the manner as the Port is by law specifically authorized and empowered. Under such laws, for the purpose of carrying into effect all or any of the powers granted to the Port, the Port may from time to time issue and sell revenue bonds without the necessity of the voters of the Port authorizing the same, which revenue bonds shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto. For many years the Port has owned and operated an airport located adjacent to the Columbia River in Multnomah County within the boundaries of the Port and now known and designated as the “Portland International Airport”. To promote the aviation, shipping, maritime, commercial and industrial interests of the Port and for the convenience of the public and the convenience of the air transport, shipping, maritime, commercial and industrial development of the Port, it is necessary, advisable and desirable that certain additions, expansions and improvements be made to said airport and to other Port facilities, including in such additions, expansions and improvements the development and reclamation of land necessary therefor, additional terminals and buildings and other facilities and aids incident to the development, protection and operation of the air transport facilities and other facilities of the Port. It is also necessary, advisable and desirable that the Port issue its revenue bonds to provide the moneys to pay the costs of such additions, expansions and improvements, and to limit the charge of such bonds and the payment of the principal and interest thereof as set forth herein.

SECTION 2. Definitions and Computations. Unless the context shall indicate some other meaning, the terms defined in this section shall, for all purposes of this Ordinance and of any ordinance, resolution, certificate or other instrument supplemental hereto
and of any opinion or instrument or document herein or therein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. The term:

(a) “Accountant” means the individual accountant or firm of accountants appointed pursuant to paragraph J of Section 17 hereof.

(b) “Additional Bonds” means any additional Bonds authorized and issued pursuant to Section 4 hereof at any time outstanding.

(c) “Airport” means each and all of the following as defined from time to time in master plans filed with the Federal Aviation Administration: (1) the presently existing airport owned or operated by the Port known as the “Portland International Airport” and (2) the Portland International Airport as enlarged, expanded, changed and improved, pursuant to the Airport Capital Improvement Program, as amended from time to time. Without limiting the generality of the foregoing, the term “Airport” shall include (i) any and all of the following pertaining to the Portland International Airport: lands or water areas, rights or interests in land, rights-of-way, approaches, contract rights, air navigation facilities, terminal buildings, hangars and other buildings and facilities, runways, taxiways, paved areas, access roads, parking lots and structures, furnishings, equipment and apparatus, and all other property (real, personal, mixed or otherwise), now or hereafter constructed or acquired, of or belonging or pertaining to said Airport; (ii) each and every and all and singular, the properties and facilities belonging to or pertaining to Portland International Airport and constructed or acquired from the proceeds of Bonds or from the proceeds of any other bonds, notes or other evidences of indebtedness payable, or the principal or interest or both of which is reimbursable, from the Airport Fund or from a fund maintained therefrom, or constructed or acquired from moneys in the Airport Fund or from moneys in any other fund maintained therefrom, and (iii) all other additions, expansions and improvements of or belonging or pertaining to the Portland International Airport, hereafter acquired or constructed however financed. The term “Airport” shall not, however, include: (A) properties sold, leased or otherwise disposed of or transferred pursuant to the provisions of paragraph M of Section 17 thereof; (B) properties subject to a Net Rent Lease, defined in Section 28 hereof, except to the extent provided in said Section 28; and (C) General Aviation Airports.

(d) “Airport Consultant” shall mean the individual consultant or firm of consultants appointed pursuant to paragraph K of Section 17 hereof.

(e) “Airport Fund” means the special fund of the Port created in Section 13 hereof and designated in that section as “The Port of Portland Airport Revenue Fund”.

(f) “Airport Capital Improvement Program” prior to June 30, 1986, means the capital requirements program scheduled for the Airport for the period from July 1, 1971 through June 30, 1986, as amended from time to time, as provided in the schedule attached as Exhibit 2, as amended from time to time, to the Certificated Airlines Operating Agreements, dated as of November 1, 1971, by and between the Port and
certain certificated air carriers and, after June 30, 1986, means any capital requirements which the Port in its discretion deems necessary for the Airport.

(g) “Airport Construction Fund” means the separate special fund created and established by Section 12 hereof, and designated in that section as “The Port of Portland Airport Construction Fund”.

(h) “Bond” or “Bonds” means any Bond, some of the Bonds or all of the Bonds at any time outstanding under and pursuant to this Ordinance, including the first series of Bonds and Additional Bonds issued pursuant to Section 4 hereof at any time outstanding and Refunding Bonds issued pursuant to Section 5 hereof at any time outstanding and bond anticipation notes issued pursuant to Section 3 hereof at any time outstanding but shall not include any Special Obligation Bonds defined in Section 28 hereof.

(i) “Bondholder” or “holder of Bond” means any person who shall be the bearer of any Bond not then registered, or the registered owner or his duly authorized attorney-in-fact, representative or assigns, of any Bond which at the time shall be registered other than to bearer.

(j) “Bond Fund” means the special trust fund of the Port created pursuant to Section 14 hereof, to be designated as provided in that section as “The Port of Portland Airport Revenue Bond Fund”.

(k) “Commercial Airport” means any airport, a major portion of the revenues derived from which are realized (i) from the operations of certificated air carriers engaged in the public utility business of transporting passengers or freight, or both, by air, whether such operations be on a scheduled or non-scheduled basis, and (ii) from the supplying by the owner or operator of such airport of goods and services to the customers, patrons and passengers of such carriers.

(l) “Costs of Construction” shall have the meaning given to such term in Section 12 hereof.

(m) “Costs of Operation and Maintenance” shall have the meaning given to such term in Section 13 hereof.

(n) “Debt Service Requirement” means with respect to all the Bonds or a series of the Bonds or any particular amount of such Bonds, as the case may be, the total as of any particular date of computation and for any particular Fiscal Year, of the amounts required pursuant to the provisions of Section 14 hereof to be paid during such Fiscal Year into the Bond Fund to provide for the payment of interest on such Bonds, to provide for the payment at maturity of any such Bonds issued in serial form and to provide for the retirement of any such Bonds issued in term form.

(o) “Fiscal Year” means the fiscal year for the Port as established from time to time by the Port, being on the date of effectiveness of this Ordinance the period from July 1 in any year to and including the following June 30.
(p) “General Aviation Airport” means an airport known in the air transport industry as a “general aviation airport”, being an airport, the major portion of the revenues derived from which is not realized from the operations of aircraft operated by certificated air carriers (except possibly air taxi or air tour operations) and from the supplying of goods and services to the people utilizing such aircraft, but is realized from the activities of private, nonpublic aircraft, flying schools, the supplying of goods and services to the foregoing and similar operations not normally part of a public utility business (except possibly air tour or air taxi operations).

(q) “Investment Securities” means any investments which are legal for the Port under the laws of the State of Oregon, provided that such investments are those typically permitted for the investment of debt service and reserve funds of revenue bonds which have credit ratings similar to the credit ratings then in effect for the Senior Lien Bonds. [This paragraph amended pursuant to Section 1.3 of Ordinance No. 393-B]

(r) “Net Revenues” means for any past period the aggregate of the Revenues actually paid into the Airport Fund during such past period, and for any future period the aggregate of the Revenues estimated to be paid into the Airport Fund during such future period, minus for any such past period the aggregate of the Costs of Operation and Maintenance of the Airport actually paid or accrued during such past period, or minus for any such future period the aggregate of the Costs of Operation and Maintenance of the Airport estimated to be paid or accrued during such future period, as the case may be.

(s) “Ordinance” means this Ordinance, as the same may be amended and supplemented from time to time, and, unless the context shall clearly indicate otherwise, shall include all Supplemental Ordinances. “Series Ordinance” means an ordinance or resolution adopted hereunder providing for the issuance of a series of Bonds hereunder.

(t) “Outstanding” when used with respect to any Bond shall have the construction given to such word in Section 29 hereof, i.e., a Bond shall not be outstanding hereunder if such Bond is at the time not deemed to be outstanding hereunder by reason of the operation and effect of said Section 29.

(u) “Paying Agent” means the Trustee as to any Bond of whatever series and whatever form, coupon or registered, and, as to Bonds in coupon form of a particular series, the additional Paying Agents, if any, for such Bonds of such series appointed in the Series Ordinance providing for the issuance of Bonds of such series.

(v) “Port” means The Port of Portland, or any public body or agency which shall hereafter succeed to the powers, duties and functions of the Port.

(w) “Revenues” means and includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of the services, facilities and commodities thereof, and without limiting the generality of the foregoing, shall include (1) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport, or otherwise derived from or arising through the
ownership, operation and management of the Airport by the Port, or derived from the rental by the Port of all or part of the Airport or from the sale or rental by the Port of any commodities or goods in connection with the Airport; (ii) earnings on and the income from the investment of moneys held under this Ordinance, to the extent such earnings or income are deposited in the Airport Fund or the Bond Fund, but not including any such earnings or income credited to the Airport Construction Fund; and (iii) to the extent provided in Section 28 hereof), income derived by the Port from a Net Rent Lease (defined in Section 28 hereof); provided that (1) the term “Revenues” shall not include (a) moneys received as proceeds from the sale of Bonds or as grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements, except to the extent that any such moneys shall be received as payments for the use of the Airport, or (b) passenger facility charges or similar charges that are imposed under authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities and (2) in no event shall the term “Revenues” include tax revenues or tax-derived revenues.  [This paragraph amended pursuant to Section 1.3 of Ordinance No. 393-B]

(x) “Supplemental Ordinance” means any ordinance or resolution amending or supplementing this Ordinance as originally enacted, adopted under and pursuant to Section 20 hereof, and shall include Series Ordinances.

(y) “Term Bond Principal Account Installment” means the principal amount of term bonds subject to mandatory redemption on an annual or a semi-annual date, as provided by Series Ordinance.

(z) “Trustee” means the corporation appointed pursuant to Sections 14 and 18 hereof to hold and administer the Bond Fund and any successor to such corporation as Trustee hereunder.

Whenever in this Ordinance any governmental unit, including the Port, or any officer, director or department of a governmental unit, including the Port, is defined or referred to, such definition or reference shall be deemed to include the governmental unit or officer, board, agency, commission, body or department succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit, officer, director or department, as the case may be, encompassed by this Ordinance.

Unless the context shall clearly indicate otherwise, in this Ordinance words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives.

Unless the context shall clearly indicate otherwise, in this Ordinance (not including in such term wherever used in this paragraph any Supplemental Ordinance): (i) references to sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding sections and subdivisions of this Ordinance, as such sections or subdivisions may be amended from time to time; (ii) the terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof”,

DOCSPNW1:57365.3
42936-5 BJ1/BJ1
5
and any similar terms, refer to this Ordinance and to this Ordinance as a whole and not to any particular section or subdivision hereof; and (iii) the term “heretofore” means before the time of effectiveness of this Ordinance and the term “hereafter” means after the time of effectiveness of this Ordinance.

Unless the facts shall then be otherwise, all computations required for the purposes of this Ordinance shall be made on the assumption that: (i) the principal of and interest on all Bonds shall be paid as and when the same become due; and (ii) all Bonds required by the Series Ordinance providing for their issuance to be redeemed from moneys credited to the Term Bond Principal Account created pursuant to Section 14 hereof in the Bond Fund shall be redeemed on the respective Term Bond Principal Account Installment dates therefor in the amounts and in the years as required by said Section 14 or by such Series Ordinance.

SECTION 3. Authorization of Bonds and Notes; Payment Thereof; Pledges and Assignments to such Payment; Series Ordinances. For the purpose of carrying into effect certain of the powers granted to the Port pertaining to aviation, air transport and other enterprises, there is hereby established and created under this Ordinance an issue of revenue bonds (herein defined and referred to as the “Bonds”) of the Port, to be known and designated as “Portland International Airport Revenue Bonds.” The Bonds may be issued hereunder in series from time to time as hereinafter provided in this section and in Sections 4 and 5 hereof. The Bonds are hereby authorized to be issued in an amount providing net proceeds not exceeding the Costs of Construction of the additions, expansions and improvements to the Airport as set forth in the Airport Capital Improvement Program, as amended from time to time, plus Bonds of the first series in an amount providing net proceeds not exceeding $21,000,000, which $21,000,000 may be used by the Port for any lawful purpose, including but not limited to the Costs of Construction of such additions, extensions and improvements to the Airport. On or before the day of the delivery and payment for the first Bonds issued hereunder the Port shall, from funds lawfully available to it, other than Bond proceeds, deposit $5,500,000 into the Airport Construction Fund. Subject to the aforementioned limitation and to the provisions of Sections 4 and 5 hereof, the aggregate principal amount of Bonds which may be issued hereunder and secured hereby and be outstanding at any time is not limited as to amount, except as may otherwise hereafter be provided by law. The Bonds, including principal thereof and interest and premium, if any, thereon, shall be payable solely from and be secured solely by the Revenues, which Revenues shall be and hereby are pledged and charged to the Bonds and the punctual payment of the principal thereof and interest and premium, if any, thereon to the security thereof, in accordance with the provisions of this Ordinance. The Bonds shall be equally and ratably secured hereunder without priority by reason of series, number, date of adoption of the Series Ordinance providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of issuance, date of delivery, or otherwise, and without regard to which section hereof the Bonds are issued hereunder, by a co-equal lien on the Revenues, which lien and the Bonds shall constitute a prior and superior lien and charge on the Revenues, subject to the provisions of this Ordinance, over and ahead of any claims (whether in tort, contract or otherwise and irrespective of whether the parties possessing such claims have notice of the foregoing pledges, liens or charges), encumbrances or obligations of any nature arising or incurred after the delivery of and payment for the first Bonds issued hereunder, and over and ahead of all other indebtedness payable from or secured by the Revenues which may hereafter be created or incurred. There shall be and hereby are, also pledged and assigned to the payment of
the principal of and interest and premium, if any, on the Bonds (i) all rights of the Port under any construction contracts entered into by it or assigned to it with respect to the Airport and such other facilities as are constructed with the proceeds of the Bonds and under any other contracts entered into by it or assigned to it for any work upon the Airport or such other facilities as are constructed with the proceeds of the Bonds or to the benefit of which the Port may be entitled to with respect to the Airport or such other facilities, together with all rights of the Port under any surety or performance bonds covering the performance of any such contracts, except for contracts relating to Section 28 special facilities; and, (ii) until used and applied in accordance with the provisions hereof, all moneys held hereunder by the Port, the Trustee or any Paying Agent and the securities in which such moneys may from time to time be invested. The foregoing pledges and assignments shall be valid and binding from the time of the delivery of and payment for the first Bonds issued hereunder, and the moneys representing the Revenues shall thereupon be immediately subject to such pledge upon receipt thereof by the Port or the Trustee or a Paying Agent without any physical delivery or further act. The Bonds shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port, nor a charge upon any other revenues or property of the Port not specifically pledged herefor.

The covenants and agreements herein set forth to be performed by the Port shall be for the equal and proportionate benefit, security and protection of all holders of the Bonds and interest coupons without preference, priority or distinction as to payment or security or otherwise (except as to maturity, Term Bonds Principal Account Installments or other funds or accounts, which may be established for the Bonds of any series authorized hereunder) of any of the Bonds or interest coupons over any of the others for any reason or cause whatsoever, except as expressly provided therein or herein or in the Bonds, and all Bonds shall rank pari passu and shall be secured equally and ratably without discrimination or preference whatsoever.

Except as herein otherwise provided the issuance of the Bonds may be authorized in one or more series by a Series Ordinance or Series Ordinances of the Port adopted subsequent hereto. Each Series Ordinance providing for the issuance of a series of Bonds shall, in addition to the title “Portland International Airport Revenue Bonds”, designate such Bonds by an appropriate designation and shall also specify: (a) the authorized principal amount of such series of Bonds; (b) the purposes for which Bonds of such series are being issued; (c) the date, maturity date or dates and the first interest payment date of the Bonds of said series, which maturity date or dates shall occur on July 1 or semi-annually January 1 and July 1, and which first interest payment date shall be on or prior to one year from the date of such Bonds and shall occur on a January 1 or July 1, with interest being payable on said Bonds semi-annually each January 1 and July 1 after such first interest payment date; (d) the interest rate or rates or the manner of determining such rates; (e) the denominations and manner of numbering the Bonds of such series; (f) whether such Bonds will be issued in coupon form or fully registered form or both and the privileges, if any, of convertibility from one form to another; (g) the redemption price or prices, if any, to be paid upon the redemption of the Bonds of such series, the period or periods, if any, during which such prices shall be payable and the terms and conditions, if any of such redemption; (h) if any of the Bonds of said series are issued in the form customarily known as “term bonds”, the amount and due dates of each Term Bond Principal Account Installment for the Bonds of such series, which due date shall be either a July 1 or both January 1 and July 1, the date or dates and redemption price or prices upon which the said Bonds may be redeemed from
such installments, which redemption dates shall be either a July 1 or both July 1 and January 1, and the manner and procedure of applying such Term Bond Principal Account Installments to the redemption of such Bonds: (i) if the coupon Bonds of such series are to be payable at any place or places in addition to the office of the Trustee, the additional place or places of such payment; (j) the provisions for the sale or other disposition of the Bonds of such series and the use, application, and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions hereof, (k) any other provisions which may be required to be inserted therein by other provisions of this Ordinance, such as by Section 12 hereof, and (l) any other provisions not inconsistent or in conflict with the provisions of this Ordinance deemed necessary or advisable by the Port. The Series Ordinance providing for the issuance of the Bonds of the first series may authorize the sale of Bonds of the first series of Bonds in installments and may authorize that the matters set forth in the foregoing clauses (c) through (l) with respect to installments other than the first installment may be specified by a Supplemental Ordinance adopted with respect to each such installment.

No holder of a Bond shall be required to see that the moneys derived from such Bond are applied to the purpose or purposes for which the Bond is issued. The validity of the Bonds shall neither be dependent upon nor affected by the validity or regularity of any proceedings or contracts relating to the acquisition, purchase, construction, reconstruction, restoration, addition, expansion, improvement, betterment, extension, renewal or replacement of the Airport or other facilities of the Port, nor the use and application of the proceeds of the Bonds.

At any time and from time to time after the issuance of Bonds have been authorized hereunder, the Port may borrow money for the purposes for which such Bonds are to be issued in anticipation of the receipt of the proceeds of the sale of such Bonds and within the authorized maximum amount of such Bonds, and shall issue bond anticipation notes for all moneys so borrowed.

**SECTION 4. Authorization of First Series of Bonds and of Additional Bonds Hereunder.** For the purpose of paying the Costs of Construction of additions, expansions and improvements to the Airport, as set forth in the Airport Capital Improvement Program, as amended from time to time, and to the extent authorized under Section 3 hereof and for the purpose of financing other Port facilities, there is hereby authorized to be issued, and shall be issued hereunder, the first series of Bonds in the aggregate principal amount of $50,000,000, which Bonds shall be issued on such terms and in such installments as may be set forth in the Series Ordinance and any Supplemental Ordinance providing for the issuance of such Bonds, to be adopted hereafter pursuant to and in accordance with the provisions of Section 3 hereof.

From the proceeds of the sale of such $50,000,000 first series of Bonds, there shall be deposited by the Port into its general fund $21,000,000 which may be used by the Port for any lawful purpose, including but without limitation the Costs of Construction of additions, expansions and improvements to the Airport. That portion of the proceeds of the sale of the first series of Bonds not so deposited into the general fund of the Port shall be deposited by the Port in accordance with the last paragraph of this Section 4. On or before the day of the delivery of and payment for the first Bonds issued hereunder the Port shall, from funds lawfully available to it, other than Bond proceeds, deposit $5,500,000 into the Airport Construction Fund. If the
$50,000,000 first series of Bonds are sold in two installments of $25,000,000 each, there shall be deposited by the Port into its general fund $13,250,000 from the proceeds of sale of the first installment and $7,750,000 from the sale of the second installment.

Subsequent to the issuance of the first series of Bonds hereunder, the Port for the purpose of paying Costs of Construction of the Airport as set forth in the Airport Capital Improvement Program, as amended from time to time, may issue hereunder at one time or from time to time an additional series or additional series of the Bonds (herein defined and referred to as “Additional Bonds”) by means of a Series Ordinance or Series Ordinances, adopted pursuant to and in accordance with the provisions of Section 3 hereof, but only upon compliance with the following conditions:

1. There shall have been delivered to the Port a certificate of the Trustee that no default exists in the payment of the principal of or interest and premium (if any) on any Bond and all mandatory term bond redemptions (if any) required to have been made shall have been made.

2. The Net Revenues, as certified by the Accountant and adjusted by the Airport Consultant as hereinafter in this section provided, for any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of the series of Bonds proposed to be issued shall have equaled not less than one hundred per cent of the maximum Debt Service Requirement for any future Fiscal Year on all Bonds to be outstanding upon the issuance of such Additional Bonds and including such Additional Bonds; and

3. The Net Revenues estimated by the Airport Consultant to be derived during each of the five Fiscal Years following the date estimated by the Port that a substantial portion of the project or projects, the Costs of Construction of which are to be financed by the issuance of such Additional Bonds, are placed in continuous service or in commercial operation shall be equal to not less than one hundred thirty per cent of the maximum Debt Service Requirement for any future Fiscal Year on all Bonds to be outstanding upon the issuance of such Additional Bonds and including such Additional Bonds.

4. There shall have been delivered to the Trustee a certificate of the Airport Consultant that the additions, expansions and improvements to be financed with the proceeds of the sale of the Bonds to be sold are additions, expansions and improvements contemplated by the Airport Capital Improvement Program, as amended from time to time.

In the event that prior to the delivery of and payment for the series of Additional Bonds proposed to be issued the Port has imposed increases in its schedule of rates, rentals, fees and charges for the use and service of the Airport and the facilities and commodities furnished thereby and the certificated air carriers utilizing the services and facilities of the Airport on a scheduled basis have agreed or consented to such increases in writing (whether by contract, lease, amendment to lease or otherwise), or as to any, such increases not so agreed to, such increases have been in effect and have been paid for at least three months prior to the date of
delivery of and payment for such Additional Bonds, (i) if such increases were not in effect throughout the entire twelve months’ period referred to in subparagraph (2) above in this section, the Airport Consultant shall revise the certificate of the Accountant referred to in that subparagraph so as to reflect the results as though such increases had been in effect and had been paid throughout such entire twelve months’ period, and (ii) the Airport Consultant in making his estimates for the purposes of subparagraph (3) above may adjust his estimates to reflect such increases.

Except as otherwise provided above in this Section 4, the proceeds of the sale of any series of Bonds issued pursuant to this section, including the interest accrued thereon to the date of delivery of and payment therefor, shall be paid to the Port, which shall (i) deposit an amount of such proceeds equal to such accrued interest with the Trustee for deposit in the Bond Fund for credit to the Interest Account therein; (ii) deposit in the Major Maintenance Reserve Account, the Capital Improvement Account, the Debt Service Reserve Account and the Construction Interest Reserve Account such amounts, if any, as shall be specified in the Series Ordinance providing for the issuance of such series of Bonds, provided that the maximum amount of such proceeds which may be so deposited shall not exceed the amounts required or permitted to be on deposit in such accounts as provided herein; and (iii) deposit the remainder of such proceeds in the Airport Construction Fund created by Section 12 hereof.

SECTION 5. Refunding Bonds. The Port may at any time and from time to time issue one or more series of Bonds (herein defined and referred to as “Refunding Bonds”) hereunder by means of a Series Ordinance or Ordinances adopted pursuant to and in accordance with the provisions of Section 3 hereof, (a) for the purpose of refunding at or prior to their maturity any of the then outstanding Bonds for the payment of which sufficient funds are not available, and any Refunding Bonds issued for such purpose shall mature, or be redeemable from Term Bond Principal Account Installments which shall commence, later than the latest stated maturity date of any Bond then outstanding which shall remain outstanding after the completion of such refunding, and (b) for the purpose of refunding Bonds at any time, provided that the aggregate Debt Service Requirement in any Fiscal Year after the delivery of such Refunding Bonds shall not be greater in any Fiscal Year after such delivery in which any of the Bonds not refunded shall remain outstanding than would have been the aggregate Debt Service Requirement of the Bonds for such Fiscal Year were such Refunding Bonds not to be issued and (c) for the purpose of refunding at or prior to their maturity all of the Bonds then outstanding. For the purposes of this paragraph, the interval between the date of delivery of such Refunding Bonds and the next ensuing July 1 shall constitute a Fiscal Year.

Bonds of any one or more series may be refunded by the same series of Refunding Bonds, which Bonds to be refunded shall be specified in the Series Ordinance authorizing the Refunding Bonds, and the principal amount of such Refunding Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, interest thereon to the date of redemption thereof and any premium payable thereon upon such redemption. The proceeds of the Refunding Bonds shall be paid over to the Trustee, to be applied in such manner, consistent with the provisions of Section 29 hereof, as is provided in the Series Ordinance authorizing such Refunding Bonds, so that upon the delivery of such Refunding Bonds the Bonds to be refunded thereby shall no longer be deemed to be outstanding hereunder in accordance with the provisions of said Section 29.
SECTION 6. Payment of Principal, Interest and Premium of Bonds; Cancellation of Matured Coupons; Cancellation and Destruction of Bonds and Coupons. The Bonds shall be payable as to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment thereof is legal tender for public and private debts. Unless or except as is otherwise provided in the Series Ordinance authorizing their issuance, (i) coupon Bonds shall bear interest from the date of such Bonds, which interest prior to the maturity of such Bonds shall be payable only upon the presentation and surrender of the respective coupons therefor as the same severally become due; (ii) a fully registered Bond shall bear interest from the interest payment date next preceding the date thereof, unless such date is an interest payment date, in which event it shall bear interest from its date, or unless the date thereof is prior to the first interest payment date for the series of Bonds of which such fully registered Bond is one, in which event it shall bear interest from the date of the coupon Bonds of the series of Bonds of which it is one; provided that, all fully registered Bonds shall be dated as of such date so that no gain or loss of interest shall result upon the issuance, transfer, exchange or conversion thereof; and (iii) interest on fully registered Bonds shall be paid by the Trustee by check or draft mailed to the registered owner at his address as it appears on the books of registry kept pursuant to Section 8 hereof.

Prior to the delivery of any coupon Bonds, all coupons thereon then matured shall be detached and cancelled by the Port or by the Trustee.

All Bonds and interest coupons upon the payment thereof shall, as directed by the Port, either be cancelled by the Paying Agents and such cancelled Bonds and coupons and a certificate evidencing such cancellation transmitted to the Port or be destroyed by the Paying Agents and a certificate evidencing such destruction transmitted to the Port. If any Bond or coupon is cancelled or destroyed by a Paying Agent other than the Trustee, a copy of the certificate of such Paying Agent evidencing such cancellation or destruction shall also be delivered to the Trustee.

SECTION 7. Redemption of Bonds. In the event any of the Bonds shall be subject to redemption prior to the stated maturity thereof, the terms and provisions of such prior redemption shall be set forth in the Series Ordinance providing for the issuance of such Bonds. Unless or except as is otherwise provided in the Series Ordinance providing for the issuance of such Bonds:

(1) Notice of redemption of Bonds shall state: the designation, date and maturities of the Bonds called for redemption; the redemption premium, if any, payable upon such redemption; the date of redemption; if less than all the Bonds then outstanding of the series of Bonds of which the Bonds called for redemption are a part are called for redemption, the numbers of the Bonds called for redemption, which in the case of a fully registered Bond shall be the actual number of such Bond and not the number or numbers of the coupon Bonds reserved in accordance with Section 8 hereof upon the issuance of such fully registered Bond; that the interest on the Bonds, or on the principal amount thereof to be redeemed, in such notice designated for redemption shall cease to accrue and be payable from and after such redemption date; and that on said redemption date there will become due and payable on each said Bond the principal amount thereof to be redeemed, the then applicable redemption premium, if any, and the interest accrued on such principal amount to the redemption date.
(2) Each notice of redemption mailed to the holder of a fully registered Bond to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such fully registered Bond must be surrendered in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equalling in principal amount that portion of the principal sum not to be redeemed of the Bond to be surrendered.

(3) Notice of redemption of Bonds shall be given by publication (except as provided below), at least thirty (30) days before the redemption date, of one notice of the intended redemption in one issue of a newspaper of general circulation in Multnomah County, Oregon, and of one such notice in one issue of The Daily Bond Buyer, a newspaper specializing in financial matters published in the City and State of New York, or in lieu of such publication in The Daily Bond Buyer, in some other newspaper of general circulation specializing in financial matters published in the City and State of New York.

(4) If any Bond called for redemption is fully registered, or is registered as to principal only, notice of the redemption thereof shall be mailed not less than forty (40) days prior to the redemption date, by registered mail, to each registered owner of such Bond at his address as it appears on the registration books or at such address that he may have filed with the Trustee for that purpose, and notice of redemption by publication need not be given to the holder of any fully registered Bond, or of any Bond registered as to principal only, if notice shall have been so mailed as aforesaid to the registered owner thereof, provided that, if notice thereof is given by publication as aforesaid, then neither failure to mail such notice to the registered owner of any Bond which is registered as to principal only, nor any defect in any notice so mailed, shall affect the sufficiency of the proceedings for the redemption of any such Bond.

(5) The Port, at any time it shall call Bonds for redemption, shall mail to the Trustee at least fifty-five days prior to the redemption date a copy of the notice of redemption of the Bonds so called, or such shorter time as shall be acceptable to the Trustee.

(6) The Trustee shall give notice of all redemption of Bonds in the name and on behalf of the Port, and shall promptly notify the respective Paying Agents for the Bonds of the series of Bonds called for redemption as to any redemptions of the Bonds of such series and as to the numbers of the Bonds called for redemption.

(7) For the purpose of selection and redemption of Bonds the Trustee shall assign a separate number for each portion of the principal sum of each fully registered Bond that is equal to the denomination of the coupon Bond or Bonds in lieu of or exchange for which such fully registered Bond was issued, which separate numbers shall be chosen from the numbers of those coupon Bonds reserved in accordance with Section 8 hereof upon the issuance of such fully registered Bond.

(8) Whenever provision is made for the selection by lot of Bonds to be redeemed, the Trustee shall select, in any manner which it deems fair, the particular
Bonds to be redeemed from among the Bonds then subject to redemption and selection by lot for such redemption.

(9) In the event that part only of the principal sum of a fully registered Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Trustee. Upon surrender of such fully registered Bond, the Port shall execute, and the Trustee shall deliver, or cause to be delivered, to the registered owner thereof, at the expense of the Port, a new duly executed Bond or Bonds of authorized principal sums equal in aggregate principal amount to, and of the same series, maturity and interest rate as, the unredeemed portion of the fully registered Bond surrendered, which new Bond or Bonds may, at the option of the registered owner, be either (i) a coupon Bond or Bonds with all unmatured coupons appertaining thereto and bearing the serial number or numbers of those coupon Bonds not selected for redemption which were endorsed upon the fully registered Bond surrendered; or (ii) a fully registered Bond or Bonds without coupons having endorsed thereon the number or numbers of those coupon Bonds not selected for redemption which were endorsed upon the fully registered Bond surrendered.

If a Bond is subject by its terms to prior redemption and has been duly called for redemption and notice of the redemption thereof has been duly given as aforesaid and moneys for the payment of the principal amount thereof to be redeemed, the applicable redemption premium, if any, which is payable upon such redemption and the interest to accrue on such principal amount to the redemption date, are held for the purpose of such payment by the Trustee or any other Paying Agent for the series of Bonds of which such Bond is one, then on the redemption date designated in such notice, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable at the principal amount to be redeemed and the applicable redemption premium, if any, thereon; interest on said Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue; and the coupons for interest thereon maturing subsequent to the redemption date shall be void. All unpaid interest installments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

All Bonds surrendered or redeemed pursuant to the provisions of this section and those coupon Bonds bearing serial numbers selected for redemption which are then held in reserve pursuant to Section 8 hereof as a result of the issuance in lieu thereof or in exchange or substitution therefor of fully registered Bonds which have been redeemed in whole or in part, and the appurtenant coupons, if any, shall be cancelled.

**SECTION 8. Registration, Transfer, Exchange and Ownership of Bonds.** The Trustee will keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, which books shall at all times be open to inspection by the Port, and upon presentation thereat for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, Bonds as hereinafter set forth.
All coupon Bonds shall be transferable by delivery, unless registered as to principal in the manner herein provided. Unless or except as is otherwise provided in the Series Ordinance authorizing the issuance of such Bond, the holder of any Bond in coupon form may have the ownership of the principal thereof registered on the books required to be kept pursuant to the provisions of this section and such registration shall be noted on the Bond. After such registration no transfer of such Bond shall be effective against the Port, the Trustee or any Paying Agent hereunder, unless made on said books at the request of the registered owner or by his duly authorized attorney and similarly noted on the Bond; but such Bond may be discharged from registration by being in like manner registered to bearer, such registration to be noted on said books and said Bond, and thereupon transferability by delivery shall be restored; and such Bond may again and from time to time be registered or transferred to bearer, as before. Such registration, however, shall not affect the negotiability of the coupons appertaining to such Bond, and every such coupon shall continue to be negotiable and transferable merely by delivery and shall remain payable to bearer. All transfers, registrations, and discharges from registration of coupon Bonds pursuant to this section shall be made under such reasonable regulations as the Trustee may prescribe and, unless or except as is otherwise provided in the Series Ordinance authorizing the issuance of such Bonds, the Trustee shall require that any taxes or other governmental charges required to be paid with respect to such transfer, registration or discharge shall be paid by the Bondholder requesting such transfer, registration or discharge from registration, as a condition precedent to the exercise of such privilege.

Unless or except as is otherwise provided in the Series Ordinance authorizing the issuance of such Bond, any fully registered Bond without coupons may, in accordance with its terms, be transferred upon the books to be kept pursuant to the provisions of this section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such fully registered Bond, accompanied by delivery of a written instrument of transfer duly executed and in form satisfactory to the Trustee. Whenever any fully registered Bond without coupons shall be surrendered for transfer, the Port shall execute, and the Trustee shall deliver or cause to be delivered, a new duly executed fully registered Bond or Bonds without coupons, of the same series, interest rate and maturity and for a like aggregate principal sum, which new Bond or Bonds shall have endorsed thereon the same coupon Bond serial number or numbers reserved pursuant to this section upon the issuance of the fully registered Bond being surrendered. Unless or except as is otherwise provided in the Series Ordinance authorizing the issuance of such Bond, the Trustee may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any such transfer and shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charges required to be paid with respect to such transfer. All fully registered Bonds surrendered pursuant to this section shall be cancelled. No transfers of fully registered Bonds shall be required to be made during the fifteen (15) days next preceding an interest payment date.

Unless or except as is otherwise provided in the Series Ordinance authorizing their issuance, Bonds in coupon form may be exchanged at the principal office of the Trustee for a like aggregate principal amount of fully registered Bonds in authorized principal sums of the same series, interest rate and maturity, and fully registered Bonds without coupons may be exchanged at the principal office of the Trustee for a like aggregate principal amount of coupon Bonds of the same series, interest rate and maturity (or for a like aggregate principal amount of fully registered Bonds in other authorized principal sums of the same series, interest rate and
maturity), and the Port shall execute, and the Trustee shall deliver, the fully registered Bond or Bonds to be delivered upon such exchange. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto. Unless or except as is otherwise provided in the Series Ordinance authorizing the issuance of such Bonds, the Trustee may charge a sum not exceeding the actual cost thereof for each new Bond delivered upon any exchange (except in the case of an exchange of temporary Bonds for definitive Bonds, the first exchange of a Bond in coupon form for a fully registered Bond, the first exchange of any fully registered Bond and such other free exchanges of Bonds as may be provided in the Series Ordinance authorizing their issuance, all of which exchanges shall be at the expense of the Port). The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charges required to be paid with respect to such exchange. No such exchange shall be required to be made during the fifteen (15) days next preceding an interest payment date. All fully registered Bonds surrendered pursuant to this section shall be cancelled.

Whenever there shall be issued under this Ordinance a fully registered Bond without coupons in lieu of or in exchange or substitution for the issuance of a coupon Bond hereunder, there shall be reserved an aggregate principal amount of coupon Bonds of the same series, interest rate and maturity, equal in principal amount to the principal sum of such registered Bond, and in such case the serial number or numbers of the coupon Bond or Bonds so reserved, together with an appropriate statement of the reservation, shall be endorsed on such registered Bond.

The Port, the Trustee, any Paying Agent hereunder and any other person may deem and treat the bearer of any Bond which shall not at the time be registered or shall at the time be registered to bearer, whether or not such Bond shall be overdue, the bearer of any coupon, whether or not the Bond to which such coupon appertains shall at the time be registered as to principal and whether or not such coupon shall be overdue, and the person in whose name any Bond shall at the time be registered on the books of registry kept pursuant to this section, as the absolute owner of such Bond or coupon for all purposes whatsoever, including payment thereof, and neither the Port nor the Trustee nor any Paying Agent hereunder shall be affected by any notice to the contrary. The payment to bearer of any coupon, the payment to bearer of the principal of any Bond which at the time shall not be registered or at the time shall be registered to bearer, the payment of or on account of principal to or upon the order of the person in whose name a Bond shall at the time be registered on said books of registry and the payment of interest to or upon the order of any person in whose name any fully registered Bond shall at the time be registered on said books of registry, shall be valid and effectual fully to satisfy and discharge all liability of the Port, the Trustee and any Paying Agent, upon such coupon or upon such Bond to the extent of the sum or sums so paid.

SECTION 9. Execution of Bonds. Unless or except as is otherwise directed in the Series Ordinance providing for their issuance, the Bonds, whether in coupon form or fully registered form, shall be signed by the President and Secretary or an Assistant Secretary of the Port, either of whose signatures thereon may be a printed, engraved or lithographed facsimile of his manual signature so long as the other signature thereon is a manual signature, and shall bear the printed, engraved or lithographed facsimile seal of the Port, and the coupons attached to said Bonds shall bear the printed, engraved or lithographed facsimile signatures of the President and
the Secretary or an Assistant Secretary of the Port. Any Bond bearing thereon the facsimile signature of the President or the Secretary or an Assistant Secretary of the Port, as the case may be, holding office at the time of the reproduction of his facsimile signature upon such Bond and any coupon bearing thereon the facsimile signatures of the President and the Secretary or Assistant Secretary of the Port, as the case may be, holding office at the time of the reproduction of their facsimile signatures upon such coupons, shall be valid and binding in accordance with the terms of this Ordinance and may be issued and delivered by the Port even though the person holding such office was not in office on the date of such Bond or not in office on the date of delivery thereof.

SECTION 10. Forms of Bonds, Coupons and Registration and Assignment Provisions. Unless or except as may otherwise be directed in the Series Ordinance providing for their issuance, Bonds in coupon form, the interest coupons pertaining thereto and the provisions (if any) for registration thereof, and Bonds in fully registered form, the form of endorsement thereto and the form of assignment pertaining thereto, shall be substantially in the following forms, with necessary or appropriate variations, omissions and insertions as are incidental to their series, numbers, denominations, maturities, interest rate or rates, paying agencies, redemption provisions and other details thereof and their form or as otherwise permitted or required by law or by this Ordinance or such Series Ordinance:

(Form of Coupon Bond)

UNITED STATES OF AMERICA
STATE OF OREGON
THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT REVENUE BOND
SERIES

No. $___________

KNOW ALL MEN BY THESE PRESENTS: that THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, for value received hereby promises to pay to bearer, or if this Bond shall then be registered as to principal in accordance with the provisions for such registration endorsed hereon, to the then registered owner hereof, but solely out of the revenues hereinafter specified and not otherwise, the principal sum of ___________ THOUSAND DOLLARS ($___________) on the first day of ___________ (subject to the right of prior redemption hereinafter mentioned), upon presentation and surrender of this Bond, and to pay interest on said principal sum, but solely out of said revenues hereinafter specified and not otherwise, from the date hereof until the payment of said principal sum, at the rate of ___ per centum (___%) per annum, payable on ___________, ____, and semi-annually thereafter on the first days of ___________ and ___________ in each year, but only, in the case of interest due on or before the maturity hereof, upon the presentation and surrender of the respective interest coupons therefor hereto attached as the same severally become due. Both principal of and interest on this Bond are payable at the principal office of ___________, in the City of
or, at the option of the holder of this Bond and said coupons, at the principal office of __________, in the City of __________, __________, as Paying Agents of The Port of Portland, in such coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts.

This Bond is one of an authorized series of Bonds of like designation herewith, aggregating __________ Dollars ($___________) in principal amount. This Bond and the Bonds of the series of which it is one are issued under the authority of and pursuant to and in full compliance with the Constitution and laws of the State of Oregon, including particularly ORS 778.005 to ORS 778.260, as amended, and Ordinance No. ___ (hereinafter called the “Bond Ordinance”) duly enacted by The Port of Portland under said Constitution and statutes on __________, 19__, and Ordinance No. ___ (hereinafter called the “Series Ordinance”) duly enacted by The Port of Portland under said Constitution and statutes and the Bond Ordinance on __________, ____.  

This Bond and the series of Bonds of which this Bond is one constitute part of a duly authorized issue of Bonds (hereinafter called the “Bonds”) issued, or to be issued, by The Port of Portland under the Bond Ordinance for the purpose of carrying into effect powers granted to The Port of Portland pertaining to aviation, air transport and other enterprises. Said issue of Bonds is unlimited as to principal amount except as provided in the Bond Ordinance and constitutes or may constitute one or more series in various principal amounts and of varying denominations, dates, maturities, interest rates and other provisions as provided in the Bond Ordinance. All Bonds issued under the Bond Ordinance are and will be equally secured by the liens, pledges, charges, assignments and covenants made therein, except as otherwise expressly provided or permitted in the Bond Ordinance. Reference is hereby made to the Bond Ordinance and the aforesaid Series Ordinance, copies of which are on file in the office of The Port of Portland and the principal office of the Trustee hereinafter mentioned and to all of the provisions of which any holder of this Bond by his acceptance hereof thereby assents, for definitions of terms; a description of and the nature and extent of the security for the Bonds issued or to be issued under the Bond Ordinance, including this Bond; the revenues and other moneys pledged to the payment of the interest on and principal of the Bonds; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which this Bond and the series of which it is one are issued and upon which other Bonds may heretofore have been issued or may hereafter be issued under the Bond Ordinance payable as to principal, interest and premium on a parity with this Bond out of the aforesaid revenues and other moneys and equally and ratably secured herewith; the conditions upon which the Bond Ordinance and the aforesaid Series Ordinance may be amended or supplemented with or without the consent of the holders of the Bonds; the rights and remedies of the holder hereof with respect hereto; the rights, duties and obligations of The Port of Portland and the hereinafter-mentioned Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, assignments, and covenants of The Port of Portland made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond will thereafter no longer be secured by the Bond Ordinance or be deemed to be outstanding thereunder, if moneys or certain specified securities shall have been deposited with said Trustee or any Paying Agent for this Bond sufficient and held in trust solely for the payment hereof, and for the other terms and provisions thereof.
This Bond and the series of Bonds of which it is one and the issue of Bonds of which such series is a part and the interest and premium, if any, thereon are payable solely out of and secured solely by the revenues of The Port of Portland pledged to the payment thereof by the Bond Ordinance, which revenues so pledged consist of the income, receipts and other moneys derived by The Port of Portland from its ownership or operation of Portland International Airport, specified in the Bond Ordinance. In and by the Bond Ordinance (i) a special trust fund of The Port of Portland designated “The Port of Portland Airport Revenue Bond Fund” has been created with ____________, a corporation duly authorized to exercise corporate trust powers having its principal place of business in the City of ____________, ____________, and said corporation has been appointed as trustee (herein referred to as the “Trustee”) to hold and administer the same, and (ii) The Port of Portland is obligated to set aside and pay into said special trust fund the aforesaid revenues pledged to the payment hereof in amounts sufficient to pay the principal of and interest on this Bond and the Bonds of the series of which it is one and the Bonds of the issue of which such series is a part as and when the same severally become due. This Bond and the Bonds of the series of which it is one and the Bonds of the issue of which such series is a part shall not in any manner or to any extent be a general obligation of The Port of Portland nor a charge upon the tax revenues of said Port nor a charge upon any other revenues or property of said Port not specifically pledged thereto in and by the Bond Ordinance.

The Bonds of the series of Bonds of which this Bond is one maturing ____________, ____ , and thereafter are subject to redemption at the option of The Port of Portland prior to their stated maturities.

[The applicable redemption terms shall be inserted here.] at the principal amount thereof, the interest accrued thereon to the redemption date and the respective premium if any (expressed as a percentage of the principal amount to be redeemed) set opposite the respective periods in the table below if such redemption occurs during such periods:

<table>
<thead>
<tr>
<th>Period During Which Redeemed (Both Dates Inclusive)</th>
<th>Redemption Premium (Percentage)</th>
</tr>
</thead>
</table>

[The applicable redemption premiums shall be inserted here.]

In the event this Bond shall be subject to prior redemption as aforesaid and is called for redemption, notice of such redemption stating the designation, date and maturity of this Bond, the premium (if any) payable upon such redemption, the date of redemption, and if less than all the Bonds then outstanding of the series of Bonds of which this Bond is one are called for redemption, the number of this Bond, shall be given by publication, at least thirty (30) days before the redemption date, of one notice of the intended redemption in one issue of a newspaper of general circulation in Multnomah County, Oregon, and of one such notice in one issue of The Daily Bond Buyer, a newspaper specializing in financial matters published in the City and State of New York, or in lieu of such publication in The Daily Bond Buyer, in one issue of some other newspaper of general circulation specializing in financial matters published in the City and State of New York; provided that if this Bond at the time shall be registered as to principal in accordance with the provisions for such registration endorsed hereon, notice of the redemption
hereof may be given by the mailing at least forty (40) days before the redemption date by registered mail of a copy of such notice to the registered owner hereof at his address as it appears upon the books of registry or at such other address which he may have filed with the Trustee for such purpose, in which event notice of the redemption hereof need not be given by publication; and provided further, if notice of the redemption hereof shall be given by publication as aforesaid, then neither the failure to mail any notice nor any defect therein shall affect the validity of any proceeding for the redemption of this Bond. If this Bond shall be called for redemption and notice of such redemption duly given as aforesaid, and if on or before the redemption date there shall be deposited with the Trustee or the Paying Agents for this Bond sufficient funds to pay this Bond and accrued interest to the date of redemption and any premium payable upon such redemption, this Bond shall become due and payable upon such redemption date, interest shall cease to accrue and become payable thereon from and after the redemption date and the coupons for interest appertaining hereto maturing subsequent to the redemption date shall be void.

The Bonds of the series of which this Bond is one are issuable as coupon Bonds registrable as to principal only, in the denomination of $__________, and as fully registered Bonds without coupons in the denominations of $__________ or any multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Bond Ordinance and the Series Ordinance, coupon Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of registered Bonds without coupons of authorized principal sums and of the same series, interest rate and maturity, and registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of registered Bonds without coupons of other authorized principal sums and of the same series, interest rate and maturity.

This Bond may be registered as to principal only in accordance with the provisions for registration endorsed on the back hereof, but such registration shall not affect the negotiability of the coupons attached hereto, which shall continue to be payable to bearer and transferable by delivery only.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of Oregon and the Bond Ordinance and the Series Ordinance to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the series of which it is a part, do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution laws and Ordinances; that this Bond and the series of which it is a part do not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as provided in the Bond Ordinance.
IN WITNESS WHEREOF, The Port of Portland has caused this Bond to be signed by its President and Secretary or Assistant Secretary (one of whose signatures hereon may be a printed, engraved or lithographed facsimile signature) and to bear a printed, engraved or lithographed facsimile of its seal, the coupons attached hereto to bear the printed, engraved or lithographed facsimile signatures of said President and Secretary or Assistant Secretary and this Bond to be dated as of the ___________ day of ___________, ___.

THE PORT OF PORTLAND

__________________________________________  ______________________________
Secretary or Assistant Secretary                  President of The Port of Portland
          of The Port of Portland

(Form of Coupon)

No.  $___________

On the __________ day of __________, ___, unless the Bond hereinafter mentioned shall be subject to prior redemption and shall have theretofore been duly called for previous redemption and payment of the redemption price duly made or provided for, The Port of Portland, Oregon, will pay to the bearer upon surrender hereof, but solely out of the revenues specified in said Bond and not otherwise, at the principal office of __________ or, at the option of the holder hereof, at the principal office of __________, the sum shown hereon, in any coin or currency of the United States of America which at the time of payment hereof is legal tender for public and private debts, being interest then due on its Airport Revenue Bond, Series ____, dated and numbered

__________________________________________  ______________________________
Secretary or Assistant Secretary                  President of The Port of Portland
          of The Port of Portland

(Provisions for Registration of Coupon Bonds)

This Bond may be registered as to principal only in the name of the holder on the books of registry to be kept for that purpose at the principal office of the within-named Trustee, as Registrar, such registration to be noted in the registration blank below. After such registration no transfer hereof shall be effective against The Port of Portland, the Registrar, any of the Paying Agents for said Bond or the within-named Trustee unless made on said books by the registered holder in person or by his duly authorized attorney, such transfer to be evidenced by a written instrument of transfer in form satisfactory to the Registrar, and the new registration noted by the Registrar hereon; but such registration may be made to bearer, and thereupon this Bond shall be discharged from registration, and transferability by delivery shall be restored, after which this Bond from time to time again may be registered or may be made transferable by delivery as before. The registration of this Bond as to principal only shall not affect the negotiability of the coupons hereto attached, which always shall continue to be payable to bearer and to be transferable by delivery only.
(Notice: No writing on this Bond except by the Registrar)

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>In Whose Name Registered</th>
<th>Signature of Registrar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA
STATE OF OREGON
THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT REVENUE BOND
SERIES

No. $___________

KNOW ALL MEN BY THESE PRESENTS: that THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, for value received hereby promises to pay to ______________, or registered assigns, but solely out of the revenues hereinafter specified and not otherwise, the principal sum of ___________ Dollars ($___________) on the first day of ___________ (subject to the right of prior redemption hereinafter mentioned), upon presentation and surrender of this Bond, and to pay interest on said principal sum, but solely out of said revenues hereinafter specified and not otherwise, from the interest payment date next preceding the date hereof (unless the date hereof is prior to ___________, ____, in which event from ___________, ____, or unless the date hereof is ___________, ____, or a January 1 or July 1 thereafter, in which event from the date hereof) until the payment of such principal sum in full, at the rate of ___ per centum (___%) per annum, such interest being payable on the first days of January and July in each year commencing with ___________, ____, by check or draft mailed to the registered owner hereof at his address as it appears on the books of registry kept pursuant to the Bond Ordinance hereinafter mentioned. Both principal of and interest on this Bond are payable at the principal office of ___________ in the City of ___________, the Trustee hereinafter mentioned, as Paying Agent of The Port of Portland, in such coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts.

This Bond is one of an authorized series of Bonds of like designation herewith, aggregating ___________ Dollars ($___________) in principal amount. This Bond and the
Bonds of the series of Bonds of which it is one are issued under the authority of and pursuant to and in full compliance with the Constitution and laws of the State of Oregon, including particularly ORS 778.005 to ORS 778.260, as amended, and Ordinance No. ___ (hereinafter called the “Bond Ordinance”) duly enacted by The Port of Portland under said Constitution and statutes on ____________, 19__ and Ordinance No. ___ (hereinafter called the “Series Ordinance”) duly enacted by The Port of Portland under said Constitution and statutes and the Bond Ordinance on ____________, ___.

This Bond and the series of Bonds of which this Bond is one constitute part of a duly authorized issue of Bonds (herein called the “Bonds”) issued, or to be issued, by The Port of Portland under the Bond Ordinance for the purpose of carrying into effect powers granted to The Port of Portland pertaining to aviation, air transport and other enterprises. Said issue of Bonds is unlimited as to principal amount except as provided in the Bond Ordinance and constitutes or may constitute one or more series in various principal amounts and of varying denominations, dates, maturities, interest rates and other provisions as provided in the Bond Ordinance. All Bonds issued and to be issued under the Bond Ordinance are and will be equally secured by the liens, pledges, charges, assignments and covenants made therein, except as otherwise expressly provided or permitted in the Bond Ordinance. Reference is hereby made to the Bond Ordinance and the aforesaid Series Ordinance, copies of which are on file in the office of The Port of Portland and the principal office of the Trustee hereinafter mentioned and to all of the provisions of which any holder of this Bond by his acceptance hereof thereby assents, for definitions of terms; a description of and the nature and extent of the security for the Bonds issued or to be issued under the Bond Ordinance, including this Bond; the revenues and other moneys pledged to the payment of the interest on and principal of the Bonds; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which this Bond and the series of which it is one are issued and upon which other Bonds may heretofore have been issued or may hereafter be issued under the Bond Ordinance payable as to principal, interest and premium on a parity with this Bond out of the aforesaid revenues and other moneys and equally and ratably secured herewith; the conditions upon which the Bond Ordinance and the aforesaid Series Ordinance may be amended or supplemented with or without the consent of the holders of the Bonds; the rights and remedies of the holder hereof with respect hereto; the rights, duties and obligations of The Port of Portland and the hereinafter-mentioned Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, assignments and covenants of The Port of Portland made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond will thereafter no longer be secured by the Bond Ordinance or be deemed to be outstanding thereunder, if moneys or certain specified securities shall have been deposited with said Trustee therefor sufficient and held in trust solely for the payment hereof, and for the other terms and provisions thereof.

This Bond and the series of Bonds of which it is one and the issue of Bonds of which such series is a part and the interest and premium, if any, thereon are payable solely out of and secured solely by the revenues of The Port of Portland pledged to the payment thereof by the Bond Ordinance, which revenues so pledged consist of the income, receipts and other moneys derived by The Port of Portland from its ownership or operation of Portland International Airport, specified in the Bond Ordinance. In and by the Bond Ordinance (i) a special trust fund of The Port of Portland designated “The Port of Portland Airport Revenue Bond Fund” has been created with __________ a corporation duly authorized to exercise corporate trust powers...
having its principal place of business in the City of ___________, ___________, and said corporation has been appointed as trustee (herein referred to as the “Trustee”) to hold and administer the same and (ii) The Port of Portland is obligated to set aside and pay into said special trust fund the aforesaid revenues pledged to the payment hereof in amounts sufficient to pay the principal of and interest on this Bond and the Bonds of the series of which it is one and the Bonds of the issue of which such series is a part as and when the same severally become due. This Bond and the Bonds of the series of which it is one and the Bonds of the issue of which such series is a part shall not in any manner or to any extent be a general obligation of The Port of Portland nor a charge upon the tax revenues of said Port nor a charge upon any other revenues or property of said Port not specifically pledged thereto in and by the Bond Ordinance.

The Bonds of the series of Bonds of which this Bond is one maturing ___________, ____, and thereafter are subject to redemption at the option of The Port of Portland prior to their stated maturities,

[The applicable redemption terms shall be inserted here.]

at the principal amount thereof, the interest accrued thereon to the redemption date and the respective premium (expressed as a percentage of the principal amount to be redeemed) set opposite the respective periods in the table below if such redemption occurs during such period:

<table>
<thead>
<tr>
<th>Period During Which Redeemed</th>
<th>Redemption Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Both Dates Inclusive)</td>
<td>(Percentage)</td>
</tr>
</tbody>
</table>

[The applicable redemption premiums shall be inserted here.]

In the event this Bond shall be subject to prior redemption as aforesaid and is called for redemption, notice of such redemption shall be mailed, at least once not less than forty (40) days prior to the date fixed for the redemption thereof, to the registered holder of this Bond at his address as shown on the books of registry. If this Bond be of a denomination in excess of $___________, portions of the principal sum hereof in installments of $___________ or any multiple thereof may be redeemed, and if less than all of the principal sum hereof is to be redeemed, in such case upon the surrender of this Bond to the Trustee there shall be issued to the registered owner hereof, without charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the owner either coupon Bonds or registered Bonds of like series, maturity and interest rate in any of the authorized denominations provided by the Bond Ordinance and the Series Ordinance. If this Bond (or any portion of the principal sum hereof) shall be called for redemption and notice of such redemption duly given as aforesaid, and if on or before the redemption date there shall be deposited with the Trustee sufficient funds to pay the principal amount hereof to be redeemed and accrued interest on such principal amount to the date of redemption and any premium payable upon such redemption, this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable upon such redemption date and interest shall cease to accrue and become payable from and after the redemption date on the principal amount hereof to be redeemed.

The Bonds of the series of Bonds of which this Bond is one are issuable as coupon Bonds registrable as to principal only, in the denomination of $___________, and as fully registered
Bonds without coupons in the denominations of $___________ or any multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Bond Ordinance and the Series Ordinance, coupon Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of registered Bonds without coupons of authorized principal sums and of the same series, interest rate and maturity, and registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series, interest rate and maturity bearing all unmatured coupons or for a like aggregate principal amount of registered Bonds without coupons of other authorized principal sums and of the same series, interest rate and maturity.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Bond Ordinance and the Series Ordinance and upon the surrender hereof for cancellation. Upon such transfer a new registered Bond or Bonds without coupons, of authorized denominations and of the same aggregate principal amount, series, interest rate and maturity as the Bond surrendered, will be issued to the transferee in exchange therefor.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of Oregon and the Bond Ordinance and the Series Ordinance to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the series of which it is a part, do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution, laws and Ordinances; that this Bond and the series of which it is a part do not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as provided in the Bond Ordinance.

IN WITNESS WHEREOF, THE PORT OF PORTLAND has caused this Bond to be signed by its President and Secretary or Assistant Secretary (one of whose signatures hereon may be a printed, engraved or lithographed facsimile of his signature) and to bear a printed, engraved or lithographed facsimile of its seal and this Bond to be dated __________, ____.

THE PORT OF PORTLAND

______________________________  ________________________________
Secretary or Assistant Secretary  President of The Port of Portland
of The Port of Portland
(Form of Endorsement on Fully Registered Bonds)

NOTICE: No writing below except by the Registrar.

This registered Bond is issued in lieu of or in exchange or substitution for coupon Bond(s) of this series, interest rate and maturity, numbered __________, in the denomination of $_________ each, aggregating the face value hereof and not contemporaneously outstanding; and coupon Bond(s) of the same series, interest rate and maturity aggregating the face value hereof and bearing the above serial number(s) has (have) been reserved and will be issued in exchange for and upon surrender of this registered Bond and upon payment of charges, all as provided in the within-mentioned Bond Ordinance and Series Ordinance.

(Form of Assignment of Fully Registered Bonds)

For value received ________ hereby sells, assigns and transfers unto ________ the within-mentioned Bond and hereby irrevocably constitutes and appoints ________ attorney-in-fact, to transfer the same on the books of registry with full power of substitution in the premises.

__________________________

Dated:______________________   __________________________

Signature Guaranteed*

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

* Generally guaranteed by a bank, trust company or brokerage firm.

SECTION 11. Mutilated, Lost, Stolen or Destroyed Bonds or Coupons. In the event any Bond (or coupon) is mutilated, lost, stolen or destroyed, the Port may execute and deliver a new Bond (or coupon) of like series, date, tenor, maturity and denomination as the Bond mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in all cases there shall be first furnished to the Port and the Trustee indemnity and evidence of ownership of such Bond and coupons (or coupon) satisfactory to them and in the case of any mutilated Bond (or coupon), such mutilated Bond (or coupon) together with all coupons (if any) appertaining to such Bond shall first be surrendered to the Port or the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Port and the Trustee evidence of such loss, theft or destruction satisfactory to them. In the event any such mutilated, lost, stolen or destroyed Bond (or coupon) shall have matured, or would have matured within sixty days, or has been called for redemption and the redemption date has arrived or will arrive within sixty days, instead of issuing a substitute Bond (or coupon) the Port, upon being furnished with indemnity and evidence of mutilation, loss, theft or destruction, as aforesaid, may pay the same without surrender thereof. The Port may charge the holder or owner of such Bond (or coupon) with its reasonable fees and expenses in this connection. Any Bond (or coupon)
issued under the provisions of this section shall be equally and proportionately entitled in accordance with its terms to the security and benefits of this Ordinance with the Bonds (and coupons) then outstanding of the series of Bonds of which such mutilated, lost, stolen or destroyed Bond was one. All mutilated Bonds and coupons surrendered pursuant to this section shall be cancelled.

SECTION 12. Airport Construction Fund. The Port shall maintain one or more funds or accounts into which the Port shall deposit the proceeds of obligations to which the Net Revenues are pledged, and grants-in-aid from the Federal Government if and to the extent required by paragraph H of Section 17 hereof. These funds and accounts shall be referred to collectively as the “Construction Fund.” The Construction Fund may contain a subaccount known as the Airport Construction Interest Reserve Account. Unless otherwise provided by ordinance of the Port, money in the Construction Fund shall be used for Costs of Construction, and shall be invested, to the extent reasonable and practicable, in Investment Securities.

For the purpose of this Ordinance: (i) the word “construction” or “Construction” shall include the acquisition, construction, reconstruction, purchase, establishment, development, expansion, adding to or improving; (ii) the word “acquisition” shall include the remodeling or renovation of buildings and facilities acquired; and (iii) the term “Costs of Construction” shall include any and all of the following pertaining to the construction of additions, expansions and improvements at the Airport as set forth in the Airport Capital Improvement Program, as amended from time to time:

(a) the cost of acquiring by purchase or the exercise of the power of eminent domain of any building or facility and the site thereof;

(b) the cost, if and as determined by the Port, of the payment to the Port of the lesser of the depreciated value of any building or facility and the site thereof, or the cost to the Port of such building or facility and the site thereof, owned by the Port and not then constituting part of the Airport, if such building or facility and the site thereof are thereafter to be used solely for purposes of the Airport and to constitute part of the Airport;

(c) costs of acquiring by purchase or the exercise of the power of eminent domain such land rights, rights of way, leases, easements or other interest in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Port for the construction or operation of the Airport, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land; and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any lands to which such building or facility may be removed or relocated;

(d) costs of acquiring by purchase or the exercise of the power of eminent domain any rights, interests or franchises deemed necessary or convenient by the Port for the construction or operation of the Airport;
(e) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, independent contractors, agents, employees, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work;

(f) costs of installation of utility services or connections thereto or relocation thereof;

(g) costs and expenses of all preliminary work necessary or incidental to construction;

(h) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural services;

(i) costs of supervision and inspection;

(j) costs of builders risk insurance, liability insurance on operations in connection with said construction, or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof;

(k) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction;

(l) costs of expenses of financing, including Trustee’s acceptance fees; financial advisors fees; blue sky and legal investment survey expenses; Trustee’s and Paying Agent’s fees and expenses during such period, if any, as shall be determined by the Port, but not to exceed the actual period of construction and for such period thereafter as the Port may determine; and costs and expenses incurred in issuing and selling the Bonds, including but not limited to printing, engraving and advertising; and other similar costs;

(m) costs of the initial furnishings of any building or structure;

(n) costs of publication, advertising, filing and recording, including the publication of a summary of this Ordinance and a summary of each Series Ordinance and any Supplemental Ordinance pertaining to the issuance of Bonds;

(o) taxes and assessments;

(p) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default;

(q) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants and attorneys (including bond counsel);
(r) the payment and discharge of the principal of and interest and premium, if any, on any term or temporary construction financing or loans, including the reimbursement to the Port of moneys advanced from its tax revenues, or any other funds not held hereunder, for such construction;

(s) if and to the extent determined by the Port, interest on the Bonds issued to finance the construction of any project during the actual period of construction and for such period thereafter as the Port may determine; and

(t) any and all other costs and expenses necessary or desirable and pertaining or incident to construction pertaining to the implementation of the Airport Capital Improvement Program, as amended from time to time, as estimated or otherwise ascertained by the Port.

[Portions of this Section 12 were amended pursuant to Section 2 of Ordinance No. 368-B].

SECTION 13. The Airport Revenue Fund; Application of Revenues. On or before the date of delivery of and payments for the first Bonds issued hereunder, the Port shall create and establish a special trust fund of the Port, to be known and designated as “The Port of Portland Airport Revenue Fund” (herein defined and referred to as the “Airport Fund”) and to be held and administered by the Port hereunder so long as any of the Bonds are outstanding. The moneys deposited, or to be deposited, in the Airport Fund shall not be commingled with any other moneys of the Port; shall be used and applied only in the manner and for the purposes hereinafter provided in this section; and shall be withdrawn from said Fund for said purposes only if in accordance with such procedure as is provided by law.

So long as any Subordinate Lien Bonds (as defined in Port Ordinance No. 323, as amended and supplemented) are Outstanding, all the Revenues shall be collected by or for the account of the Port and shall be set aside as collected and, except as is specifically provided otherwise herein, shall be deposited in the Airport Fund. There shall also be deposited in the Airport Fund the moneys required to be deposited therein by Section 12; paragraphs M and N of Section 17; and Sections 28 and 29 hereof. The moneys in the Airport Fund shall be used and applied at the following times, in the following amounts, for the following purposes and in the following order of priority:

1. Operation and Maintenance. The Revenues credited to the Airport Fund shall be first used and applied by the Port to the payment of the Costs of Operation and Maintenance of the Airport.

For the purposes of this Ordinance, the term “Costs of Operation and Maintenance” shall mean the reasonable and necessary current expenses of the Port included as a Cost of Operation and Maintenance in the annual Airport budget required by Section 15 hereof for operating, maintaining and repairing the Airport. Without limiting the generality of the foregoing, the term “Costs of Operation and Maintenance” shall include the following items:
(a) costs and expenses of general administration of the Port which are reasonably and properly allocable to the Airport;

(b) costs of collecting the Revenues and from making any refunds therefrom lawfully due others;

(c) engineering, audit reports, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport;

(d) costs of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing;

(e) costs of routine repairs, replacements, renewals and alterations occurring in the usual course of business;

(f) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport or otherwise imposed on the Airport or the operation thereof or income therefrom;

(g) costs of utility services;

(h) costs of material and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property;

(i) contractual services and professional services, including but not limited to, legal, engineering, architectural, planning, financial and airport consultants;

(j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport or the Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder;

(k) costs of carrying out the provisions of this Ordinance, including Trustee’s and Paying Agents’ fees and expenses; costs of insurance required hereby, or such other insurance as may be deemed necessary by the Port for the proper protection of the Airport or the Revenues, or a properly allocable share of any premium of any blanket policy pertaining to the Airport or the Revenues; fees and expenses of the Accountant and the Airport Consultant; legal fees and expenses; and costs of recording, mailing and publication;

(l) costs of lease payments due under capital leases for items customarily used in the operation or maintenance of airport facilities or equipment; and;

(m) all other costs and expenses of operating, maintaining and repairing the Airport arising in the routine and normal course of business;
PROVIDED, HOWEVER, that the term “Costs of Operation and Maintenance” shall not include: (1) any allowance for depreciation or any amounts for capital replacements, renewals, repairs and maintenance not recurring annually (or at shorter intervals) or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor, other than cost of preliminary planning; (3) reserves for operation, maintenance and repairs occurring in the normal course of business; (4) payment (including redemption) of bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (5) any operation and maintenance expenses pertaining to Special Facilities (defined in Section 28 hereof) or expenses incurred by any lessee under a Net Rent Lease (defined in said Section 28).

2. General. There is hereby created and established a separate special account in the Airport Fund to be known and designated as the “General Account.” On the first business day of each month commencing with the month which follows the month in which the first Bonds issued hereunder are delivered and paid for and in each month thereafter, the Port after paying the Costs of Operation and Maintenance required by subparagraph 1 of this section, shall credit the balance of the Revenues then held in the Airport Fund (and not then credited to any account therein) to the General Account. The moneys credited to the General Account may be used and applied by the Port first, to the SLB Fund as provided in Sections 6 and 7 of Port Ordinance No. 323, as amended, and then, without regard to priority and as determined by and in the discretion of the Port, only to the following: (1) in the event the moneys credited to the Airport Construction Fund are insufficient therefor, to complete payment of the Costs of Construction of properties included or to be included in the Airport; (2) to complete the payment of the costs of major maintenance, repairs, renewals and replacements to the properties constituting the Airport; (3) in the event the proceeds of insurance are insufficient therefor, to pay the costs of reconstruction, replacement or restoration of properties destroyed or damaged; (4) to pay the principal of and interest and premium, if any, on any subordinate or junior lien evidences of indebtedness issued for the Airport as permitted by paragraph L of Section 17 hereof (other than Subordinate Lien Bonds authorized by Port Ordinance No. 323, as amended); (5) (a) to reimburse the Port for advances made, after the delivery of and payment for the first Bonds issued hereunder, by the Port for the principal of and interest and premium, if any, on general obligation bonds of the Port issued, after the delivery of and payment for the first Bonds issued hereunder, for the Airport; or (b) to reimburse any fund of the Port not held hereunder for advances made by the Port, after the delivery of and payment for the first Bonds issued hereunder, from such fund to any fund held hereunder; or (c) to reimburse the Port for moneys expended, after the delivery of and payment for the first Bonds issued hereunder, by it for the Airport from sources other than the Airport or the Revenues derived therefrom, and other than the proceeds of general obligation bonds or moneys advanced from any fund not held hereunder for which reimbursement may be made pursuant to clauses (a) and (b) of this item (5), provided that any amounts paid to the Port pursuant to this item (5) may be applied by the Port to any lawful purposes of the Port; (6) to pay the Costs of Construction of additions, expansions, improvements and betterments to the Airport, including the acquisition of land in anticipation of additions, expansions, improvements and betterments pursuant to the Airport Capital Improvement Program, as amended from time to time; (7) to any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation General Aviation Airports; and (8) to any other lawful use or purpose necessary to
carry out this Ordinance, including the making of required payments or credits for the Costs of Operation and Maintenance of the Airport and to any fund or account held hereunder.

Notwithstanding the foregoing provisions of this section, in the event that on the first business day of any month the moneys in the Airport Fund are insufficient to make in full the foregoing credits and payments as required by and in accordance with the provisions of subparagraphs 1 through 5 above in this section, all such moneys and the Revenues thereafter derived shall be applied, paid and credited in accordance with said provisions to the satisfaction in full of a credit or payment having a higher priority before being applied, paid or credited to a credit or payment having a lower priority, including by the making up of any deficiencies in the amounts required to satisfy a credit or payment having a higher priority before being applied, paid or credited to an item having a lower priority. Without limiting the generality of the provisions of the preceding sentence,

A. In the event that on the first business day of any month the moneys in the Airport Fund and not then credited to an account therein are insufficient to make the credits and payments required by subparagraphs 1 through 4 above of this section, the amount of the insufficiencies shall be made up as follows and in the following order of priority: (i) if such moneys are insufficient to make the payments of the Costs of Operation and Maintenance required by subparagraph 1 above of this section, the amount of such insufficiency shall be made up, first, from any moneys then credited to the General Account; second, from any moneys then credited to the Capital Improvement Account; and third, from any moneys then credited to the Major Maintenance Reserve Account; (ii) if such moneys are insufficient to make the payments of the Costs of Operation and Maintenance and also to make the payments to the Trustee required by paragraph 2 above of this section, the amount of such insufficiency in the payment to the Trustee shall be made up, first, from the moneys then credited to the General Account; second, from any moneys then credited to the Capital Improvement Account; and third, from the moneys then credited to the Major Maintenance Reserve Account; (iii) if such moneys are insufficient to make the credits and payments having a higher priority and also to make the credit to the Major Maintenance Reserve Account required by subparagraph 3 above of this section, the amount of such insufficiency in the credit to the Major Maintenance Reserve Account shall be made up, first, from any moneys then credited to the General Account, and second, from the moneys then credited to the Capital Improvement Account; and (iv) if such moneys are insufficient to make the credits and payments having a higher priority and also to make the credit to the Capital Improvement Account required by subparagraph 4 above of this section, the amount of such insufficiency in the credit to the Capital Improvement Account shall be made up from any moneys then credited to the General Account; and

B. If in any month the moneys then on credit to any account are insufficient to make the payments to be made therefrom or the moneys on deposit in the Bond Fund are insufficient to make the payment to be made therefrom or are less than the amount then required to be on deposit therein, such insufficiencies shall be made up in the following order of priorities: (i) if the
Moneys are insufficient to make the payments for the Costs of Operation and Maintenance, the amount of the insufficiency shall be made up, first, from the moneys then credited to the General Account; second, from the moneys then credited to the Capital Improvement Account; third, from any moneys then credited to the Major Maintenance Reserve Account; and fourth, from any moneys then in the Airport Fund and not yet credited to an account therein; (ii) if the moneys on deposit in the Bond Fund are insufficient to make the payments to be made therefrom or are less than the amount then required to be on deposit therein on credit to the Debt Service Reserve Account therein, the amount of such insufficiency shall be made up first, from the moneys then credited to the General Account; second, from moneys then credited to the Capital Improvement Account; third, from the moneys then credited to the Major Maintenance Reserve Account; and fourth, from any moneys then in the Airport Fund and not then credited to an account therein; and (iii) if the moneys on credit to the Major Maintenance Reserve Account are insufficient to make the payments to be made therefrom or are less than the amount then required to be on credit thereto, the amount of such insufficiency shall be made up, first, from the moneys credited to the General Account; second, from the moneys then credited to the Capital Improvement Account; and third, from any moneys then in the Airport Fund and not then credited to an account therein; and (iv) if the moneys on credit to the Capital Improvement Account are insufficient to make the payments to be made therefrom or are less than the amount then required to be on credit thereto, the amount of such insufficiency shall be made up, first, from the moneys credited to the General Account; and second, from any moneys then in the Airport Fund and not then credited to an account therein;

Moneys in the Airport Fund shall be invested and reinvested by the Port in Investment Securities to the extent reasonable and practicable so as to mature in the amounts and at the times as determined by the Port so that the respective payments and credits to be made from the Airport Fund may be made when due. All investments and reinvestments shall be paid from the account from which the investment was made, and the Port shall be authorized to sell any investment when necessary to make the payments to be made from such account. All earnings on and income from investments of moneys in the Airport Fund (regardless of the account from which the investment was made) shall be deposited in the Airport Fund, for use and application as are all other moneys deposited in that fund. Unless invested as above provided, all moneys in the Airport Fund shall be secured in the manner provided by law for the securing of public funds.

[Portions of this Section 13 were amended pursuant to Sections 5 and 8 of Ordinance No. 368-B and Section 1.3 of Ordinance No. 393-B. Pursuant to Section 10 of Ordinance No. 368-B, “all references to the Prior Lien Bond Fund, Major Maintenance Account and Capital Improvement Account…shall be considered to have no further effect.”]

SECTION 14. (1) The Bond Fund; Appointment of Trustee to Administer the Same. There is hereby created and established a special trust fund of the Port to be known and designated as “The Port of Portland Airport Revenue Bond Fund” (herein defined and referred to as the “Bond Fund”). The Port, in the Series Ordinance providing for the issuance of the first
series of Bonds hereunder, shall appoint as trustee (herein defined and referred to as the “Trustee”) hereunder a corporation meeting the qualifications prescribed by Section 18 hereof to hold and administer the Bond Fund, and the Trustee shall hold and administer the same. The Port is hereby obligated to, and shall, set aside and pay into said Bond Fund the Revenues pledged hereunder to the extent necessary to provide for the punctual payment of the principal of and interest and premium, if any, on the Bonds as and when the same become due, whether such due date be by reason of stated maturity or by redemption or by declaration as hereinafter provided, or otherwise. The moneys in the Bond Fund shall be used solely for the payment of principal and interest and premium, if any, due upon the Bonds. Until so used and applied, the moneys in the Bond Fund and the securities in which such moneys may from time to time be invested shall be held in trust hereunder for the equal and ratable benefit and security of the holders of all the Bonds and shall be subject to the liens and pledges created by Section 3 hereof. The Trustee shall serve as the registrar, transfer agent and principal Paying Agent hereunder, and shall make whatever arrangements with the additional Paying Agents that may be necessary so that the Bonds and coupons payable at the office of such Paying Agents which are presented to such Paying Agents may be paid as and when the same become due. Whenever all Bonds and expenses therefor have been paid so that no charge remains upon the Bond Fund, the Port may, by ordinance, transfer any balance remaining in the Bond Fund to its general fund, discharge the Trustee, and dissolve the Bond Fund.

Supplemental to the foregoing provisions of this section, there shall be deposited in the Bond Fund: (i) the moneys required by Section 12 and paragraphs H and M of Section 17 hereof to be paid into the Bond Fund; (ii) any amounts held hereunder which, at the option and in the discretion of the Port, may be applied to the purchase or redemption of Bonds, to the extent the Port has determined that such moneys shall be applied to such purposes and such application is permitted by the provisions hereof; and (iii) the Revenues, in the following amounts and at the following times:

(2) Interest Account. The Trustee shall create and establish a separate account in the Bond Fund to be known as the “Interest Account.” In order to provide for the payment of the interest on the Bonds, commencing with the month which follows the month in which any Bonds of the first series or installment of Bonds issued hereunder are delivered and paid for, and in each month thereafter so long as any of the Bonds of said series are outstanding, there shall be paid over from the Revenues and deposited in the Bond Fund and credited to the Interest Account therein an amount, less such amount that is equal to the interest, if any, that is paid from the Airport Construction Interest Reserve Account, such that, if the same amount were so credited to this account in each succeeding month thereafter prior to the next date upon which an installment of interest falls due on the Bonds of such series or installment, the aggregate of such amounts on credit to this account will on each such next interest payment date be equal to the installment of interest falling due on the Bonds of said series or installment on such interest payment date. In the event of the issuance of Additional Bonds hereunder or the sale of a second installment of the first series of Bonds, in like and similar fashion with respect to the Bonds of each such series, or installment commencing with the month which follows the month in which such series or installment of Bonds are delivered and paid for, and in each month thereafter so long as any of the Bonds of such series or installment are outstanding, there shall be paid over from the Revenues and deposited in the Bond Fund and credited to the Interest Account therein an additional amount, less such amount that is equal to the interest, if any, that is paid from the
Construction Interest Reserve Account, such that, if the same amount were so credited to this account in each succeeding month thereafter prior to the next date upon which an installment of interest falls due on the Bonds of such series or installment, the aggregate of such additional amounts on credit to this account will on each such next interest payment date be equal to the installment of interest falling due on the Bonds of such series or installment on such interest payment date, so as to provide for the payment of the interest on each such series or installment of the Bonds. In making the credits to the Interest Account in the Bond Fund required by this subparagraph, consideration shall be given to and allowance made for accrued interest received upon the sale of a series or installment of Bonds deposited in the Bond Fund, for credits to this account from moneys credited to a Construction Interest Reserve Account, and for moneys credited to this account from the investment of moneys held in the Bond Fund.

(3) Serial Bond Principal Account. The Trustee shall create and establish a separate account in the Bond Fund to be known as the “Serial Bond Principal Account.” In the event of the issuance of any of the Bonds of the first series or installment of Bonds hereunder maturing at times customarily known as maturing serially, in order to provide for the payment of such Bonds of such series or installment, commencing with the month which is twelve months prior to the first principal payment of any of such Bonds maturing serially and in each month thereafter so long as any of such Bonds so maturing are outstanding, there shall be credited to the Serial Bond Principal Account an amount such that, if the same amount were so credited to this account on the first business day of each succeeding month thereafter prior to the next date upon which the principal of any of said Bonds maturing serially becomes due and payable, the aggregate of the amounts on credit to this account will on each such next principal payment date be equal to the principal amount of said Bonds becoming due on such principal payment date. In like and similar fashion, in the event of the issuance of Additional Bonds hereunder or the sale of a second installment of the first series of Bonds maturing at times customarily known as maturing serially, for the purpose of paying the principal of such Bonds maturing serially and with respect to each series or installment of such Bonds so maturing, commencing with the month which is twelve months prior to the first principal payment date of such Bonds maturing serially and in each month thereafter so long as any of said Bonds so maturing are outstanding, there shall be credited to the Serial Bond Principal Account an amount (in addition to the amount required to be credited thereto by the first sentence of this subparagraph) such that if the same amount were so credited to this account on the first business day of each succeeding month thereafter prior to the next date upon which the principal of any of said Bonds maturing serially becomes due and payable, the aggregate of such increased amounts on credit to this account will on each such principal payment date be equal to the principal amount of all such Bonds so maturing becoming due on such principal payment date. In making the credits to the Serial Bond Principal Account required by this subparagraph, consideration shall be given to and allowance made for moneys credited to this account from the investment of moneys held in the Bond Fund.

(4) Term Bond Principal Account. The Trustee shall create and establish a separate account in the Bond Fund, to be known as the “Term Bond Principal Account.” In the event of issuance of any Bonds hereunder in the form customarily known as “term bonds”, for the purpose of retiring such Bonds, with respect to each series or installment of such Bonds the Series Ordinance or Supplemental Ordinance providing for the issuance of such Bonds of such series or installment shall provide for monthly credits to the Term Bond Principal Account commencing with the month which in the case of semi-annual Term Bond Principal Account
Installment dates is six months prior to the date the first semi-annual Term Bond Principal Account Installment for such Bonds is due and in the case of annual Term Bond Principal Account Installment dates is twelve months prior to the date the first Term Bond Principal Account Installment for such Bonds is due, so that the retirement of any such Bonds issued in the form of term bonds will be provided for. In making the credits to this account, consideration shall be given to and allowance made for moneys credited to this account from the investment of moneys held in the Bond Fund. The respective amounts of moneys credited to the Term Bond Principal Account for the purpose of providing for the retirement of the term Bonds of a particular series or installment shall be applied by the Trustee, without further authorization or direction, to the redemption of such Bonds of such series or installment on each date on which a Term Bond Principal Account Installment for said Bonds is due in the respective principal amounts required to be credited to this account on such dates by the Series Ordinance or Supplemental Ordinance providing for the issuance of the Bonds of such series or installment, in the prospective principal amounts on credit to this account on such days for the Bonds of such series, so that the aggregate amount so applied in each calendar year will equal the respective principal amount required to be credited to this account on such Term Bond Principal Account Installment dates by the respective Series Ordinance or Supplemental Ordinance providing for their issuance. The Trustee shall give notice of all such redemptions, in the name and on behalf of the Port, in accordance with the provisions of Section 7 hereof. The Trustee may also, without further authorization or direction, apply the moneys credited to this account for the retirement of Bonds of a particular series issued in term form to the purchase of those Bonds, in which event the principal amount of said Bonds required to be re-deemed on the next respective ensuing Term Bond Principal Account Installment date shall be reduced by the principal amount of the Bonds so purchased; provided, however, that no Bonds shall be purchased during the interval between the date on which notice of redemption of said Bonds from Term Bond Principal Account Installments is given and the date of redemption set forth in such notice, unless the Bonds so purchased are Bonds called for redemption in such notice or are purchased from moneys other than those credited to this account; and provided further, that no purchases of Bonds shall be made if such purchase would require the sale at a loss of securities credited to the Term Bond Principal Account unless the difference between the actual purchase price (including accrued interest and any brokerage or other charge) paid for such Bonds and the then maximum purchase price (plus accrued interest) permitted to be paid therefor, is greater than the loss upon the sale of any such securities. Any purchase of Bonds pursuant to this paragraph may be made with or without tenders of Bonds and at either public or private sale, but in any event at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the then applicable redemption price of such Bonds, plus accrued interest. All Bonds purchased or redeemed pursuant to this paragraph shall be cancelled and not reissued.

The moneys on deposit in the Bond Fund on credit to the Interest Account, Serial Bond Principal Account and the Term Bond Principal Account therein shall be transferred by the Trustee without further authorization or direction of the Port to the respective Paying Agents for said Bonds and the coupons, if any, pertaining thereto, in such amounts and at such times as shall be necessary to pay the principal, premium, if any, and interest on said Bonds as the same become due and payable, whether upon their maturity or upon the redemption or the purchase thereof from the moneys credited to the Term Bond Principal Account.
(5) Debt Service Reserve Account. The Trustee shall create and establish a separate account in the Bond Fund, to be known as the “Debt Service Reserve Account”, the moneys on credit to which shall constitute a reserve for the payment of the principal and interest and premium, if any, on the Bonds. Subject to the remaining provisions of this paragraph with respect to the credits to be made to the Debt Service Reserve Account upon the issuance of the Bonds, the moneys on deposit in the Bond Fund for credit to the Debt Service Reserve Account therein shall always be maintained at an amount at least equal to the maximum Debt Service Requirement for any future Fiscal Year for all Bonds at the time outstanding, and if at any time the moneys in the Bond Fund on credit to the Debt Service Reserve Account therein are less than the maximum Debt Service Requirement, the amount of the deficiency shall be restored as provided in Section 13 hereof, and if at any time and for so long as the moneys on credit to such account are at least equal to said maximum Debt Service Requirement, no further credits shall be made to this account. In the event of the issuance of a series or installment of Bonds hereunder, unless upon the delivery of such Bonds there shall then already be on deposit in the Bond Fund on credit to the Debt Service Reserve Account therein an amount equal to the maximum Debt Service Requirement for any future Fiscal Year, for all Bonds to be outstanding upon the issuance of such Bonds (including the Bonds of such series or installment), there shall (1) be paid into the Bond Fund for credit to the Debt Service Reserve Account therein such amount, if any, of the proceeds of the sale of such series or installment of Bonds as the Port shall have specified in the respective Series Ordinance or Supplemental Ordinance providing for the issuance of such Bonds, so that there shall then be on deposit in the Bond Fund on credit to the Debt Service Reserve Account therein an amount equal to the maximum Debt Service Requirement for any future Fiscal Year for all Bonds to be outstanding upon the issuance of such Bonds (including the Bonds of such series or installment), or (2) if and to the extent there shall not be paid into the Bond Fund for credit to the Debt Service Reserve Account therein proceeds of the Bonds of such series or installment in an amount so that there shall then be on credit to the Debt Service Reserve Account therein an amount equal to the maximum Debt Service Requirement for any future Fiscal Year for all Bonds to be outstanding upon the issuance of such Bonds (including the Bonds of such series or installment), then in each month, commencing with the month which follows the month in which the Bonds of such series or installment are delivered and paid for, there shall be paid from the Revenues into the Bond Fund for credit to this account an amount at least equal to 20% of the amounts required to be deposited into the Bond Fund under paragraphs (2), (3) and (4) of this Section 14 until there is on deposit in the Debt Service Reserve Account an amount equal to the maximum Debt Service Requirement for any future Fiscal Year for all Bonds at the time outstanding. The moneys in the Bond Fund on credit to the Debt Service Reserve Account therein shall be used and applied solely for the purpose of paying the principal of and interest and premium, if any, on the Bonds when due, whether at their maturity or upon the redemption or purchase thereof from moneys credited to the Term Bond Principal Account in the Bond Fund, and shall be so used and applied whenever there are insufficient moneys in the Bond Fund on credit to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account therein for such purposes.

(6) Investments. Moneys in the Bond Fund shall be invested and reinvested to the extent reasonable and practicable by the Trustee at the direction of the Port in Investment Securities; provided, that, the Investment Securities in which such moneys are invested shall also be securities in which the State of Oregon may by law invest. Such Investments shall mature (i) in the case of moneys credited to the Interest Account, the Serial Bond Principal Account and
the Term Bond Principal Account, in such amounts and at such times so that the principal of and interest and premium, if any, on the Bonds can be paid when due, whether at the maturity thereof, or upon the redemption or the purchase thereof from moneys credited to the Term Bond Principal Account, and (ii) in the case of moneys credited to the Debt Service Reserve Account, by no later than the earlier of eight years from the date of investment or the maturity date of all Bonds then outstanding. All earnings and income from the investment of moneys in the Bond Fund shall be credited, as realized and collected, to the Debt Service Reserve Account unless and until there is on credit to said account an amount equal to the maximum Debt Service Requirement for any future Fiscal Year on all Bonds then outstanding, in which event such earnings and income shall be credited to the Interest Account, or the Serial Bond Principal Account, or the Term Bond Principal Account, or any combination thereof, as the Port may determine. The Trustee shall notify the Port of the availability of any such earnings and income available for credit to the Interest Account, Serial Bond Principal Account and Term Bond Principal Account, so that the Port, when making the payments to the Trustee required by the second, third, fourth and fifth paragraphs of this section may give consideration to and make allowance for the amounts of such earnings and income so credited to said accounts. All securities in which moneys in the Bond Fund are invested shall constitute a part of the account from which the investment was made. The Trustee may sell any of the securities in which such moneys may be invested whenever required so that the payments from the Bond Fund may be made when due.

Whenever the total of the moneys in the Bond Fund which are not required for the payment of principal and interest and premium, if any, which has theretofore become due (whether by maturity or upon redemption or by purchase or by declaration as hereinafter provided, or otherwise), but is unpaid, is sufficient to retire at maturity, or to redeem prior to maturity in accordance with their respective terms, all of the Bonds then outstanding, together with interest thereon to their maturity date or the date fixed pursuant to this paragraph by the Trustee for the redemption thereof, no further payments need to be made into the Bond Fund, and the Trustee, without further authorization or direction of the Port shall call all Bonds which may be redeemed by their terms, for redemption on the next succeeding redemption date for which the required redemption notice may practicably be given, and shall apply such total to such retirement or redemption.

**SECTION 15. Annual Airport Budget.** The Port shall prepare and file with the Trustee, at the time and in the manner prescribed by law or by its own ordinances, by-laws, rules or regulations, an estimated budget for each Fiscal Year of Revenues and of Costs of Operation and Maintenance; costs of renewals, repairs and replacements; Debt Service Requirements; and other expenditures for such Fiscal Year. If the Port in its sole discretion deems any changes in its operating procedures or in its capital outlays, or any revisions in its schedule of rates, rentals, fees and charges, or any other changes, or any combination of the foregoing, as being necessary to produce the Revenues required for such budget and covenanted to be produced by said Section 16, it shall effect such changes in its operating procedures or in its capital outlays or such revisions in its schedule of rates, rentals, fees and charges, or such other changes, or any combination of the foregoing, which in its opinion and sole discretion are necessary to produce such Revenues. The Port shall prepare a summary of each such budget and at the time of filing same with the Trustee as aforesaid, shall mail a copy thereof to any holder of Bonds who shall file a written request therefor with the Port.
SECTION 16. **Covenant as to Rates, Rentals, Fees and Charges.** The Port shall impose and prescribe such schedule of rates, rentals, fees and other charges for the use and services of and the facilities and commodities furnished by the Airport, revise the same from time to time whenever necessary, and collect the income, receipts and other moneys derived therefrom, so that the Airport shall be and always remain self-sustaining and self-supporting; provided that, in any and all events such schedule of rates, rentals, fees and charges imposed and prescribed shall be such so as to produce (i) Revenues which will be sufficient to discharge all claims, obligations and indebtedness payable from or secured by the Revenues, including without limiting the generality of the foregoing, the carrying out of all provisions and covenants of this Ordinance, and (ii) Net Revenues in each Fiscal Year at least equal to one hundred thirty per cent of the Debt Service Requirement for such Fiscal Year on all Bonds then outstanding. The Port shall enact such ordinances and prescribe and enforce such rules and regulations, or impose such contractual obligations, for the payment of said rates, rentals, fees and charges, including, without limitation, the imposition of penalties for any defaults; to the end that the provisions of this paragraph shall be complied with.

Within 120 days after the close of each Fiscal Year (the first such certificate to be filed with respect to the Fiscal Year in which the first Bonds are issued hereunder), the Port shall file with the Trustee and the Airport Consultant a signed copy of the annual report of the Accountant for the preceding Fiscal Year showing, among other things, for such year (a) Revenues and Net Revenues, and (b) the Debt Service Requirement of the Bonds. In the event that any such report so filed shows that the Revenue and Net Revenues for said preceding Fiscal Year did not equal at least the amounts covenanted to be produced by, and required for the purposes specified in, the preceding paragraphs of this section for said Fiscal Year, or that the Revenues were not sufficient to restore any deficiency in the amounts then required by Section 14 hereof to be credited to the Debt Service Reserve Account in the Bond Fund, and to pay or discharge all other claims, charges and liens whatsoever against the Revenues when due and payable, then the Port shall promptly thereafter cause the Airport Consultant to file with the Port and the Trustee a certificate stating, if deemed necessary by him, specific changes in operating procedures which may be made, or suggested revisions in the schedule of rates, rentals, fees and charges and recommendations respecting any increases thereto, or any other changes, or any combination of the foregoing, which will, in the aggregate, in his opinion, result in Revenues and Net Revenues estimated as sufficient to make up any existing deficiency and to produce the amounts covenanted to be produced by the preceding paragraphs of this section. The Port shall send a copy of each such certificate to the Trustee and to any holder of Bonds filing with the Port a request for the same. Thereafter, the Port, if in its sole discretion it then deems any changes in its operating procedures or any revisions in its schedule of rates, rentals, fees and charges, or any other changes, or any combination of the foregoing, as being necessary to produce the Revenues and Net Revenues required to make up any deficiency and produce the amounts covenanted to be produced by the preceding paragraphs of this section, shall as soon as possible effect such changes in its operating procedures or such revisions in such schedule of rates, rentals, fees and charges, or effect such other changes, or take any combination of the foregoing actions, which in its opinion and sole discretion are necessary for such purposes.
SECTION 17. Additional Covenants of The Port of Portland: Insurance Proceeds and Condemnation Awards. The Port of Portland hereby covenants and agrees with the Trustee and the holders of the Bonds from time to time and at the time outstanding hereunder that so long as any of said Bonds are outstanding:

A. To Pay Principal, Premium and Interest of Bonds. The Port will duly and punctually pay, or cause to be paid, but solely out of the Revenues pledged to such payment in Section 3 hereof, the principal of and the interest and premium, if any, on each and every Bond at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons thereto appertaining according to the true intent and meaning hereof and thereof.

B. Ownership of Land. The Port covenants (i) that it lawfully owns and is lawfully possessed of the Portland International Airport as presently existing, that it has good and indefeasible title and estate therein, subject to Permitted Encumbrances as defined hereinafter in this paragraph, and (ii) that it will continually defend the title to the Airport and every part thereof for the benefit of the holders and owners of the Bonds and the bearers of the coupons pertaining thereto against the claims and demands of all persons whomsoever. If any defect (other than said Permitted Encumbrances) shall be discovered in the title of the Port to the Airport, the Port shall promptly cure the same. For the purposes of this paragraph “Permitted Encumbrances” means, as of any particular time, (i) liens for ad valorem taxes, if any, not then delinquent; (ii) this Ordinance; (iii) utility, access and other easements and rights of way, restrictions and exceptions that will not interfere with or impair the operations being conducted at the Airport; (iv) mechanic’s, materialman’s, and other liens as and to the extent permitted by and referred to in paragraph O of this section; (v) the right, title and interest, if any, of the State of Oregon in and to any portion of the site of the Airport lying below the ordinary high water mark of any rivers adjacent to the Airport and the rights of the governmental bodies and the rights of the public for navigation and fishery below such ordinary high water marks; (vi) such reservations, restrictions and conditions imposed by the United States Government in the Instrument of Transfer, dated February 23, 1950, effective as of April 28, 1948, in which the Port received certain surplus property from the United States; (vii) any lease relating to the Airport in existence on the date the first Bonds issued hereunder are sold and delivered; and (viii) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Airport and as do not, in the opinion of counsel (who may be of counsel to the Port) materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Port.

C. Filing and Recording of Ordinances; Instruments of Further Assurance. The Port will enact such Supplemental Ordinances, and do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged, and delivered, such further acts, instruments and transfers, including, without limiting the generality of the foregoing, such filing, registration, recording, re-filing, re-registration or re-recording of this Ordinance and any Supplemental Ordinances, any financing statements and any other instruments, as may be necessary, or as the Trustee may reasonably require, for the better assuring, pledging, charging, assigning and confirming unto the holders of the Bonds and the Trustee the Revenues and other moneys pledged in Section 3 hereof to the payment of the principal of and interest and premium on the Bonds.
Promptly after any filing, registration or recording or any re-filing, re-registration or re-recording of this Ordinance and any Supplemental Ordinances or any filing, registration, recording, re-filing, re-registration or re-recording of any financing statements or other instruments of further assurance or of any supplement to the foregoing which is required by the preceding paragraph, the Port will deliver or cause to be delivered to the Trustee an opinion of counsel (who may be of counsel for the Port) to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

Promptly after the enactment of this Ordinance, the Port shall furnish, or shall cause to be furnished, to the Trustee an opinion of counsel (who may be of counsel for the Port) either stating that in the opinion of such counsel this Ordinance has been properly recorded and filed so as to make effective the lien and pledges intended to be created hereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien and pledges effective.

On or before the July 1 which next follows the delivery of the first Bonds hereunder and on or before each July 1 thereafter, so long as any of the Bonds shall be outstanding, the Port will deliver, or cause to be delivered, to the Trustee an opinion of counsel (who may be of counsel for the Port), addressed to the Trustee stating that no filing, registration or recording and no re-filing, re-registration or re-recording of any instrument (including this Ordinance, all Supplemental Ordinances, all financing statements and all other instruments of further assurance) is necessary during the annual period immediately succeeding the date of such opinion in order to maintain the liens, pledges and charges of this Ordinance, or if such filing, registration or recording or re-filing, re-registration or re-recording is necessary, setting forth the requirements with respect thereto, and the Port shall cause such requirements to be met and within thirty days thereafter shall deliver, or cause to be delivered, to the Trustee an opinion of counsel (who may be of counsel for the Port) showing that they have been met.

D. To Complete Acquisitions and Constructions Promptly. The Port will proceed, in accordance with the Airport Capital Improvement Program, as amended from time to time, with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties, the costs of which are to be paid from the proceeds of Bonds, from moneys in the Airport Fund, from any other moneys held hereunder or from the proceeds of general obligation bonds of the Port for the payment of principal or interest, or both, of which reimbursement is required to be made to the general fund of the Port from the Airport Fund or the Revenues deposited or to be deposited therein.

E. To Keep Airport in Good Repair and to Make Improvements and Betterments Thereto. The Port will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airport (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The Port from moneys lawfully available therefor or made available therefor, will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and
construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

F. To Operate and Maintain Airport. The Port shall operate and maintain the Airport as a revenue-producing enterprise and shall manage the same in the most efficient manner consistent with sound economy and public advantage, and consistent with the protection of the holders of the Bonds.

G. Governmental Approval. The Port will perform any constructions, reconstructions and restorations of, improvements, betterments and extensions to, and equipings and furnishings of, and will operate and maintain the Portland International Airport at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and taking off of aircraft operating in scheduled service, and as a terminal point of the Port for the receipt and dispatch of passengers, property and mail by aircraft.

H. Compliance with Terms of Grants-in-aid; Application Thereof. The Port shall comply with the requirements of the Federal Government of grants-in-aid accepted by the Port. All such grants-in-aid shall be applied, if consistent with and not in conflict with the terms and provisions of the grant-in-aid, (1) to pay the Costs of Construction of properties included or to be included in the Airport, whether such construction has been completed but the Costs of Construction thereof not yet paid or such construction has not been commenced or completed, in which events the amount of such grant-in-aid to be applied to the payment of such Costs shall be credited to the Airport Construction Fund; (2) to reimburse any fund or account of the Port, whether or not held hereunder, to the extent Costs of Construction of properties included or to be included in the Airport and to which such grant-in-aid applies, were advanced from such fund or account, in which event the amount of such grant-in-aid to be applied to such reimbursement shall be deposited or credited to the proper fund or account; and (3) to redeem or purchase Bonds, such purchases to be made subject to the same conditions set forth in Section 14 hereof for the purchase of Bonds from moneys credited to the Term Bond Principal Account in the Bond Fund, in which event the amount of the grant-in-aid to be applied to such redemptions or purchases shall be deposited with the Trustee in the Bond Fund and applied by it at the discretion of the Port to the redemption or purchase of Bonds.

I. To Employ Competent Personnel; Fidelity Bonds. The Port will at all times employ competent supervisory personnel for the operation and management of the properties constituting the Airport, and will establish and enforce reasonable rules, regulations and standards governing the employment of operating personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Port will be qualified for their respective positions; provided, however, that the provisions of this paragraph shall be subject to any civil service law or any other law of the State of Oregon applicable to the appointment or employment of personnel and employees of the Port or the salary, wages or compensation thereof.

The Port shall obtain a fidelity bond for each commissioner, officer or employee of the Port handling or having custody of or having in his possession Revenues or other moneys,
including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, in an amount of not less than $500,000 per person.

J. Books and Accounts; Audits. The Port shall maintain and keep proper books, records and accounts for the Airport in accordance with generally accepted accounting principles applicable to enterprises such as the Airport. Such accounting shall show the amount of the Revenues, the amount of Net Revenues, and the amount of debt service payable from the Net Revenues. Monthly reports of the financial operations of the Airport prepared by the Port for its own purposes shall be made available to the Trustee at its request, and shall be mailed to any holder of Bonds filing with the Port a request for the same.

The Port shall cause the financial statements of the Airport to be audited by an independent certified public accountant or a firm of independent certified public accountants of recognized standing (herein defined and referred to as the “Accountant”), employed by the Port but who is in fact independent and not under the control of the Port, such period of appointment of employment to be from year to year. Such Accountant shall be selected with special reference to the Accountant’s general knowledge, skill and experience in auditing books and accounts. Such audit shall be made annually and shall be completed within one hundred twenty (120) days after the close of each Fiscal Year. Each such audit shall be conducted in accordance with generally accepted auditing standards applicable to enterprises such as the Airport. A copy of each such annual audit shall be filed with the Trustee and shall be open for public inspection, and shall be mailed to the Airport Consultant and any holder of Bonds filing with the Port a request for the same.

Each audit report, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include a statement as to whether the provisions of Section 16 hereof have been complied with during the audit period.

[Portions of this Section 17.J were amended pursuant to Section 3 of Ordinance No. 368-B]

K. Airport Consultant. The Port shall retain and appoint from time to time an airport consultant (herein defined and referred to as the “Airport Consultant”) who shall be an independent firm or corporation not in the regular employ or under the control of the Port and who shall have a widely known and favorable reputation for special skill, knowledge, and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport. The Airport Consultant shall be available to advise the Port upon request, and make such investigations, certifications and determinations as may be necessary or required from time to time under the provisions of this Ordinance.

[This Section 17.K was amended pursuant to Section 1.3 of Ordinance No. 393-B]

L. No Superior Lien Bonds; Junior Lien Obligations Permitted. There is not outstanding at the time of the enactment of this Ordinance and the Port will not hereafter create or permit the creation of or issue any bonds, notes, warrants or other obligations or evidences of indebtedness or create any additional indebtedness: (1) which is or will be payable as to principal or interest, or both, from the Revenues prior to or on a parity with the payment
therefrom of the principal of or interest on the Bonds, or prior to or on a parity with the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account or the Capital Improvement Account, or which is or will be secured as to principal or interest, or both, by a lien and charge on the Revenues, superior or equal to the lien and charge of the Bonds and the interest thereon, or superior or equal to the lien and charge on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account or the Capital Improvement Account; provided that the first series of Bonds and Additional Bonds and Refunding Bonds may be issued hereunder upon compliance with the provisions of Sections 3, 4 and 5 hereof. The Port shall not require any reimbursement to be made to its general fund from the Revenues for the payment from the general fund of the Port of the principal or interest, or both, of bonds, notes, warrants or other obligations or evidences of indebtedness issued for the Airport, prior to or on a parity with the payment from the Revenues of the principal of and interest on the Bonds, or prior to or on a parity with the payment and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account, nor shall the Port secure any such reimbursement by a lien and charge on the Revenues superior or equal to the lien and charge thereon of the Bonds and interest thereon, or superior or equal to the lien and charge on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account.

Nothing in this Ordinance, and particularly nothing in the preceding paragraph, shall prevent the Port from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness for the purposes hereafter in this subparagraph L set forth: (1) which as to principal or interest, or both, are payable from the Revenues after and subordinate to the payment from the Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account, and which are secured as to principal or interest, or both, by a lien and charge on the Revenues junior and inferior to the lien and charge on the Revenues of the Bonds and interest thereon and junior and inferior to the lien and charge on the Revenues of the payments and credits therefrom to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account; or (2) which as to principal or interest, or both, are payable from any other special fund to be maintained from the Revenues or from the Airport Fund, if the payments into such special fund from the Revenues or from the moneys in the Airport Fund, shall be made after and subordinate to the payment from the Revenues and the Airport Fund of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account, and which payments into such other special fund are secured by a lien and charge on the Revenues and the Airport Fund, junior and inferior to the lien and charge thereon of the Bonds and interest thereon and junior and inferior to the lien and charge on the Revenues of the payments and credits.
credits therefrom to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account. Nothing in this Ordinance, and particularly nothing in the preceding paragraph hereof, shall prevent the Port from requiring that reimbursement be made to the general fund of the Port from the Revenues for the payment from the general fund of the Port of the principal or interest, or both, of bonds, notes, warrants or other obligations or evidences of indebtedness hereafter issued for the Airport, after and subordinate to the payment from the Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account. Nothing in this Ordinance, and particularly nothing in the preceding paragraph hereof, shall prevent the Port from requiring that reimbursement be made to the general fund of the Port from the Revenues for the payment from the general fund of the Port of the principal or interest, or both, of bonds, notes, warrants or other obligations or evidences of indebtedness hereafter issued for the Airport, after and subordinate to the payment from the Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Revenues to be made pursuant to the provisions of Section 13 hereof for the Costs of Operation and Maintenance, the Bond Fund, the Major Maintenance Reserve Account and the Capital Improvement Account.

Junior lien obligations authorized to be issued pursuant to this subparagraph L may be issued for and only for the following purposes: (1) to pay the Costs of Construction of additions, expansions and improvements at the Airport and (2) to pay the costs of the acquisition and construction of General Aviation Airports. Prior to the issuance of any junior lien obligations for the purpose of financing General Aviation Airports, the Airport Consultant shall certify that the General Aviation Airport to be acquired and constructed from the proceeds of the junior lien obligations will relieve congestion at the Airport and will obviate the need for capital expenditures at the Airport. Such certificate shall be delivered to the Port and filed with the Trustee.

M. Not To Encumber or Dispose of Airport Properties; Condemnation. The Port shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Revenues and the money in the Airport Fund, other than the liens, pledges and charges specifically created herein or specifically permitted hereby.

The Port shall not sell, lease or otherwise dispose of all, or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease or other disposition depositing with the Trustee, pursuant to and in accordance with the provisions of Section 29 hereof, cash or Governmental Securities (as defined in Section 29) in an amount sufficient so that no Bonds are any longer deemed outstanding hereunder as provided by and in accordance with said Section 29.

The Port may, however, execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof, for aviation or non-aviation purposes, according to the schedule of rates, rentals, fees and charges of the Port, or according to commercially reasonable terms in light of the business of the Airport as a whole. All amounts due the Port under such agreements and which will be recognized as Revenues, either immediately or over time in accordance with generally accepted accounting principles, shall be
deposited in the Airport Revenue Fund on receipt and shall be held unexpended in that fund until they become part of the Revenues, and the properties affected by the agreements shall remain part of the Airport, but any such leasing shall not be inconsistent with the provisions of this Ordinance, and no lease shall be entered into by which the rights of the holder of any Bond might be impaired or diminished. The Port may also enter into Net Rent Leases pursuant to and in accordance with the provisions of Section 28 hereof.

The Port also may from time to time sell, lease or otherwise dispose of any portion of the aviation properties and facilities and real and personal property comprising a part of the Airport which the Port has determined has become unserviceable, inadequate, obsolete, worn out or unfit to be used, or no longer required for use, in connection with the construction, operation or maintenance of the Airport or the maintenance of the Revenues or which has been replaced by other property of substantially equal revenue-producing capability, and any moneys received by the Port as the proceeds of any such sale, lease or any other disposition of said properties shall be deposited in the Airport Fund and be used for the purposes of making renewals and replacements or capital additions to the Airport, or if not used for said purposes, for any other lawful purpose of the Airport Fund.

Subject to the provisions of the last paragraph of this part M, the Port, if and so long as any building or structure included in the Airport or any portion of any land included in the Airport is determined by it as not being necessary to the actual operations of the Airport, may use such building or structure or portion of land for any non-airport or non-aviation purposes of the Port, and without making any payments into the Airport Fund for such non-airport or non-aviation use from the revenues derived from taxes or from revenues derived from its non-airport activities. The Port shall maintain any such building or structure or portion of land while used for non-airport or non-aviation purposes. The costs of maintaining any building or structure or portion of land while used for non-airport or non-aviation purposes, the costs of operating such building or structure or portion of land for such purposes, and the costs of any improvements to such building or structure or improvements made on such portion of land for such purposes, shall be paid by the Port from moneys derived from taxes or revenues derived from activities of the Port other than from the operation of the Airport; provided that the Port may apply to any such non-airport or non-aviation use any moneys paid to it from the General Account in the Airport Fund in reimbursement pursuant to item (5) of that paragraph pertaining to the application of moneys credited to the General Account set forth in Section 13 hereof.

No use for non-airport or non-aviation purposes of any building or structure or portion of land included in the Airport, as permitted by the preceding paragraph hereof, shall be made, and no conveyance, lease or transfer of any property, including rights or interests in property constituting part of the Airport as permitted by the next preceding paragraph hereof, as the case may be, shall be made, unless (a) the use for non-airport or non-aviation purposes of such building or structure or portion of land, or the use to be made of any property, or rights, or interests in property, so conveyed, leased or transferred is substantially non-competitive with the Airport; (b) the use for non-airport or non-aviation purposes of any such building or structure or portion of land, or the use of any property so conveyed, leased or transferred after such conveyance, lease or transfer, as the case may be, will not provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing; and (c) in the opinion of the Airport Consultant such use for non-airport or
non-aviation purposes of any such building, structure or portion of land, or such conveyance, lease or transfer, as the case may be, will not reduce the Revenues and Net Revenues below the amount covenanted by Section 16 hereof to be produced without any increase in the schedule of rates, rentals, fees and charges then in effect for the Airport, or if in the opinion of the Airport Consultant such use for non-airport or non-aviation purposes, or such conveyance, lease or transfer, as the case may be, would reduce the Revenues and Net Revenues below the amount covenanted by Section 16 hereof to be produced, unless due and adequate provision is made for the payment of the Bonds, including interest and premium (if any) thereon, or due and adequate provision is made for the payment into the Airport Fund in each year in which any of the Bonds remain outstanding of an amount equal to the difference between the Revenues and Net Revenues produced in each such year and the amount of Revenues and Net Revenues covenanted by Section 16 hereof to be produced in such year.

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Port as a result of such taking shall be held by the Port hereunder and either used for the acquisition or construction of revenue-producing properties to constitute part of the Airport or be applied to the redemption or purchase of Bonds, such purchases to be made subject to the same conditions that purchases of Bonds may be made pursuant to Section 14 hereof from moneys credited to the Term Bond Principal Account in the Bond Fund.

[This paragraph was amended pursuant to sections 1 and 2 of Ordinance No. 375-B]

N. Insurance. The Port will carry insurance with generally recognized responsible insurers with policies payable to the Port against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport. The Port shall seek the advice and counsel not less than every three years of an independent insurance agent or consultant or consultants to advise and assist the Port with respect to the insurance program of the Airport, and the Port shall take into consideration the advice of such independent insurance agent or consultant or consultants in the placement of insurance and the establishment of any self-insurance fund or funds of the Port as hereinafter provided.

Without limiting the generality of the provisions of the preceding paragraph, the Port shall obtain and maintain at least the following insurance:

(a) Fire and Extended Coverage. Insurance subject to a reasonable deduction in an amount not less than ninety per cent of the cost of repair or replacement, if available, and otherwise to the full insurable value, of the structures and equipment of a type normally covered by fire and extended coverage insurance (or such lesser amount as would be required to meet the cost of paying or redeeming all Bonds from time to time outstanding) as determined by a recognized appraiser or insurer selected by the Port, against loss or damage by fire and lightning with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement in use in Oregon at the time, and with standard vandalism and malicious mischief endorsement; provided that such insurance shall at all times be in such amount as will be sufficient to comply with any legal or contractual requirement which, if
breached, would result in the assumption by the Port of a portion of any loss or damage as a co-insurer. Loss or damage by flood and earthquake shall also be insured in a reasonable amount and these perils may be subject to a reasonable deductible, both as determined by the Port. If any building or facility is under construction or reconstruction, the Port’s obligation under this subparagraph as to such building or facility shall be met if the insurance required by this subparagraph with respect to such building or facility is carried by the contractor.

(b) War Damage. If and when war damage insurance is obtainable from the United States Government, policies of war damage insurance shall be obtained by the Port on the properties constituting the Airport. The amount of such war damage insurance to be procured and maintained shall, at the option of the Port be the lesser of (i) the maximum coverage obtainable, or (ii) an amount equal to the principal amount of the Bonds from time to time outstanding and any premium payable upon their redemption from the proceeds of such insurance.

(c) Loss of Use. Rental insurance, or use and occupancy insurance, or business interruption insurance, to cover loss, total or partial, of the use of the Airport as the result of any fire, explosion, vandalism, malicious mischief, other hazards normally covered by extended coverage endorsement, earthquake, tornado, hurricane and sprinkler leakage, in such amounts that, in case of a loss of the use of the Airport, or any part thereof, the proceeds of such insurance in the event of loss will be in an amount equal to not less than the anticipated Revenues for a period of twelve (12) months; provided that, (i) such insurance may exclude losses sustained by the Port during the first seven days of any total or partial interruption of use; (ii) consideration shall be given to the expected, as well as past or current, amount of the Revenues, and allowances may be made for any probable decrease in Costs of Operation and Maintenance or other expenses while use is interrupted; and (iii) if the amount of insurance required by the foregoing provisions of this subparagraph cannot be procured, at a reasonable cost, the Port will procure the maximum amount of such insurance obtainable at a reasonable cost.

(d) Public Liability. Standard comprehensive liability insurance for protection of the Port and its commissioners, officers, and employees, insuring said parties against liability for damages because of bodily injury, death or damage to property, including loss of use thereof, occurring on or in any way related to the Airport or any part thereof or occasioned by reason of the operations of the Port upon, in and around the Airport, with insurance of $25,000,000 combined single limit, each occurrence, for bodily injury or death or damage to property (or such greater amount as may be determined by the Port). Such policies shall cover the entire Airport and any elevators or boilers therein, and any sidewalks, streets or other public ways adjoining the Airport. Workmen’s compensation insurance shall also be obtained at least to the extent required by law, or if not so required, to the extent deemed advisable by the Port.

The foregoing provisions as to insurance required to be procured and maintained shall not limit or prohibit, or be construed as limiting or prohibiting, the Port from obtaining any other insurance with respect to the Airport or the use and occupancy thereof that it may wish to carry or to obtain any insurance in amounts greater than those set out above.
Any insurance carried by the Port pursuant hereto may be procured and maintained as part of or in conjunction with any other policy or policies carried by it. The Port may create and establish special funds for self-insurance against the risks set out in subparagraphs (a), (c) and (d) above and may make payments into such funds from moneys credited to the General Account in the Airport Fund. In the event the Port shall establish and maintain any such special funds, the amount of insurance carried pursuant to said subparagraphs may be reduced by the amounts in such funds applicable and allocated to the particular risk or risks referred to in said subparagraphs.

Upon the delivery of the first Bonds hereunder the Port shall furnish to the Trustee certificates of the insurers showing the amount and type of the insurance then in effect that has been procured and maintained pursuant to the foregoing provisions and stating the date and term of any policy evidencing such insurance, and also a certificate of the Port setting forth the amounts of any self-insurance and the risks covered thereby and reciting that the amounts and types of such insurance and self-insurance comply with said provisions. Certificates evidencing any renewals of the aforesaid insurance, or evidencing that such insurance is no longer required hereby, shall be delivered to the Trustee not less than ten days prior to the expiration of any policy of insurance replaced or extended by the insurance represented by such certificate. All policies of insurance shall provide for not less than thirty (30) days’ notice to the Port and the Trustee before such policy may be canceled.

All insurance required by subparagraphs (a), (b) and (c) above shall be taken out and maintained in the name of the Port. All policies evidencing such insurance shall provide for payment of the losses to the Port; provided, that, any builder’s risk insurance or other insurance carried by a contractor with respect to a building or facility being constructed by such contractor may provide for payment to the Port and such contractor as their respective interest may appear.

The proceeds of all insurance shall be held by the Port under and subject to this Ordinance and applied as follows: (i) the proceeds of insurance carried pursuant to subparagraphs (a) and (b) above of this paragraph shall be applied to the repairing, replacing or reconstruction of the damaged or destroyed property as hereinafter provided; (ii) the proceeds of insurance carried pursuant to subparagraph (c) above of this paragraph shall be deposited in the Airport Fund; and (iii) the proceeds of insurance carried pursuant to subparagraph (d) above shall be applied toward extinguishing or satisfying or remedying of the liability, loss or damage with respect to which such proceeds may be paid.

Immediately after any loss or damage to the Airport, the Port will promptly commence, and proceed to completion, with the repair, replacement or reconstruction of the damaged or destroyed property, and apply to the costs thereof the proceeds of the insurance carried pursuant to subparagraphs (a) and (b) above of this paragraph received with respect to such damage or destruction. If such proceeds are insufficient for such purpose, the amount of such insufficiency may be satisfied, first, from unencumbered moneys credited to the General Account in the Airport Fund and then from moneys credited to the Major Maintenance Reserve Account in the Airport Fund and then from moneys credited to the Capital Improvement Account in the Airport Fund. If the proceeds of such insurance are more than sufficient for such purpose, the excess amount thereof shall be paid into the following funds in the following order and amounts: (1) into the Bond Fund for credit to the Debt Service Reserve Account therein, unless and until
there is then on credit thereto an amount equal to the maximum Debt Service Requirement for any future Fiscal Year on all Bonds then outstanding; (2) to the Airport Fund for credit to the Major Maintenance Reserve Account unless and until there is then on credit thereto the full amount then required to be maintained therein; (3) to the Airport Fund for credit to the Capital Improvement Account unless and until there is then on credit thereto the full amount then required to be maintained therein; and (4) to the Airport Fund for credit to the General Account.

O. Payment of Taxes and Claims by the Port. The Port shall from time to time, duly pay and discharge, or cause to be paid or discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or any part thereof or upon the Revenues, or any required payments in lieu thereof, as well as all lawful claims for labor, materials and supplies furnished or supplied to the Airport or any part thereof, when the same shall become due and payable, and keep the Airport and all parts thereof and the Revenues free from judgments, mechanics’ and materialmen’s liens, and free from all other liens, claims, demands or encumbrances of whatsoever prior nature or character provided that the Port may, in good faith, and upon notice thereof to the Trustee, contest, or permit or cause to be contested, by appropriate proceedings, duly prosecuted, the applicability or validity of any such tax, assessment or governmental charge or payment in lieu thereof, as well as any claim for labor, material or supplies for work completed or materials or supplies furnished and in such event may permit the items so contested to remain unpaid, unsatisfied and undischarged during the period of any such contest and appeal therefrom, even though such contest or proceeding may result in a judgment or lien against the Airport or any part thereof or the Revenues, if and so long as such contest or proceeding shall stay the execution or enforcement of any such tax, assessment, charge, claim, judgment or lien so that pending the determination of such contest or proceeding the Airport and all parts thereof and the Revenues are not affected thereby, and if and so long as such contest or proceeding does not impair the security or the payment of the Bonds. If any such execution or enforcement is so stayed and such stay shall thereafter expire, the Port shall forthwith pay or discharge, or cause to be paid and discharged, any such tax, assessment or governmental charge or payment in lieu thereof or claims for labor, material or supplies. Before, however, entering into any such contest or permitting any such contest, the Port shall furnish to the Trustee any reasonable assurance required by the Trustee indemnifying it and the holder of the Bonds against loss or liability by reason of any such contest.

P. Prosecution and Defense of Suits. The Port will, and upon the request of the Trustee shall, promptly from time to time take such action as may be necessary and proper to remedy or cure any defect in or cloud upon the title to the Airport or any part thereof (except for Permitted Encumbrances as defined in paragraph B of this section), whether now existing or hereafter developing; shall prosecute and defend all such suits, actions and other proceedings as may be appropriate for such purposes, including the defense of its title to the Airport; and shall indemnify and save the Trustee and every Bondholder harmless from all loss, cost, damage and expense, including attorneys’ fees, which they or either of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The Port shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Trustee or any Bondholder by a person other than the Port upon any claim arising out of the receipt, application or disbursement of any of the Revenues or any other moneys received, applied or disbursed under this Ordinance, or involving the Airport or the
rights of the Trustee or any Bondholder under this Ordinance and shall indemnify and save harmless the Trustee and all Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement or the Airport; provided, however, that the Trustee or any Bondholder, at its or his election, may appear in and defend any suit, action or proceeding. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though the Bond is no longer outstanding hereunder and all indebtedness and obligations secured hereby may have been fully paid and satisfied and the lien, pledge and charge of this Ordinance may have been released and discharged.

Q. Protection of Security. The Port shall not take any action in such manner or to such an extent as might prejudice the security or the payment of the Bonds according to the terms thereof. The Port will maintain, preserve and renew all the rights, powers, privileges and franchises now owned by it or hereafter acquired by it with respect to the Airport. The Port shall not enter into any contract or lease pertaining to the Airport, or take any other action, by which the rights, payment or security of the Bonds might be impaired or diminished.

R. Competitive, Non-competitive and General Aviation Airports. The Port will neither construct nor, to the extent it is able to do so, permit to be constructed any Commercial Airport or General Aviation Airport, except as in Section 17L hereof permitted, or other facilities or structures to be operated by the Port or others separate from the Airport and competing for the Revenues otherwise available for the payment of the Bonds, but nothing herein contained shall be construed as impairing any police power which the Port now or hereafter may possess.

Nothing in this part shall be construed as preventing or prohibiting the Port from acquiring, constructing or operating separate and apart from this Ordinance any Commercial Airport or General Aviation Airport which is substantially non-competitive with Portland International Airport. Prior to acquiring, constructing or operating separate and apart from this Ordinance any Commercial Airport or General Aviation Airport the Airport Consultant shall deliver to the Port and file with the Trustee a certificate (such certificate is not required for General Aviation Airports permitted pursuant to Section 17L hereof) which states that such Commercial Airport or General Aviation Airport is substantially non-competitive with Portland International Airport.

For purposes of this Ordinance, the following facilities and structures (which are not part of a Commercial Airport or a General Aviation Airport described in this section) shall be considered “substantially non-competitive with the Airport,” and shall not be considered “competing for the Revenues otherwise available for the payment of Bonds:”

(1) Facilities and structures which, at the time they are approved by the Port, are reasonably expected to be used for purposes which do not benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport; and

(2) Facilities and structures which, at the time they are approved by the Port, are reasonably expected to benefit directly and substantially from close proximity to aircraft, passengers or cargo while traveling through the Airport, if the Commission reasonably
determines that the construction and operation of the facilities or structures will not have a material, adverse effect on the Revenues.

For purposes of subparagraph (2) of the preceding paragraph:

(1) “material, adverse effect” means a reduction in the Revenues:

(a) which would otherwise be projected for the Airport during any of the five full Fiscal Years following the projected completion of the proposed facility or structure; and,

(b) which is directly attributable to the proposed facility or structure; and,

(c) which is greater than or equal to five percent of the Net Revenues for the Fiscal Year immediately preceding a determination of the Commission, or which would reduce the Net Revenues below the level required by clause (ii) of the first sentence of the first paragraph of Section 16 of this Ordinance and Section 5.e. of Ordinance No. 323 as amended and restated by Ordinances No. 337A and 323A.

(2) a determination of the Commission shall be conclusively presumed to be reasonable if it is made in reliance upon a projection of the Airport Consultant that the construction and operation of the proposed facilities or structures will not have a material, adverse effect on the Revenues. [A portion of paragraph R was amended pursuant to section 3 of Ordinance No. 375 B]

S. Obeying Law; Performance of All Obligations and Covenants under This Ordinance, Performance of Leases and Contracts. The Port shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted or entered by any competent governmental authority or agency applicable or with respect to or affecting the acquisition, construction or reconstruction of the Airport or any part or parcel thereof or applicable or with respect to or affecting the operation, manner of use or condition of the Airport or any part or parcel thereof or adjoining public ways; provided that the Port need not comply with any such statute, law, ordinance, rule, regulation, judgment, decree, direction or requirement if and so long as the Port in good faith shall be contesting or permitting or causing to be contested the applicability or validity thereof by appropriate proceedings diligently prosecuted, even though such contest may result in the imposition of a lien or charge against the Airport or the Revenues if (1) before commencing any such contest the Port shall notify the Trustee thereof and shall furnish to the Trustee any reasonable assurance required by the Trustee indemnifying it and the holders of the Bonds against loss or liability by reason of any such contest; (2) the Port shall effectively prevent foreclosure or enforcement of any such lien or charge; and (3) the foreclosure or enforcement of any such lien or charge shall be stayed, and if said stay thereafter expires, the Port shall forthwith discharge such lien or charge or cause the same to be discharged, so that pending such proceedings the Airport and the Revenues thereof shall not be affected thereby, and the security of the Bonds shall not be impaired.

The Port shall comply with and perform, or cause to be complied with and performed, all acts, things, covenants, agreements, obligations, duties and provisions, express or implied,
required to be done or performed by or on its behalf under this Ordinance and Supplemental
Ordinances and the Bonds and coupons, in accordance with the terms hereof and thereof.

The Port shall perform all contractual obligations undertaken by it under leases or
agreements with any person.

T. Paying Agents. If a Series Ordinance providing for the issuance of a series of
Bonds in coupon form appoints a Paying Agent for the Bonds of such series in a city other than
that in which the principal office of the Trustee is located, the Port will at all times keep in those
cities in which such Paying Agent or Paying Agents are located, an office or agency (which may
be the office in each such respective city of such Paying Agent in such city appointed in such
Series Ordinance) at which such series of Bonds in coupon form and attached coupons may be
presented for payment. The Port will from time to time give written notice to the Trustee of the
location of each such office or agency if the appointment thereof was made by the Port without
the prior knowledge of the Trustee.

U. Taking Any Further Action Required for the Purposes of This Ordinance. The
Port shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and
record all such other and further ordinances, resolutions, acts, deeds, demands, conveyances,
assignments, transfers, assurances and instruments and give such further notices and give such
further acts, as may be reasonably necessary, proper or desirable for the better assuring, pledging
and assigning the Revenues and other moneys pledged, assigned or charged hereunder or
intended so to be, or which the Port may hereafter become bound to pledge, assign or charge, or
for the carrying out more effectively the purposes and intent, and the facilitating of the
performance, of this Ordinance.

SECTION 18. Concerning the Trustee and the Paying Agents.

A. Qualifications of Trustee; Resignation or Removal Thereof, Successor Trustee.
From and after the delivery of the first Bonds hereunder, there shall at all times be a trustee
hereunder (herein defined and referred to as the “Trustee”) to administer the Bond Fund created
in Section 14 hereof, which Trustee shall at all times be a corporation organized and doing
business under the laws of the United States or of any State of the United States, which (a) is
authorized under such laws to exercise corporate trust powers, (b) is subject to supervision or
examination by Federal or State authority, and (c) shall have at all times a combined capital and
surplus of not less than fifty million dollars. If the Trustee publishes reports of condition at least
annually, pursuant to law or the requirements of the aforesaid supervising or examining
authority, then for the purposes of this paragraph the combined capital and surplus of the Trustee
at any time shall be deemed to be its combined capital and surplus as set forth in its most recent
report of conditions so published.

The Trustee may at any time resign by giving not less than sixty (60) days’ written notice
to the Port and by giving within ten (10) days after the giving of such notice to the Port notice to
the Bondholders of such resignation by the publication of such notice at least once in the same
newspaper or newspapers in which notice of redemption is to be published pursuant to Section 7
hereof.
In case at any time any of the following shall occur: (1) the Trustee shall cease to be eligible in accordance with the provisions hereof and shall fail to resign after written request therefor by the Port or by any Bondholder who has been a bona fide holder of a Bond for at least six months; or (2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Port may remove the Trustee by an instrument in writing authorized by resolution of its Board of Commissioners or any such Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, remove the Trustee.

The holders of a majority in aggregate principal amount of all the Bonds at any time out-standing may at any time remove the Trustee by an instrument in writing signed by such Bondholders.

In the event of the resignation, removal, disability or refusal to act of the Trustee, the Port by resolution of its Board of Commissioners shall forthwith appoint a successor Trustee.

The resigning Trustee, if within fifty days after the publication of notice of its resignation, no successor Trustee shall have been appointed and shall have accepted such appointment, may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder who has been a bona fide holder of a Bond for at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any successor Trustee appointed as provided in this section shall execute, acknowledge and deliver to the Port and to its predecessor Trustee an instrument accepting such appointment hereunder and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become the Trustee for the holders of the Bonds and shall be vested with all the appointments, rights, powers, trusts, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Port or the request of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the terms, provisions and conditions hereof, all the appointments, rights, powers and trusts of the Trustee so ceasing to act. Upon request of any such successor Trustee, the Port shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor Trustee all such appointments, rights, powers and trusts.

Upon acceptance of appointment by a successor Trustee as provided in this section, the Port shall publish notice of the succession of such Trustee to the trusts hereunder at least once in the same newspaper or newspapers in which notices of redemption are to be published under Section 7 hereof. If the Port fails to publish such notice within ten days after acceptance of
appointment by the successor Trustee, the successor Trustee shall cause such notice to be published at the expense of the Port.

Any corporation into which the Trustee or any Paying Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee or any Paying Agent shall be a party, or any corporation succeeding to the business of the Trustee or any Paying Agent shall be the successor of the Trustee or such Paying Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided that such successor Trustee or Paying Agent shall be eligible under the provisions hereof.

B. Duties of Trustee. Prior to an Event of Default as defined in Section 23 hereof and after the curing or waiving of all such Events of Default, the Trustee (1) shall not be liable except for the performance of such duties and obligations as are specifically set out in this Ordinance; and (2) may conclusively rely, as to the truth of any statement and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates or opinions furnished to it pursuant to this Ordinance, but the Trustee shall examine the evidence furnished to it to determine whether or not such evidence conforms to the requirements (if any) of this Ordinance. In case of an Event of Default as defined in Section 23 hereof (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Ordinance, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Ordinance shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that the Trustee shall at all times: (1) be protected from liability for any error of judgment made in good faith by a responsible officer (as defined in the last sentence of Section 24 hereof) of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and (2) be protected with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Ordinance.

The Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Ordinance, as a condition of any action by the Trustee and any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, deemed desirable for the purpose of establishing the right of the Port to the execution and delivery of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

C. No Liability of Trustee and Paying Agents for Recitals. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Port, and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to the validity or
sufficiency of this Ordinance or of the Bonds or coupons, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively.

D. Right of Trustee and Paying Agents to Acquire Bonds. The Trustee and the Paying Agents and its and their officers and directors may acquire and hold, or become pledgees of, Bonds and coupons and otherwise deal with the Port in the manner and to the same extent and with like effect as though it or they were not the Trustee or Paying Agent, as the case may be, hereunder.

E. Paying Agents to Hold Moneys in Trust. Each Paying Agent shall hold in trust for the benefit of the Bondholders or the Trustee all sums held by such Paying Agent for the payment of the principal of and interest on the Bonds. Anything in this paragraph to the contrary notwithstanding, the Port may, at any time, for the purpose of obtaining a satisfaction and discharge of this Ordinance, or for any other reason, cause to be paid to the Trustee all sums held in trust by any Paying Agent hereunder as required by this section, which sums shall be held by the Trustee upon the trusts herein contained, and such Paying Agent shall thereupon be released from all further liability with respect to such sums.

F. Compensation and Expenses of Trustee and Paying Agents. The Trustee and the Paying Agents shall be entitled to reasonable compensation for all services rendered by them in the execution, exercise or performance of any of the powers and duties to be exercised or performed by them pursuant to the provisions of this Ordinance and for the reasonable expenses, charges and other disbursements incurred in connection with the exercise or performance of said powers and duties. The Port shall pay such compensation and expenses from the Revenues as a Cost of Operation and Maintenance. The Trustee shall have a first lien with right of prior payment to or on account of interest or principal of any Bond upon the Revenues and other moneys pledged or charged herein for any advances made by it and for its fees, costs and expenses incurred.

G. Trust May be Vested in Separate or Co-Trustee. It is the purpose of this Ordinance that there shall be no violation of any law of any jurisdiction (including particularly the law of Oregon) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Ordinance, and in particular in case of the enforcement on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. In such instance the Trustee shall obtain and may rely upon an opinion of counsel as to the necessity of such appointment. The following provisions of this subsection G are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Ordinance to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee
to exercise such powers, rights and remedies, and every covenant and obligation necessary to the
exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Port be required
by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly
vesting in and confirming to him or it such properties, rights, powers, trusts, duties and
obligations and any and all such deeds, conveyances and instruments in writing shall, on request,
be executed, acknowledged and delivered by the Port. In case any separate trustee or co-trustee,
or a successor to either, shall die, become incapable of acting, resign or be removed, all the
estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or
co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the
appointment of a new trustee or successor to such separate trustee or co-trustee.

SECTION 19. List of Bondholders. Each Paying Agent (other than the Trustee) shall
furnish to the Trustee semiannually in each year during the periods July 15 to July 31, inclusive,
and January 15 to January 31, inclusive, commencing with the first of such periods which
follows the first interest payment date for the first Bonds issued hereunder, and at such other
times as the Trustee may request in writing, within thirty days after the receipt by the Paying
Agent of such request, a list or lists in such form as the Trustee may reasonably require, of all
information in the possession or control of any such Paying Agent (other than the Trustee) as to
the names and addresses of the holders of Bonds obtained since the date as of which the next
previous list, if any, was furnished. Any such list may be dated as of a date not more than fifteen
days prior to the time such information is furnished or caused to be furnished and need not
include information received after such date. The Trustee shall preserve, in as current a form as
is reasonably practicable, all information as to the names and addresses of the holders of Bonds
(i) contained in the most recent list furnished to it as provided in the foregoing provisions of this
section, (ii) received by it in the capacity of Paying Agent (if so acting hereunder), and (iii) filed
with it within two years preceding pursuant to the provisions of the next sentence of this section.
Any holder of the bonds may file his name and address with the Trustee for inclusion upon such
list. The Trustee may (1) destroy any list furnished to it as provided in the first sentence of this
section upon receipt of a new list so furnished, (2) destroy any information received by it as a
Paying Agent (if so acting) hereunder upon delivering to itself as the Trustee not earlier than
forty-five days after an interest payment date of the Bonds, a list containing the names and
addresses of the holders of Bonds obtained from such information since the delivery of the next
previous list, if any, (3) destroy any list delivered to itself as Trustee which was compiled from
information received by it as a Paying Agent (if so acting) hereunder upon receipt of a new list
so delivered, and (4) destroy any information filed with it pursuant to the provisions of the next
preceding sentence of this section, but not until two years after such information has been filed
with it. At reasonable times and under reasonable regulations established by the Trustee, said list
may be inspected and copied by the Port or by the holders or owners (or a designated
representative thereof) of ten per cent or more in principal amount of Bonds then outstanding,
such ownership and the authority of any such designated representative to be evidenced to the
satisfaction of the Trustee.

SECTION 20. Amendment of This Ordinance. The Port, from time to time and at any
time and without the consent or concurrence of the holder of any Bond, may adopt a
Supplemental Ordinance: (i) for the purpose of providing for the issuance of Bonds pursuant to
the provisions of Sections 3, 4 and 5 hereof, (ii) to make any changes or modifications hereof or amendments or additions hereto or deletions herefrom which may be required to permit this Ordinance to be qualified under the Trust Indenture Act of 1939 of the United States of America, as amended from time to time; and (iii) if the provisions of such Supplemental Ordinance shall not adversely affect the rights of the holders of the Bonds then outstanding, for any one or more of the following purposes:

1. To make any changes or corrections in this Ordinance or any Supplemental Ordinance as to which it shall have been advised by its counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained herein or in any such Supplemental Ordinance, or to insert such provisions clarifying matters or questions arising under this Ordinance as are necessary or desirable;

2. To add additional covenants and agreements of the Port for the purpose of further securing the payment of the Bonds;

3. To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of this Ordinance or any Supplemental Ordinance;

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provision of this Ordinance or any Supplemental Ordinance;

5. To grant to or confer upon the holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, duties, remedies, power or authority;

6. To prescribe further limitations and restrictions upon the issuance of the Bonds and the incurring of indebtedness by the Port payable from the Revenues; and

7. To modify in any other respect any of the provisions of this Ordinance, or any Supplemental Ordinances previously adopted; provided that such modifications shall have no adverse effect as to any Bond or Bonds which are then outstanding.

With the consent of the holders of not less than sixty-six and two-thirds per centum (66⅔%) of the principal amount of the Bonds then outstanding, the Port, from time to time and at any time, may adopt a Supplemental Ordinance amending or supplementing the provisions of this Ordinance for the purposes of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Ordinance or of any Supplemental Ordinance, or modifying in any manner the rights of the holders of the Bonds and coupons then outstanding; provided, however, that without the specific consent of the holder of each such Bond which would be affected thereby, no such Supplemental Ordinance amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or any premium payable upon the redemption or payment thereof; or (2) reduce the aforesaid percentage of
Bonds, the holders of which are required to consent to any such Supplemental Ordinance amending or supplementing the provisions hereof, or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; or (4) authorize the creation of any pledge of the Revenues or any lien thereon prior or superior or equal to the pledge and lien created herein for the payment and security of the Bonds; or (5) deprive any holder of the Bonds of the security afforded by this Ordinance. A modification or amendment of the provisions of Section 13 hereof with respect to the Airport Fund shall not be deemed a change in the terms of payment of the Bonds; provided, however, that no such modification or amendment shall, except upon the consent of the holders of all Bonds then outstanding affected thereby, reduce the amount or amounts required to be deposited from the Revenues into the Bond Fund for credit to the Interest Account, Serial Bond Principal Account, Term Bond Principal Account or Debt Service Reserve Account therein or the priority of the deposit of such amounts. (Nothing herein contained, however, shall be construed as making necessary the approval of the holders of the Bonds of the adoption of any Supplemental Ordinance authorized by the first paragraph of this section.) The proof of the giving of any consent required by this paragraph and of the holding of Bonds for the purpose of giving consents shall be made in accordance with the provisions of Section 27 hereof, and it shall not be necessary that the consents of the holders of the Bonds approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Ordinance affecting such amendment or supplement, but it shall be sufficient if such consent approve the substance of the proposed amendment or supplement. After the holders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this paragraph, the Port shall publish at least once a notice of such amending or supplementing hereof, in an issue of a newspaper of general circulation in Multnomah County, Oregon and in an issue of The Daily Bond Buyer, which is published in the City and State of New York, or in lieu of such publication in The Daily Bond Buyer, in one issue of some other newspaper of general circulation specializing in financial matters published in the City and State of New York, and shall mail a copy of such notice, postage prepaid (1) to each registered owner of Bonds then outstanding, at his address, if any, appearing upon the registry books, and (2) to all Bondholders whose names and addresses appear upon the list to be maintained pursuant to Section 19 hereof at such addresses, but failure to mail copies of said notice to any of said owners or holders shall not affect the validity of the Supplemental Ordinance effecting such amendments or supplements or the consents thereto. (Nothing herein contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Ordinance authorized by the first paragraph of this section.) A record, consisting of the papers required by this paragraph, shall be proof of the matters therein stated until the contrary is proved.

Bonds delivered after the effective date of any action taken as provided in this section may bear a notation as to such action, by endorsement or otherwise and in form approved by the Port. In that case, upon demand of the holder of any Bond outstanding at such effective date and the presentation of his Bond for the purpose at the office of the Trustee or other paying agent, transfer agent or registrar hereunder for such Bond and at such additional offices as the Port may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Port shall so determine, new Bonds so modified as in the opinion of the Port to conform to the amendments or supplements so consented to by the Bondholders shall be prepared, executed and delivered, and upon demand of the holder of any Bond then outstanding shall be exchanged
without cost to such Bondholder, for Bonds then outstanding, upon surrender of such outstanding Bonds with all unmatured coupons appertaining thereto.

Upon the adoption pursuant to this section and of applicable law of any Supplemental Ordinance amending or supplementing the provisions of this Ordinance (including any Series Ordinance authorizing the issuance of Bonds) and the delivery thereof to the Trustee, together with an opinion of counsel to the Port that such Supplemental Ordinance is in due form, has been duly adopted in accordance with the provisions hereof and applicable law and the provisions thereof are valid and binding upon the Port (upon which opinion the Trustee shall be fully protected in relying), or upon such later date after delivery of such Supplemental Ordinance and opinion to the Trustee as may be specified in such Supplemental Ordinance, this Ordinance and the Bonds shall be modified and amended in accordance with such Supplemental Ordinance, and the respective rights, limitations of rights, obligations, duties and immunities under this Ordinance of the Port, the Trustee and of the holders of the Bonds and coupons shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all of the terms and conditions of any such Supplemental Ordinance shall be a part of the terms and conditions of the Bonds and of this Ordinance for any and all purposes.

SECTION 21. Certain Bonds Deemed Not Outstanding Hereunder. In determining whether the holders of the requisite aggregate principal amount of Bonds have consented to the amendment of this Ordinance as provided in Section 20 hereof or have concurred in any waiver of an Event of Default as defined in Section 23 hereof, or have concurred in any other direction or consent regarding this Ordinance, Bonds which are owned or controlled directly or indirectly by the Port shall be disregarded and deemed not to be outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such waiver, direction or consent, only Bonds which the Trustee knows are so owned shall be so disregarded.

SECTION 22. Ordinance to Constitute a Contract with Bondholders; Enforcement of Same. So long as any of the Bonds are outstanding, each of the obligations, duties, limitations and restraints imposed upon the Port by this Ordinance shall be deemed to be a covenant between the Port and every holder of said Bonds, and this Ordinance and every provision and covenant hereof and the provisions of ORS 778.005 to 778.260 shall constitute a contract with every holder from time to time of said Bonds and the coupons pertaining thereto, and shall be enforceable by any owner or holder of a Bond or of any of the coupons of any of the Bonds, by mandamus or other appropriate action or proceeding at law or in equity in any court of competent jurisdiction, including, without limiting the generality of the foregoing, the bringing of a suit or suits to compel compliance with the provisions of this Ordinance in the event the Port fails to set aside and pay the Revenues into the Bond Fund as required by Section 14 hereof.

SECTION 23. Events of Default. Each of the following is hereby defined as and declared to be an “Event of Default”:

(a) If payment of the principal and premium (if any) of any Bond, whether at maturity or by proceedings for redemption (whether by voluntary redemption or a mandatory redemption) or by declaration as hereinafter provided in Section 25 hereof or otherwise, shall not be made when the same shall become due and payable; or
(b) If payment of any installment of interest on any Bond shall not be made when the same shall become due and payable; or

(c) If the Port shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Ordinance or in any Supplemental Ordinance on the part of the Port to be performed, and such failure shall continue for ninety (90) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Port by the Trustee or by the holders of not less than twenty per cent (20%) in principal amount of the Bonds then outstanding or any committee therefor; provided that if any such failure shall be such that it cannot be cured or corrected within such ninety-day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected; or

(d) If any proceedings shall be instituted with the consent or acquiescence of the Port for the purpose of effecting a composition between the Port and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged herein or in any Supplemental Ordinance or for the purpose of adjusting the claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted; or

(e) If an order or decree shall be entered (i) with the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof, or (ii) without the consent or acquiescence of the Port, appointing a receiver or receivers of the Airport or any of the buildings and facilities thereof and such order or decree having been entered, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof, or

(f) If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (i) any court of competent jurisdiction shall assume custody or control of the Airport or any of the buildings and facilities thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption or such custody or control; or (ii) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport or rearrangement or readjustment of the obligations of the Port hereunder.

SECTION 24. Notice to Bondholders and Others Upon Occurrence of an Event of Default. The Trustee shall give by mail to all the registered holders of Bonds as their names and addresses appear upon the books of registry, to all Bondholders whose names and addresses appear upon the list to be maintained pursuant to Section 19 hereof at such addresses, written notice of the occurrence of any Event of Default within thirty days after the Trustee shall have knowledge that such Event of Default has occurred, unless the Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers, of the Trustee in good faith determine that the withholding
of such notice is in the interests of the holders of the Bonds. For the purposes of this Ordinance, the term “responsible officer” when used with respect to the Trustee shall mean the chairman of the board of directors, the vice-chairman of the board of directors, the chairman of the executive committee, the vice-chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any second or assistant vice president, any assistant cashier, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

SECTION 25. Acceleration. Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall, by notice in writing delivered to the Port, ipso facto and without the necessity of demand or putting in default, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

SECTION 26. Remedies Upon Occurrence of Event of Default; Powers of Trustee and Bondholders; Waivers of Event of Default; Termination of Proceedings.

A. Upon the occurrence of an Event of Default hereunder, the Trustee, (i) for and on behalf of the holders of the Bonds, shall have the same rights hereunder which are possessed by any holders of the Bonds; (ii) shall be authorized to proceed, in its own name and as Trustee of an express trust; (iii) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the Bonds; (iv) may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and of the holders of the Bonds allowed in any judicial proceedings relative to the Port or the Bonds and (v) may, and upon the written request of the holders of twenty-five per cent (25%) in aggregate principal amount of the Bonds then outstanding shall, proceed to protect and enforce all rights of the Bondholders and the Trustee under this Ordinance, by such means or appropriate judicial proceedings as shall be suitable or deemed by it most effective in the premises, including any action at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Ordinance or in aid of the exercise of any power granted in this Ordinance or to enforce any other legal or equitable right vested in the holders of the Bonds or the Trustee by this Ordinance. All rights of action (including the right to file proof of claims) under this Ordinance or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name and as trustee of any express trust without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and coupons.

B. The holders of not less than a majority in principal amount of the Bonds at the time outstanding shall be authorized and empowered (1) to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or to the holders of the
Bonds, or exercising any trust or power conferred upon the Trustee hereunder; or (2) on behalf of
the holders of the Bonds then outstanding, to consent to the waiver of any Event of Default or its
consequences, and the Trustee shall waive any Event of Default and its consequences and
rescind any declaration of maturity of principal upon the written request of the holders of such
majority. No waiver or rescission shall extend to any subsequent or other default, or impair any
right consequent thereon.

C. Notwithstanding any other provision of the Ordinance the right of any holder of
any Bond to receive payment of the principal of and interest on such Bond, on or after the
respective due dates expressed in such Bond and the coupons pertaining thereto, or to institute
suit for the enforcement of any such payment on or after such respective dates, shall not be
impaired or affected without the consent of such holder.

D. No remedy by the terms of this Ordinance conferred upon or reserved to the
holders of the Bonds is intended to be exclusive of any other remedy, but each and every such
remedy shall be cumulative and shall be in addition to any other remedy given hereunder to the
Trustee or to the holders of the Bonds or now or hereafter existing at law or in equity or by
statute. No delay or omission to exercise any right or power accruing upon any default or Event
of Default shall impair any such right or power or shall be construed to be a waiver of any such
default or Event of Default or acquiescence therein; and every such right and power may be
exercised from time to time and as often as may be deemed expedient. No waiver of any default
or Event of Default hereunder shall extend to or shall affect any subsequent default or Event of
Default or shall impair any rights or remedies consequent thereon.

E. In case the Trustee or the holders of the Bonds shall have proceeded to enforce
any right under this Ordinance and such proceedings shall have been discontinued or abandoned
for any reason, or shall have been determined adversely, then and in every such case the Port, the
Trustee and the holders of the Bonds shall be restored to their former positions and rights, and all
rights, remedies and powers of the Trustee shall continue as if no such proceedings had been
taken.

SECTION 27. Consents, etc., of Bondholders. Any consent, request, direction,
approval, objection or other instrument required by this Ordinance to be signed and executed by
the Bondholders may be in any number of concurrent writings of similar tenor and may be
signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the
execution of any such consent, request, direction, approval, objection or other instrument or of
the writing appointing any such agent and, subject to the provisions of Section 8 hereof, of the
ownership of Bonds, if made in the manner hereinafter in this section set forth shall be sufficient
for any of the purposes of this Ordinance and shall be conclusive in favor of the Port and the
Trustee with regard to any action taken under such request or other instrument. The fact and date
of the execution by any person of any such writing may be proved by the certificate of any
officer in any jurisdiction who by law has power to take acknowledgments within such
jurisdiction that the person signing such writing acknowledged before him the execution thereof,
or by the affidavit of any witness to such execution. The fact of the holding by any person of
Bonds or coupons transferable by delivery and the amounts and numbers of such Bonds, and the
date of the holding of same, may be proved by a certificate executed by any trust company, bank
or banker, wherever situated, stating that at the date thereof the party named therein did exhibit
to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds or coupons therein mentioned, if such certificate shall be deemed by the Port and the Trustee to be satisfactory. The Port and the Trustee may, in their respective discretions, require evidence that such Bonds have been deposited with a bank, banker or trust company, before taking any action based on such ownership. In lieu of the foregoing the Port and the Trustee may accept other proofs of the foregoing as either of them shall deem appropriate. The fact of ownership by any person of Bonds registered as to principal (except to bearer) or fully registered shall be proved by the registration books maintained pursuant hereto. For all purposes of this Ordinance and of the proceedings for the enforcement hereof, such persons shall be deemed to continue to be the holder of such Bonds until the Port and the Trustee shall have received notice in writing to the contrary.

SECTION 28. Special Obligation Bonds and Net Rent Leases. Anything in this Ordinance to the contrary notwithstanding, the Port may enter into contracts, leases or other agreements pursuant to which the Port will agree to construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or airport or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, on land constituting part of the Airport or will agree to acquire or construct a hangar, overhaul, maintenance or repair building or shop, or other aviation or air navigation facility, including hotels, garages and other buildings and facilities incident or related to the Airport, on land not then constituting part of the Airport (which land if not then owned by the Port may be acquired for such purpose), or to acquire and remodel, renovate or rehabilitate a building, structure, or other facility (including the site thereof) for aviation or airport or air navigation purposes (all said hangars, building, shops, or other structures and facilities being referred to in this section as the “Special Facility”), and lease such Special Facility under the following conditions:

1. No Special Facility will be constructed or acquired and leased for use or occupancy under this section: (a) if the Special Facility would provide services, facilities, commodities or supplies which then may be adequately made available through the Airport as then existing, and (b) if the use or occupancy of such Special Facility under the contract, lease or agreement therefor would result in a reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Section 16 hereof,

2. A Net Rent Lease (hereinafter defined in this section) shall be entered into between the Port, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Port in each year during the term thereof, (i) fixed rentals (referred to in this section as the “fixed rentals”) in periodic installments which will be sufficient to pay during such term as the same respectively matures the principal of and interest on all Special Obligation Bonds to be issued pursuant to this section to pay the cost of construction or acquisition of the Special Facility, (ii) such further rentals as shall be necessary or required to provide or maintain all reserves required for such Special Obligation Bonds and to pay all trustee’s, fiscal agent’ and paying agents’ fees and expenses in connection therewith, and (iii) unless a ground rental shall be provided for in accordance with and pursuant to the next sub-paragraph of this section, an additional rental payable in periodic installments and free and clear of all charges under said Net Rent Lease, in an amount equal to a properly allocable share of the administrative costs of the Port arising out of such Net Rent Lease and the issuance and servicing of such Special Obligation Bonds;
3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Net Rent Lease referred to in subparagraph 2 above of this section shall provide for payment to the Port of a ground rental for the ground upon which such Special Facility is or is to be located. Such ground rental shall when said Net Rent Lease is executed be in amounts not less than required according to the rates, rentals, fees, and charges of the Port then in effect, shall be free and clear of all charges under said Net Rent Lease and shall be in addition to the rentals required by subparagraph 2 above of this section; and shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein; and

4. If located on land included in the Airport, the Net Rent Lease shall provide that all rentals payable thereunder pursuant to subparagraph 2 above of this section which are not required to pay the Special Obligation Bonds issued for the Special Facility leased thereby, including reserves for such Special Obligation Bonds, or required to pay trustee’s, fiscal agents’ and paying agents’ fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of the Port, shall be paid to the Port for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein.

For the purposes of this section, the term “Net Rent Lease” shall mean a lease of property to be financed with Special Obligation Bonds, under and pursuant to which the lessee agrees to pay to the Port the rentals required by subparagraphs 2 and 3 above of this section, and to pay in addition all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased property (including, without limitation, insurance, utilities, taxes or payments in lieu of taxes and assessments) under such conditions so that the amounts payable to the Port pursuant to said lease (exclusive of the additional rental payable pursuant to clause (iii) of said subparagraph 2 and of the ground rental, if any, payable pursuant to said subparagraph 3) shall be certainly paid free and clear of all charges and whether the leased property is capable of being occupied and used by the lessee or not. A Net Rent Lease shall not be cancelable until provision has been made for the payment of the Special Obligation Bonds secured by the Net Rent Lease.

Anything in this Ordinance to the contrary notwithstanding, the Port may issue Special Obligation Bonds for the purpose of constructing a Special Facility on ground then constituting part of the Airport or on ground not then constituting part of the Airport (which ground may then be owned by the Port or acquired for that purpose), or to acquire and renovate and rehabilitate a Special Facility (including the acquisition of necessary land), for lease pursuant to the provisions of this section. Such Special Obligation Bonds (i) shall be payable solely from the rentals payable pursuant to subparagraph 2 above of this section by the lessee under the Net Rent Lease entered into with respect to the Special Facility to be financed from such Special Obligation Bonds; (ii) shall not be a charge or claim against or payable from the Revenues or any other moneys held hereunder; (iii) shall mature within the term of the Net Rent Lease entered into with respect to such Special Facility; and (iv) shall not be issued unless and until the following conditions have been met:

(A) A certificate of the Airport Consultant has been filed with the Port and the Trustee certifying (i) that the construction or acquisition and leasing for use or occupation of such Special Facility would not result in a reduction of Revenues below the minimum
amount of Revenues covenanted to be produced and maintained in accordance with
Section 16 hereof, (ii) that the Net Rent Lease referred to in subparagraphs 2, 3 and 4
above of this section has been entered into; (iii) that the payments to be made by the
lessee pursuant to the provisions of subparagraph 2 above of this section will be sufficient
to pay the principal of and interest and premium (if any) on the Special Obligation Bonds
as the same mature and to pay all trustee’s fiscal agents’ and paying agents’ fees and
expenses in connection therewith; and

(B) There shall have been filed with the Port and the Trustee an opinion of
Counsel to the Port, that the Net Rent Lease entered into pursuant to this section for the
Special Facility to be financed from such Special Obligation Bonds is valid and binding
according to its terms and complies with the provisions of subparagraphs 2, 3 and 4
above of this section.

Outstanding bonds of an issue of Special Obligation Bonds may be refunded by an issue
of refunding Special Obligation Bonds, provided that:

(1) the refunding Special Obligation Bonds shall be secured by and payable
solely from the rentals for that Special Facility for which the Special Obligation Bonds to
be refunded were payable;

(2) the refunding will not decrease the rental, if any, for the Special Facility
payable pursuant to subparagraph 3 of the first paragraph of this section.

(3) the Net Rent Lease for the Special Facility during the life of such
refunding bonds shall comply with subparagraph 2, 3 and 4 of the first paragraph of this
section;

(4) the refunding Special Obligation Bonds shall mature within the useful life
of the Special Facility (as estimated by the Airport Consultant) and within the term of the
new or amended Net Rent Lease entered into with respect to such refunding; and

(5) the certificate of the Airport Consultant and the opinion of Counsel
required by the previous provisions of this section shall be filed with respect to such
refunding Special Obligation Bonds.

Special Obligation Bonds issued pursuant to the provisions of this section may also be
refunded by Additional Bonds if (i) all such Special Obligation Bonds then outstanding and
unpaid pertaining to the particular Special Facility are refunded at one time from such Additional
Bonds or are then otherwise retired; (ii) the conditions contained in Section 4 of this Ordinance
are complied with upon such refunding, and, for the purposes of any such refunding, such
refunding shall be considered as though the Port were acquiring such Special Facility by the
issuance of such Additional Bonds; and (iii) upon any such refunding all leases pertaining to the
Special Facility shall be amended if and to the extent required to be in compliance with the
provisions of the first paragraph of Section 16 hereof.

So long as any Special Obligation Bonds issued for a Special Facility are outstanding and
unpaid, or until the payment thereof shall have been duly and adequately provided for, such
Special Facility shall not be considered to be part of the Airport. If the Special Facility is located on land included in the Airport, upon the retirement of the indebtedness evidenced by such Special Obligation Bonds or evidenced by refunding Special Obligation Bonds, all rentals and other income thereafter received by the Port from the Special Facility for which such Special Obligation Bonds were issued shall, to the extent permitted by law, constitute Revenues and be paid into the Airport Fund, to be used and applied as are other moneys deposited therein, and if such rentals and other income shall then constitute Revenues, such Special Facility shall, unless contrary to law, then constitute part of the Airport; provided, however, that if any such Special Obligation Bonds are retired through the refunding thereof from the proceeds of Additional Bonds, such Special Facility in all events (subject to the provisions of paragraph M of Section 17 hereof) shall thereafter constitute part of the Airport.

[Portions of this Section 28 were amended pursuant to Section 4 of Ordinance No. 368-B]

SECTION 29. Discharge of Liens and Pledges; Bonds No Longer Outstanding Hereunder. The obligations of the Port under this Ordinance, including all Supplemental Ordinances, and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Port herein or therein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be outstanding hereunder and thereunder,

(i) when such Bond shall have been cancelled, or shall have been purchased by the Trustee from moneys in the Bond Fund held by it under this Ordinance, or

(ii) as to any Bond not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as provided in Section 25 of this Ordinance, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee or Paying Agent for such Bond, in trust and irrevocably appropriated and set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Governmental Obligations (as defined hereinafter in this section) maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and said Paying Agents pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and said Paying Agents.

At such time as a Bond shall be deemed to be no longer outstanding hereunder, as aforesaid, such Bond shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Governmental Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance, including all Supplemental Ordinances.

Any such moneys so deposited with the Trustee or other Paying Agent as provided in this section may at the direction of the Port also be invested and reinvested in Governmental
Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee and the Paying Agents pursuant to this section which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited, shall be paid to the Port and deposited in the Airport Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

For the purposes of this section, the term “Governmental Obligations” shall mean any of the following which are non-callable and which at the time are legal investments for the moneys proposed to be invested therein: (i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America; or (ii) Public Housing Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States.

If any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof or upon declaration as provided in this Ordinance, or otherwise, or if any coupon shall not be presented for payment at the due date thereof, and if moneys or Governmental Obligations shall at such due date be held by the Trustee, or a Paying Agent therefor, in trust for that purpose and sufficient and available to pay the principal and the premium if any, of such Bond, together with all interest due thereon to the due date thereof or to the date fixed for redemption thereof, or to pay such coupon, as the case may be, all liability of the Port for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee, or such Paying Agent, to hold said moneys or Governmental Obligations, without liability to such Bondholder for interest thereon, in trust for the benefit of the holder of such Bond or of such coupon, as the case may be, who thereafter shall be restricted exclusively to said moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to said Bond or coupon, including any claim for the payment thereof.

Notwithstanding any provision of any other section of this Ordinance which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including interest and premium thereon, if any) and coupons shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereon, if any) and coupons with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Anything in Section 20 hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with the Trustee, or a Paying Agent, pursuant to this section for the payment of Bonds and coupons and such Bonds shall be deemed to have been paid and be no longer outstanding hereunder as provided in this section, but such Bonds and coupons shall not have in fact been actually paid in full, no amendment to the provisions of this section shall be made without the consent of the holder of each Bond or coupon affected thereby.

SECTION 30. No Personal Liability. No Commissioner of the Port and no officer, director or employee thereof shall be individually or personally liable for the payment of the principal of or interest or premium on the Bonds; but nothing herein contained shall relieve any
such Commissioner, officer, director or employee from the performance of any duty provided or
required by law, including this Ordinance.

SECTION 31. **Limitation of Rights.** With the exception of rights or benefits herein
expressly conferred, nothing expressed or mentioned in or to be implied from this Ordinance or
the Bonds is intended or shall be construed to give to any person other than the Port, the Trustee
and the holders of the Bonds and coupons, any legal or equitable right, remedy or claim under or
in respect to this Ordinance or any covenants, conditions and provisions herein contained; this
Ordinance and all of the covenants, conditions and provisions hereof being intended to be and
being for the sole and exclusive benefit of the Port, the Trustee and the holders of the Bonds and
coupons as herein provided.

SECTION 32. **Laws Governing; Severability.** This Ordinance shall be construed and
enforced in accordance with the Constitution and laws of the State of Oregon.

If any provision of this Ordinance shall be held or deemed to be or shall, in fact, be
inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions
or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions
hereof or any constitution or statute or rule of public policy, or for any other reason, such
circumstances shall not have the effect of rendering the provision in question inoperative or
unenforceable in any other case or circumstance, or of rendering any other provision or
provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in
this Ordinance shall not affect the remaining portions of this Ordinance or any part thereof.

SECTION 33. **Notices.** It shall be sufficient service of any notice, request, complaint,
demand or other paper, if the same shall be duly mailed by registered or certified mail: (i) on the
Port, if addressed to The Port of Portland, P.O. Box 3529, Portland, Oregon 97208, Attention:
Executive Director, or to such address as the Port may from time to time file with the Trustee;
and (ii) on the Trustee, if addressed to the Trustee at its principal office, Attention: President, or
to such other address as the Trustee may from time to time file with the Port.

SECTION 34. **Effect of Sundays and Legal Holidays.** Whenever this Ordinance or a
Bond or coupon require any action to be taken on a Sunday or a legal holiday, such action shall
be taken on the first business day occurring thereafter. Whenever in this Ordinance or a Bond or
coupon the time within which any action is required to be taken or within which any right will
lapse or expire shall terminate on a Sunday or legal holiday, such time shall continue to run until
midnight on the next succeeding business day.

SECTION 35. **Section Headings; Table of Contents.** The headings or titles of the
several sections hereof, and any table of contents appended hereto or to copies hereof, shall be
solely for convenience of reference and shall not affect the meaning, construction, interpretation
or effect of this Ordinance.

SECTION 36. **Publication of Summary and Effectiveness of this Ordinance.** A
concise summary of this amended and restated Ordinance including the location within the Port
where a complete copy of the amended and restated Ordinance may be obtained without charge,
shall be published within five days after passage, once in a newspaper of general circulation within the Port; and shall, except where otherwise provided by law, become effective thirty (30) days after enacted.

PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on March 8, 2006 and signed by its President on the same date.

THE PORT OF PORTLAND

[Signature]

President