BOOK-ENTRY ONLY	**Series 2021 First Lien Bonds**	**Series 2021 Intermediate Lien Bonds**
Moody's/S&P/Fitch Ratings:	**"Aa2"/"AA-"/"AA"**	**"A1"/"A+"/"AA-"**
NEW ISSUE		

See "RATINGS" herein

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Port, interest on the Series 2021 First Lien Bonds, Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds, and Series 2021C Intermediate Lien Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any Series 2021 First Lien Bonds, Series 2021B Intermediate Lien Bonds, or Series 2021C Intermediate Lien Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by such bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2021A Intermediate Lien Bonds and Series 2021B Intermediate Lien Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2021 First Lien Bonds and Series 2021C Intermediate Lien Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2021D Intermediate Lien Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.

Port of Seattle

$43,015,000
First Lien Revenue Refunding Bonds,
Series 2021
(Private Activity, AMT)

$47,025,000	**$148,765,000**	**$514,390,000**	**$41,395,000**
Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT)	**Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT)**	**Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT)**	**Intermediate Lien Revenue Bonds, Series 2021D (Taxable)**

Dated: Date of Delivery **Due: As shown on the inside cover page and page ii**

The Port of Seattle (the "Port") is issuing its Series 2021 Bonds as defined herein (i) to finance or refinance capital improvements to the aviation facilities as described herein (the "2021 Projects"), (ii) to refund certain outstanding Port obligations, (iii) to make deposits to reserve accounts, (iv) to capitalize a portion of the interest on the Series 2021 Bonds, and (v) to pay costs of issuing the Series 2021 Bonds.

Interest on the Series 2021 First Lien Bonds from their date of delivery is payable on each March 1 and September 1, commencing on March 1, 2022. Interest on the Series 2021A Intermediate Lien Bonds and Series 2021B Intermediate Lien Bonds, from their date of delivery is payable on each June 1 and December 1, commencing on December 1, 2021. Interest on the Series 2021C Intermediate Lien Bonds and Series 2021D Intermediate Lien Bonds, from their date of delivery is payable on each August 1 and February 1, commencing on August 1, 2021. The Series 2021 Bonds are subject to redemption prior to their scheduled maturities, as described herein. The fiscal agent of the State of Washington, currently U.S. Bank National Association, is the registrar, authenticating agent and paying agent for the Series 2021 Bonds. When issued, the Series 2021 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York as more fully described herein.

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices, and CUSIP Numbers on Inside Cover Page and Pages ii and iii

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The Series 2021 First Lien Bonds are payable solely from and are secured by a pledge of Net Revenues of the Port as defined and described herein. The Series 2021 First Lien Bonds and any outstanding and future revenue bonds issued on a parity of lien with the Series 2021 First Lien Bonds are referred to in this Official Statement as the "First Lien Bonds."

The Series 2021 Intermediate Lien Bonds are payable from and are secured by a pledge of Available Intermediate Lien Revenues of the Port as defined and described herein, on a parity with the Port's outstanding Intermediate Lien Parity Bonds and any future Intermediate Lien Parity Bonds as described herein. The Series 2021 Intermediate Lien Bonds and any outstanding and future revenue bonds issued on a parity of lien with the Series 2021 Intermediate Lien Bonds are referred to in this Official Statement as the "Intermediate Lien Parity Bonds." **The Series 2021 Bonds are not general obligations of the Port or the State of Washington or of any political subdivision of the State of Washington. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2021 Bonds.**

The Series 2021 Bonds are offered when, as and if issued, subject to receipt of the approving legal opinions of K&L Gates LLP, Seattle, Washington, Bond Counsel to the Port. Pacifica Law Group LLP, Seattle, Washington, is serving as Disclosure Counsel to the Port. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that delivery of the Series 2021 Bonds will be made by Fast Automated Securities Transfer through DTC in New York, New York, on or about June 30, 2021.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BARCLAYS

BofA SECURITIES **J.P. MORGAN SECURITIES LLC** **MORGAN STANLEY**

DREXEL HAMILTON, LLC **SIEBERT WILLIAMS SHANK & CO., LLC**

Official Statement Dated June 17, 2021

Port of Seattle
$43,015,000
First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT)

Due (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No.
2022	$7,495,000	5.00%	0.210%	105.591	735389J41
2023	8,240,000	5.00	0.300	110.155	735389J58
2024	8,655,000	5.00	0.430	114.370	735389J66
2025	9,085,000	5.00	0.580	118.181	735389J74
2026	9,540,000	5.00	0.720	121.679	735389J82

$47,025,000
Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No.
2021	$10,730,000	5.00%	0.150%	102.032	735389J90
2022	11,555,000	5.00	0.180	106.829	735389K23
2023	12,130,000	5.00	0.250	111.450	735389K31
2024	1,555,000	5.00	0.370	115.717	735389K49
2025	1,625,000	5.00	0.510	119.596	735389K56
2026	1,705,000	5.00	0.630	123.246	735389K64
2027	1,795,000	5.00	0.800	126.229	735389K72
2028	1,880,000	5.00	0.940	129.029	735389K80
2029	1,975,000	5.00	1.070	131.560	735389K98
2030	2,075,000	5.00	1.170	134.064	735389L22

$148,765,000
Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT)

Due (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No.
2022	$4,855,000	5.00%	0.180%	104.425	735389L30
2023	5,105,000	5.00	0.220	109.150	735389L48
2024	5,370,000	5.00	0.320	113.588	735389L55
2025	5,645,000	5.00	0.460	117.614	735389L63
2026	5,925,000	5.00	0.600	121.297	735389L71
2027	6,230,000	5.00	0.740	124.627	735389L89
2028	6,555,000	5.00	0.880	127.597	735389L97
2029	6,890,000	5.00	1.020	130.205	735389M21
2030	7,245,000	5.00	1.150	132.547	735389M39
2031	7,610,000	5.00	1.220	135.213	735389M47
2032	8,005,000	5.00	1.280*	134.549	735389M54
2033	8,415,000	5.00	1.330*	133.998	735389M62
2034	8,845,000	5.00	1.380*	133.450	735389M70
2035	9,300,000	5.00	1.420*	133.013	735389M88
2036	9,725,000	4.00	1.600*	121.931	735389M96
2037	10,125,000	4.00	1.640*	121.522	735389N20
2038	10,540,000	4.00	1.670*	121.216	735389N38
2039	10,965,000	4.00	1.700*	120.912	735389N46
2040	11,415,000	4.00	1.740*	120.507	735389N53

* Calculated to the par call date of June 1, 2031.

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Port of Seattle
$514,390,000
Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT)

Due (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No.
2022	$15,280,000	5.00%	0.260%	105.137	735389N61
2023	17,380,000	5.00	0.340	109.678	735389N79
2024	26,680,000	5.00	0.480	113.829	735389N87
2025	12,035,000	5.00	0.640	117.556	735389N95
2026	12,660,000	5.00	0.780	121.002	735389P28
2027	13,270,000	5.00	0.950	123.893	735389P36
2028	13,935,000	5.00	1.110	126.437	735389P44
2029	14,635,000	5.00	1.270	128.576	735389P51
2030	15,345,000	5.00	1.400	130.613	735389P69
2031	16,145,000	5.00	1.460	133.087	735389P77
2032	16,940,000	5.00	1.520*	132.426	735389P85
2033	17,775,000	5.00	1.570*	131.878	735389P93
2034	18,675,000	5.00	1.610*	131.442	735389Q27
2035	19,595,000	4.00	1.780*	120.412	735389Q35
2036	20,395,000	4.00	1.810*	120.105	735389Q43
2037	21,210,000	5.00	1.720*	130.251	735389Q50
2038	22,265,000	5.00	1.750*	129.928	735389Q68
2039	23,380,000	5.00	1.780*	129.607	735389Q76
2040	24,545,000	4.00	1.970*	118.485	735389Q84
2041	25,525,000	4.00	2.010*	118.084	735389Q92

$146,720,000, 5.00% Term Bonds, due August 1, 2046
(Yield of 2.010%* & Price of 127.172), CUSIP** No. 735389R26

Port of Seattle
$41,395,000
Intermediate Lien Revenue Bonds, Series 2021D (Taxable)

Due (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No.
2024	$4,935,000	0.767%	0.767%	100.00	735389R34
2025	4,970,000	1.136	1.136	100.00	735389R42
2026	5,035,000	1.386	1.386	100.00	735389R59
2027	5,105,000	1.612	1.612	100.00	735389R67
2028	5,195,000	1.802	1.802	100.00	735389R75
2029	5,280,000	1.948	1.948	100.00	735389R83
2030	5,380,000	2.038	2.038	100.00	735389R91
2031	5,495,000	2.148	2.148	100.00	735389S25

* Calculated to the par call date of August 1, 2031.

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Port of Seattle

PORT COMMISSION

Name	Office	Term Expires
Fred Felleman	President	December 31, 2023
Ryan Calkins	Vice-President	December 31, 2021
Sam Cho	Secretary	December 31, 2023
Stephanie Bowman	Commissioner	December 31, 2021
Peter Steinbrueck	Commissioner	December 31, 2021

CERTAIN EXECUTIVE STAFF

Stephen Metruck, Executive Director
David Soike, Chief Operating Officer
Dan Thomas, Chief Financial Officer
Lance Lyttle, Managing Director, Aviation
Stephanie Jones Stebbins, Managing Director, Maritime
David McFadden, Managing Director, Economic Development
Pete Ramels, General Counsel

PORT HEADQUARTERS

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Seattle, Washington

DISCLOSURE COUNSEL

Pacifica Law Group LLP
Seattle, Washington

MUNICIPAL ADVISOR

Piper Sandler & Co.
Seattle, Washington

BOND REGISTRAR

U.S. Bank National Association
Seattle, Washington

INDEPENDENT AUDITOR FOR THE PORT

Moss Adams LLP
Seattle, Washington

INDEPENDENT CONSULTANT

WJ Advisors LLC
Denver, Colorado

* This inactive textual reference to the Port's website is not a hyperlink, and the Port's website, by this reference, is not incorporated herein.

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No dealer, broker, sales representative or other person has been authorized by the Port to give any information or to make any representations with respect to the Series 2021 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Port. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Port has obtained the information set forth herein from Port records and from other sources that the Port believes to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2021 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Port and purchasers or owners of any of the Series 2021 Bonds.

Neither the Port's independent auditor nor any other independent accountants have compiled, examined, or performed any additional procedures with respect to the financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the financial information.

The initial public offering prices or yields set forth on the inside cover page and pages ii and iii hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2021 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside cover page hereof.

The outbreak of the 2019 novel coronavirus ("COVID-19") pandemic is a significant event that has had and could have ongoing, material effects on the finances and operations of the Port. Certain historic information in this Official Statement about the finances and operations of the Port predate the outbreak of COVID-19, and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances and operations of the Port and economy of the State of Washington. See "COVID-19 PANDEMIC" for a discussion of the effects, and potential future effects, of COVID-19 on the Port.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2021 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements contained in this Official Statement, including the appendices, reflect not historical facts but forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "forecast" and "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. All forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local funding, statutory and regulatory actions, litigation, population changes, financial conditions of tenants and/or other users of Port or Seaport Alliance facilities, technological change and various other events, conditions and circumstances, many of which are beyond the control of the Port.

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OFFICIAL STATEMENT

RELATING TO

PORT OF SEATTLE

$43,015,000
First Lien Revenue Refunding Bonds,
Series 2021
(Private Activity, AMT)

$47,025,000 **Intermediate Lien Revenue and Refunding Bonds,** **Series 2021A** **(Non-AMT)**	**$148,765,000** **Intermediate Lien Revenue Refunding Bonds,** **Series 2021B** **(Private Activity, Non-AMT)**	**$514,390,000** **Intermediate Lien Revenue and Refunding Bonds,** **Series 2021C** **(Private Activity, AMT)**	**$41,395,000** **Intermediate Lien Revenue Bonds,** **Series 2021D** **(Taxable)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover page, table of contents and appendices, is to provide information concerning the issuance by the Port of Seattle (the "Port") of $43,015,000 of its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT) (the "Series 2021 First Lien Bonds"), $47,025,000 of its Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT) (the "Series 2021A Intermediate Lien Bonds"), $148,765,000 of its Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT) (the "Series 2021B Intermediate Lien Bonds"), $514,390,000 of its Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT) (the "Series 2021C Intermediate Lien Bonds"), $41,395,000 of its Intermediate Lien Revenue Bonds, Series 2021D (Taxable) (the "Series 2021D Intermediate Lien Bonds" and, together with the Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds and Series 2021C Intermediate Lien Bonds, the "Series 2021 Intermediate Lien Bonds" and, together with the Series 2021 First Lien Bonds, the "Series 2021 Bonds").

The fiscal agent of the State of Washington (the "State"), currently U.S. Bank National Association, is the registrar, authenticating agent and paying agent (the "Registrar") for the Series 2021 Bonds.

The Port is issuing the Series 2021 First Lien Bonds pursuant to Title 53 of the Revised Code of Washington and pursuant to Resolution No. 3059, as amended and restated by Resolution No. 3577, adopted by the Port Commission (the "Commission") on February 27, 2007 (as amended, supplemented or restated from time to time, the "First Lien Master Resolution"), and Resolution No. 3787, adopted by Commission on May 11, 2021 (the "First Lien Series Resolution" and, collectively with the First Lien Master Resolution, the "First Lien Resolution").

The Port is issuing the Series 2021 Intermediate Lien Bonds pursuant to Title 53 of the Revised Code of Washington ("RCW") and pursuant to Resolution No. 3540, as amended, adopted by the Commission on June 14, 2005 (the "Intermediate Lien Master Resolution"), and Resolution No. 3786, adopted by the Commission on May 11, 2021 (the "Intermediate Lien Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Intermediate Lien Resolution"). Capitalized terms used but not defined in this Official Statement have the meanings set forth in the First Lien Resolution and Intermediate Lien Resolution (collectively, the "Resolutions"), copies of which are included in this Official Statement as Appendices G and H.

The Port is a municipal corporation of the State, organized on September 5, 1911. The Port owns and operates Seattle-Tacoma International Airport (the "Airport") and various maritime, industrial and commercial properties. The Port and the Port of Tacoma formed the Northwest Seaport Alliance (the "Seaport Alliance") in 2015 to manage jointly the two ports' container shipping terminals and certain industrial properties. See "THE PORT OF SEATTLE" and "NORTHWEST SEAPORT ALLIANCE."

Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Security and Sources of Payment for the Series 2021 First Lien Bonds

The Series 2021 First Lien Bonds are payable solely from and are secured by a pledge of Net Revenues. As defined in the First Lien Master Resolution, the term "Net Revenues" means "Gross Revenue" less any part thereof that must be used to pay "Operating Expenses." **The Series 2021 First Lien Bonds are not general obligations of the Port or the State of Washington or of any political subdivision of the State of Washington. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2021 First Lien Bonds.**

As defined in the First Lien Master Resolution and Intermediate Lien Master Resolution, the term "Gross Revenue" means all income and revenue derived by the Port from time to time from any source whatsoever except and excluding: (i) the proceeds of any borrowing by the Port and the earnings thereon (other than the earnings on proceeds deposited in the Common Reserve Fund or any other reserve funds), (ii) income and revenue which may not legally be pledged for revenue bond debt service (including the Tax Levy as defined and described in Appendix D), (iii) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects, (iv) payments made to the Port under Credit Facilities issued to pay or secure the payment of a particular series of First Lien Bonds, (v) insurance or condemnation proceeds other than business interruption insurance, (vi) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income-producing facility that was contributing to Gross Revenue prior to the issuance of any Special Revenue Bonds is not permitted, and (vii) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

As defined in the First Lien Master Resolution, the term "Operating Expenses" means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles, in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

The Series 2021 First Lien Bonds and any outstanding and future revenue bonds issued by the Port on a parity of lien with the Series 2021 First Lien Bonds are referred to collectively in the First Lien Resolution as "Bonds" or "Parity Bonds" and in this Official Statement as the "First Lien Bonds." The Port has covenanted in the First Lien Master Resolution not to issue any revenue bonds having a lien on Net Revenues prior to the lien of the First Lien Bonds.

The First Lien Master Resolution includes a number of covenants by the Port for the benefit of the owners and holders of each of the First Lien Bonds and conditions that must be satisfied before the Port may issue additional First Lien Bonds, including the Series 2021 First Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR FIRST LIEN BONDS—First Lien Rate Covenant," "SECURITY AND SOURCES OF PAYMENT FOR FIRST LIEN BONDS—Additional First Lien Bonds," and Section 7(a) of the First Lien Master Resolution in Appendix G.

Security and Sources of Payment for the Series 2021 Intermediate Lien Bonds

The Series 2021 Intermediate Lien Bonds are payable solely from and are secured by a pledge of Available Intermediate Lien Revenues (hereinafter defined). The Series 2021 Intermediate Lien Bonds and any outstanding and future revenue bonds issued by the Port on a parity of lien with the Series 2021 Intermediate Lien Bonds are referred to collectively in the Intermediate Lien Master Resolution and in this Official Statement as the "Intermediate Lien Parity Bonds." **The Series 2021 Intermediate Lien Bonds are not general obligations of the Port or the State or of any political subdivision of the State. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2021 Intermediate Lien Bonds.**

As defined in the Intermediate Lien Master Resolution, "Available Intermediate Lien Revenues" means Gross Revenue of the Port (excluding Released Revenues, if any) after payment of (i) all Operating Expenses not paid from other sources; (ii) all payments, including sinking fund payments, required to be made into the debt service accounts within any redemption fund maintained for First Lien Bonds (hereinafter defined); (iii) all payments required to be made into any reserve accounts maintained for First Lien Bonds to secure payment of any First Lien Bonds; and (iv) all payments required to be made into any other revenue bond redemption fund and debt service accounts or reserve accounts that may be created in the future to pay and secure the payment of the principal of and premium, if any, and interest on any revenue bonds or other revenue obligations of the Port having liens on "Net Revenues," as such term is further defined in the Intermediate Lien Master Resolution, and the money in the Revenue Fund junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS" and the definitions in Appendix H.

"First Lien Bonds" are defined in the Intermediate Lien Master Resolution as revenue bonds of the Port that have been or that in the future may be issued by the Port as "Parity Bonds" under the First Lien Master Resolution. The First Lien Bonds and any revenue bonds or revenue obligations with a lien on Net Revenues that is junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds are referred to collectively in the Intermediate Lien Master Resolution and in this Official Statement as "Permitted Prior Lien Bonds." The Intermediate Lien Master Resolution does not limit the Port's ability to issue Permitted Prior Lien Bonds. As of the date of this Official Statement, the only Permitted Prior Lien Bonds outstanding are First Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS" and "OUTSTANDING PORT INDEBTEDNESS."

The Intermediate Lien Master Resolution includes a number of covenants by the Port for the benefit of the owners and holders of each of the Intermediate Lien Parity Bonds and conditions that must be satisfied before the Port may issue additional Intermediate Lien Parity Bonds, including the Series 2021 Intermediate Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS."

Subordinate Obligations

The First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue revenue obligations having a lien on Net Revenues and Available Intermediate Lien Revenues subordinate to the lien thereon of the Intermediate Lien Parity Bonds. The Port has issued Subordinate Lien Parity Bonds, including Subordinate Lien Commercial Paper Notes that are authorized to be issued from time to time. See "OUTSTANDING PORT INDEBTEDNESS—Subordinate Lien Parity Bonds."

Continuing Disclosure

The Port has covenanted for the benefit of the holders and beneficial owners of the Series 2021 Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" and Appendix I.

Report of the Independent Consultant; Audited Financial Statements

In connection with the Port's issuance of the Series 2021 Bonds, WJ Advisors LLC, as independent consultant to the Port (the "Independent Consultant"), prepared its Report of the Independent Consultant (the "Report of the Independent Consultant"). The Report of the Independent Consultant has been included in this Official Statement with the consent of the Independent Consultant, and in reliance upon the Independent Consultant's expertise in preparing such report. Given the unprecedented nature and continuing uncertainty surrounding the 2019 novel coronavirus ("COVID-19") pandemic, the Report of the Independent Consultant does not include any assumptions and projections of (1) economic activity in the region served by the Airport or in the nation or (2) the number of enplaned passengers and other aviation activity (e.g., number of flights) at the Airport.

The Report of the Independent Consultant instead includes two hypothetical five-year rates of recovery to approximately the number of passengers at the Airport in 2019 (the year prior to the effects of COVID-19) for purposes of projecting key Port financial metrics, including debt service coverage and average airline cost per enplaned passenger, from 2021 through 2026 (the "Projection Period"). The Independent Consultant assumes that the number of enplaned passengers at the Airport return to 2019 levels in 2025 (in both hypothetical scenarios), and the number of enplaned passengers was assumed to increase 3.2% in 2026.

The Independent Consultant assisted Port management in identifying key factors affecting the projection of key Port financial metrics for the Projection Period and in formulating assumptions about those factors. The Report of the

Independent Consultant reviewed the Port's forecast of financial performance through 2026, as of June 3, 2021. Among other assumptions, it was assumed (i) that the Port will implement the $4.3 billion of projects in the Airport CIP (with the following significant projects currently expected to be completed after the Projection Period: South Satellite project, Baggage Handling System Optimization, C1 Building Floor Expansion project, and certain other on-going renewal and replacement efforts and smaller projects) and, (ii) in projecting the financial performance at the Airport, that a substantially similar rate making methodology will continue to be in effect through the Projection Period following the current airline agreements' scheduled expiration at the end of 2022. Changes in debt service, including any savings or lien changes, resulting from refundings, including the Port's refunding of the Refunded Bonds (as defined herein), are not included in the financial projections presented in the Report of the Independent Consultant.

Based on the hypothetical passenger recovery scenarios, the projections reflect Port management's expected course of action during the Projection Period and, in Port management's judgment, present fairly the expected financial results of the Port assuming that the number of passengers enplaned at the Airport return to 2019 levels in 2025. In the opinion of the Independent Consultant, as set forth more specifically in the report, the underlying assumptions provide a reasonable basis for the projections. The results, key findings and assumptions of the Independent Consultant's analyses are summarized in the Report of the Independent Consultant, which should be read in its entirety.

The Report of the Independent Consultant is a part of this Official Statement, includes additional information regarding the Port, and should be read in its entirety. See the Report of the Independent Consultant in Appendix C. The audited financial statements of the Port's Enterprise Fund and the Warehousemen's Pension Trust Fund as of December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018, are included in this Official Statement as Appendix A. The audited financial statements of the Seaport Alliance for the year ended December 31, 2020, are included in this Official Statement as Appendix B. See "INDEPENDENT CONSULTANT," "INDEPENDENT AUDITOR" and Appendices A and B.

None of the Port's independent auditor, the Seaport Alliance's independent auditor, or any other independent accountants has compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the prospective financial information.

Investment Considerations

The Series 2021 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2021 Bonds should carefully consider the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the Series 2021 Bonds. The COVID-19 pandemic has acutely affected domestic and international travel, and has materially adversely affected Gross Revenue and Available Intermediate Lien Revenues. See "COVID-19 PANDEMIC."

The Port's businesses are subject to a number of risk factors, including as a result of the COVID-19 pandemic, that may adversely affect Gross Revenue or Available Intermediate Lien Revenues. This Official Statement describes the Port's businesses and business environments, including certain risks, but it is impossible for the Port to specify or anticipate all risks associated with its operations. See "COVID-19 PANDEMIC" and "CERTAIN INVESTMENT CONSIDERATIONS." Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Miscellaneous

This Official Statement includes brief descriptions of the Series 2021 Bonds, the Resolutions, and certain statutes and agreements. Such descriptions do not purport to be comprehensive or definitive. All references herein to such instruments, documents and statutes and to any other documents, statutes, agreements or other instruments described herein are qualified in their entirety by reference to each such document, statute or other instrument.

COVID-19 PANDEMIC

Overview

The outbreak of COVID-19 is a global pandemic that has been declared a national and public health emergency for the United States and a state of emergency for Washington State. On March 23, 2020, the Governor issued a statewide "Stay Home, Stay Healthy" proclamation, requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses with certain exceptions for essential businesses. Since May 31, 2020, the State has been following phased re-opening plans. Under the most recent plan, a county may move into a new phase (forward or backwards) depending upon whether metrics measuring the county's community disease levels and health system capacity meet State Department of Health criteria. On May 13, 2021, the Governor announced that the State is moving toward a statewide June 30, 2021 reopening date, and that full reopening could happen earlier than June 30 if 70% or more of Washingtonians over the age of 16 initiate vaccination. Within the United States, each state has addressed the public health emergency through restrictions on business, travel and other activity of varying degree and duration, and has allowed businesses to re-open and activities to resume based on that state's approach to the public health emergency.

The State Department of Health has begun distributing COVID-19 vaccines according to the State allocation and priority plan. The plan began in December 2020 and opened to anyone 16 and older on April 15, 2021, and to anyone 12 and older on May 13, 2021.

Governments throughout the world have taken action to limit, and in some cases prohibit, non-essential travel in response to COVID-19. Some countries have closed their borders to travelers from certain other counties and others have imposed entry requirements such as mandatory quarantine periods and/or proof of a negative COVID-19 test. Washington's Governor has issued travel advisories recommending that people arriving in Washington from other states or countries, including returning Washington residents, self-quarantine for a period after arrival, with exceptions for essential travel. Effective January 26, 2021, the U.S. Centers for Disease Control (the "CDC") requires all air passengers entering the U.S. to present a negative COVID-19 test, taken within three calendar days of departure or proof of recovery from the virus within the last 90 days. The scope and severity of COVID-19 travel restrictions and "stay at home" orders vary from state to state throughout the United States and the world, and governmental authorities continue to adjust and revise these restrictions from time to time. For example, on April 19, 2021, the U.S. State Department began updating travel advisories in response to CFC guidance, resulting in a significant increase in the number of countries subject to travel advisories at "Level 4: Do Not Travel" to approximately 80% of countries worldwide.

The travel industry has been significantly affected by COVID-19 and the related public health restrictions. Certain rental car companies (including Hertz), airlines (including Norwegian Air and Hainan Airlines) and other travel-dependent businesses have filed for bankruptcy.

Non-essential retail operations at the Airport were closed temporarily in compliance with Stay Home, Stay Healthy directives, and some have since reopened with restrictions. Certain food and beverage concessions also closed because of significant reductions in passenger levels and temporary restrictions on in-unit dining; some have re-opened as passenger levels begin to increase and can offer seating at 50 percent capacity under current public health re-opening plans.

On March 14, 2020, the CDC issued a temporary No Sail Order for cruise ships, which the CDC ultimately extended through the end of October 2020. On October 31, 2020, the CDC announced the framework for a phased approach to resume cruise ship passenger operations in U.S. waters. On February 4, 2021, the Canadian government extended its ban on cruise ships carrying more than 100 people in Canadian waters through February 28, 2022, preventing Seattle-based cruise ships from stopping in a Canadian port. The Passenger Vessel Services Act of 1886 requires that foreign vessels call at a foreign port, as such, Seattle-based Alaska cruises have included a call in Canada to satisfy this requirement. On May 24, 2021, President Biden signed the Alaska Tourism Restoration Act providing a temporary waiver of this requirement to allow cruise ships to sail directly to Alaska without having to visit Canada. Several cruise lines have announced plans to resume Alaska cruises in July 2021 and are proceeding to secure the necessary approvals under the CDC's Framework for Conditional Sailing Order.

Operations

Airport. The Airport continues its operations as an essential business. Airports in the United States, including the Airport, have been acutely impacted by reductions in passenger volumes and flights. Airlines serving the Airport have reduced or cancelled flights and curtailed their overall capacity due to a severe drop in demand for domestic and international air travel.

The Airport served approximately 10.0 million enplaned (embarked) passengers in 2020, a 61.2 percent decline from the approximately 25.9 million enplaned (embarked) passengers served in 2019. The Airport served 670,325 (6.7 percent) enplaned passengers on nonstop flights to international destinations in 2020, a 76.6 percent decline from the approximately 2.9 million (11.0 percent) enplaned passengers on nonstop flights to international destinations in 2019. As of April 2021, airlines offered 24 services (to 15 international cities) compared to 42 services in 2019. The steepest drop in enplaned passengers occurred in April 2020 (94 percent compared to April 2019). See Table 10: Seattle-Tacoma International Airport Historical Enplaned Passengers 2016-2020 and Year-to-Date Comparison January – April 2019, 2020 and 2021. The following table shows the percentage change in monthly Airport enplanements in 2020 and through April 2021.

TABLE 1
ACTUAL MONTHLY ENPLANEMENTS
COMPARED TO 2019

Year	Month	Enplanements	Percentage Change from 2019
2020	January	1,862,966	6%
	February	1,839,459	15
	March	903,032	(56)
	April	126,673	(94)
	May	281,960	(87)
	June	543,192	(78)
	July	723,724	(72)
	August	785,003	(70)
	September	747,982	(66)
	October	806,429	(63)
	November	708,512	(64)
	December	714,795	(67)
2021	January	639,418	(64)
	February	705,186	(56)
	March	1,082,705	(48)
	April	1,277,285	(36)

Source: *Port of Seattle.*

As airlines have reduced or cancelled flights, the airlines' relative shares of passenger traffic at the Airport have shifted. Alaska Airlines ("Alaska") continues to account for the largest share of enplaned passengers at the Airport with 56.6 percent in 2020, an increase from its 2019 share of 49.4 percent. See "Table 12: Seattle-Tacoma International Airport Airlines Ranked by Enplaned Passenger Traffic (2016, 2019 and 2020)."

Seaport. The Northwest Seaport Alliance (the "Seaport Alliance") cargo terminals have remained operating with few exceptions. Each terminal has modified its business continuity plan in response to COVID-19. The Seaport Alliance handled 3,320,379 twenty-foot equivalent units (TEUs) in 2020, a decrease of 12.1 percent in container traffic since 2019. Full imports declined by 8.4 percent in 2020, while full exports decreased 13.4 percent. It is unknown the extent to which pandemic disruptions contributed to these declines, compared to other business considerations. See Table 16: Container Volumes for Seaport Alliance 2016-2020 and Year-to-Date Comparison January-April 2019, 2020 and 2021.

Other Port Businesses. Other Port Businesses include management of facilities for non-containerized cargo, cruise, commercial and recreational marinas, and certain commercial and industrial properties. Of these businesses, cruise experienced the greatest negative impact from the pandemic with zero ship calls and passengers in 2020. For 2021 budgeting purposes, the Port assumed 25 percent of 2019 cruise passengers. The decision by Canada to ban large cruise vessels from Canadian waters until February 2022 may mean that cruise passenger volumes will be lower than budgeted. Several cruise lines (Norwegian Cruise Lines, Princess and Holland America) have cancelled cruises to Alaska through June 2021, but have announced plans to resume Alaska cruises in July.

Port Response

The Port took several actions in response to COVID-19 more fully described below. In March 2020, the Port froze all hiring unless approved by the Executive Director, and identified reductions to both the operating and capital budgets. In June 2020, the Port incorporated these reductions into a revised 2020 budget. In April 2020, the Commission approved the first tenant relief packages and authorized staff to enter into a credit facility in order to provide additional liquidity. In May 2020, the Port updated its 2020 enplanement forecast to reflect an estimated 61 percent decline from 2019 levels. The Port also adopted a scenario planning approach to financial management in order to better adapt to a high level of uncertainty and inform the 2021 budget.

Tenant and Rent Concessions

Airline Tenants. On April 1, 2020, the Commission approved an immediate, short-term emergency financial relief package for Airport-based businesses. The package included a two-month deferral of rent and fees for airlines (April-May 2020). Airline rent deferrals were due October 1, 2020, and all deferrals have been paid. There are other, immaterial delinquencies that the Port is pursuing. The Port also deferred any increase in airline rates that would ordinarily be imposed due to lower traffic volumes based on the airline lease cost recovery formula in the airline agreement. Per the airline lease agreements, a settlement to recover any forgone fee increases would occur in 2021; no settlement will be needed due to expense reductions and the application of some of the direct federal grant funds to airline cost centers. See "COVID-19 PANDEMIC— External Funding & COVID-19 Cost Support."

Non-airline Airport Tenants. For non-airline Airport tenants, the Port deferred rent payments and other fees for four months (April-July 2020). Generally, repayment was scheduled to begin in October 2020 and to be completed in 2021. On June 9, 2020, the Commission moved to extend most dining and retail tenant leases for an additional three years and to waive minimum annual guarantee ("MAG") requirements through 2020, allowing rent and concession revenues to be determined as otherwise provided for in each agreement. On November 17, 2020, the Port provided supplemental rent relief to tenants affected by the Governor's late 2020 additional restrictions on indoor dining and alcohol consumption. The Port permitted Airport dining and retail ("ADR") concessionaires to defer all rent components for the period from December 2020 through March 2021. Any repayment of deferred rent received by March 31, 2021 is not subject to interest, and deferred rent paid over a 30-month period (July 2021 through December 2023) bears interest at 1.0%. On April 13, 2021, the Port authorized amendments to certain leases to extend the duration of the MAG relief provided by the exceptional circumstances clause to reflect the continuation of pandemic impacts. The Port estimates that a total of $26.4 million will be available in federal COVID relief grants to provide rent relief to concessionaires at the Airport.

Other Tenants. On April 1, 2020 the Port approved development of relief plans and barred evictions of tenants at Port facilities (including live-aboard residents at marinas) unable to pay rent through June 30, 2020, and authorized the Executive Director to provide additional immediate relief to Port tenants such as maritime and real estate tenants.

Payments due to the Port pursuant to a deferral agreement are accounted for as revenue in the period earned. As long as repayment occurs according to the terms of the deferral, the account is considered current. Separate from deferred payments, there may be delinquent amounts including amounts due from tenants or customers that have declared bankruptcy. As of April 16, 2021, there are no delinquencies that are material.

Status of Deferred Payments. The following table shows the amount of relief the Port provided to customers, by type, and the repayment status of deferred payments.

TABLE 2
TENANT/CUSTOMER RELIEF PROGRAM STATUS
(AS OF MAY 27, 2021)[(1)]

Tenants and Customers	Number of Customers	Deferred Amount (Invoiced Amount $'000)	Deferral Outstanding ($'000)
Airlines	30	$ 37,584	-
Airport, Dining & Retail	38	11,412	$ 3,307
Rental Car	9	4,376	359
Airline Service Providers	9	2,308	38
Other Airport	255	2,203	723
Other Port	80	6,235	4,564
Total	421	$ 64,118	$ 8,991

(1) Totals may not foot due to rounding.
Source: *Port of Seattle.*

External Funding & COVID-19 Cost Support

The federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), enacted on March 27, 2020, provides federal funding to help address the economic crisis created by the COVID-19 pandemic. The CARES Act includes approximately $10 billion of assistance to U.S. commercial airports, apportioned based on various formulas. Airport operators may use CARES Act grants for any purpose for which operators may lawfully use airport revenues, including without limitation, payment of operating and maintenance costs on and after January 20, 2020, and payment of debt service after March 27, 2020. CARES Act grants must be used within four years, and airport operators must comply with grant conditions including employing at least 90 percent of their staff as of March 27, 2020 through December 31, 2020 (after making adjustments for retirements or voluntary employee separations).

The Port applied for and received a grant of up to $192.1 million to reimburse the Port for any Airport uses. The Port received $43.3 million in reimbursement for Airport payroll expense and $103.9 million in debt service payments in 2020 (e.g. a total of $147.1 million, with $45.0 million of CARES allocation remaining). CARES Act grant funds used to reimburse airline related expenses and debt service reduce the amount of costs recovered from airlines and, thereby reduce airline revenues to the Port. CARES grant receipts are accounted for as non-operating revenue and are therefore not included in the calculation of net operating income, but are included in Gross Revenues for calculation of the Port's debt service coverage. Pursuant to the terms of the airline agreements, any costs paid for from CARES are not eligible to be included in airline rates and charges.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA Act") was enacted. The CRRSA Act provides $2 billion in additional grant assistance to eligible U.S. airports and airport concessionaires to prevent, prepare for, and respond to the COVID-19 public health emergency. The Act allocates $1.75 billion of the funds to "primary airports" (i.e., commercial service airports with more than 10,000 annual passenger boardings) and certain cargo airports based on existing statutory entitlement formulas, with the remainder allocated based on the number of enplanements the airport had in calendar year 2019 as a percentage of total 2019 enplanements for all primary airports. An additional $200 million are allocated to airports to provide relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions.

The Port is to receive $42.7 million of CRRSA grants in 2021, $5.4 million of which is allocated toward concessionaires in the form of rent relief and/or MAG reductions.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021. The Act provides an additional $8 billion in financial assistance to eligible U.S. airports, including airport concessionaires, to prepare for and respond to the COVID-19 public health emergency. The Act allocates $6.5 billion of the total funds to primary airports and certain cargo airports for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. These funds are to be allocated among primary airports based upon existing statutory formulas, with any remainder allocated using the same passenger enplanement metric as under the CRRSA Act. The Act also provides up to $800 million to primary airports to provide relief from rent and minimum annual guarantees to airport concessions. In addition, the Act provides funding to pay a federal share of 100 percent of the costs for any airport development project grant awarded in fiscal years 2021 or 2020 with less than a 100-percent federal share. The following table summarizes the COVID-19 federal relief funding granted to the Port.

TABLE 3
COVID RELIEF GRANTS(1)

Grant ($ million)	2020 Receipt	Available for Future	Total
CARES	$147.1	$ 45.0	$192.1
CRRSA(1)	--	42.7	42.7
ARPA(1)(2)	--	175.7	175.7
TOTAL	$147.1	$263.4	$410.5

(1) A portion is designated for concessionaire relief.
(2) Estimated
Source: *Port of Seattle.*

As a condition for receiving these funds, an airport must continue to employ, through September 30, 2021, at least 90 percent of the number of individuals employed as of March 27, 2020 (after making adjustments for retirements or voluntary separations).

COVID-19-Related Financial Impacts

Financial Impacts. The Port is experiencing and expects to continue to experience lower Airport and non-Airport revenues as a result of COVID-19. The Airport's revenues vary depending on the level of aviation activity and passenger traffic at the Airport. Revenues derived from airlines serving the Airport are primarily cost recovery; use of COVID Relief Grants to pay airline related costs at the Airport, therefore, reduce the airline cost-recovery revenues. The financial health of the airlines serving the Airport and the airline industry as a whole can affect the timely receipt of the Port's airline revenues. In addition to revenues from airlines, lower levels of passenger traffic have reduced other Airport revenues such as those from concessionaires, ground transportation activity, parking and Passenger Facility Charges ("PFCs"). Non-Airport revenues from the Seaport Alliance and from cruise activity also have been negatively affected. See TABLE 21: SELECTED HISTORICAL OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2016 THROUGH 2020.

Budget. For budgeting purposes, the Airport expected passenger volumes to grow 79 percent in 2021 as compared to 2020 passenger volumes, yet still be down 30 percent compared to the 2019 passenger level; the Port continuously monitors data and updates its projections. The Port's current forecast assumes that 2021 may be down 29 percent compared to 2019. The Port will continue to monitor and revise its 2021 forecast.

The Port has budgeted for 2021 total operating revenues of $680.9 million, a $130.8 million or 16.1 percent decrease from the 2020 budget. Total operating expenses are budgeted at $423.4 million, a $46.4 million or 9.9 percent decrease from the 2020 budget. The Port has budgeted for 2021 net operating income before depreciation of $257.4 million, an $84.4 million or 24.7 percent decrease from the 2020 budget.

Total expenses for 2021 are budgeted at $792.5 million, which includes $423.4 million of operating expenses, $176.5 million of depreciation expense, and $192.6 million of non-operating expenses, the majority of which are comprised of interest on outstanding bonds of the Port. Budgeted operating expenses for 2021 are down $46.4 million, or 9.9 percent from the 2020 budget mainly due to freezing or eliminating 167.7 vacant full-time equivalent jobs in 2021, providing no pay increase for non-represented employees and equivalent savings for represented staff, limiting travel and training to the minimal amount to maintain certifications, and scaling back contracted services to those most essential services to maintain operations and advance key initiatives.

Capital Projects

The Port has reviewed and continues to review its capital spending. To conserve operating cash, the Port deferred an estimated $40 million of 2020 capital project spending expected to be funded with its primary operating funds. The Port continued with much of its capital program including the North Satellite Modernization and the International Arrivals Facility; both are currently under construction and primarily funded with existing bond proceeds. Key projects for the Seaport Alliance, such as the Terminal 5 modernization and the Husky Terminal's Lot F gate complex, continued without major delays.

The Commission delayed the schedule for the proposed Terminal 46 cruise terminal (currently under environmental review) to better understand the market impact of COVID-19 before proceeding. Commissioners also directed staff to present an evaluation of the Alaska homeport cruise industry and recommendations concerning the resumption of the project as part of the 2021 capital budget process; subsequently the project was removed from the Port's CIP and may be re-evaluated at a future date. The analysis will assess impacts of COVID-19 on the cruise industry, health and safety regulatory requirements for when cruising resumes, industry and market forecasts, and economic benefits.

Liquidity

In 2020, the Port updated its policy for target minimum balances in its primary operating funds (sub-funds of the Port enterprise fund). The Port increased its targets from 10 months of Airport operating and maintenance expense for the Airport operating fund to 18 months (by 2025), and from 6 months for non-Airport businesses operating and maintenance expense in its general fund to 12 months (effective in 2021). These targets are used for planning purposes and to facilitate management of resources during financial downturns. The Port expects that COVID-19 will continue to strain resources with lower revenues and with cash receipts lagging behind recognized revenues due to deferral of customer rents and fees as described above. In addition to the primary operating funds, the Port has other unrestricted funds that have no minimum balance target. As of March 31, 2021, the Port had an estimated $579 million in total unrestricted operating cash and investments.

On June 4, 2020, the Port closed on a line of credit with JPMorgan Chase Bank, National Association for up to $150 million with a final repayment date of June 4, 2023. The Port has not drawn on the line but may do so at any time and use the proceeds for any lawful purpose, such as operating expenses, capital investments or the payment of debt service for any operating division with no regulatory restrictions. The credit facility is a limited tax general obligation of the Port, to which the Port has pledged its full faith and credit.

On September 22, 2020, the Port amended its commercial paper program to extend its use to 2051 and to increase the maximum program size to $400 million from the previously authorized $250 million. The Port has not increased the credit facilities to support amounts drawn above the previously authorized $250 million.

SOURCES AND USES OF SERIES 2021 BOND PROCEEDS

Use of Proceeds

Series 2021 First Lien Bonds. The Port is issuing the Series 2021 First Lien Bonds (i) to refund certain outstanding Port obligations, and (ii) to pay costs of issuing the Series 2021 First Lien Bonds.

Series 2021A Intermediate Lien Bonds. The Port is issuing the Series 2021A Intermediate Lien Bonds (i) to finance or refinance capital improvements to the aviation facilities (the "2021A Projects") described under the heading, "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2021 Projects, (ii) to capitalize a portion of the interest on the Series 2021A Intermediate Lien Bonds, (iii) to refund certain outstanding Port obligations, (iv) to make a deposit to the Intermediate Lien Reserve Account, and (v) to pay costs of issuing the Series 2021A Intermediate Lien Bonds.

Series 2021B Intermediate Lien Bonds. The Port is issuing the Series 2021B Intermediate Lien Bonds (i) to refund certain outstanding Port bonds, (ii) to make a deposit to the Intermediate Lien Reserve Account, and (iii) to pay costs of issuing the Series 2021B Intermediate Lien Bonds.

Series 2021C Intermediate Lien Bonds. The Port is issuing the Series 2021C Intermediate Lien Bonds (i) to finance or refinance capital improvements to the aviation facilities (the "2021C Projects") described under the heading, "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2021 Projects, (ii) to capitalize interest on all or a portion of the Series 2021C Intermediate Lien Bonds, (iii) to refund certain outstanding Port obligations, (iv) to make a deposit to the Intermediate Lien Reserve Account, and (v) to pay costs of issuing the Series 2021C Intermediate Lien Bonds.

Series 2021D Intermediate Lien Bonds. The Port is issuing the Series 2021D Intermediate Lien Bonds (i) to finance or refinance capital improvements to the aviation facilities (the "2021D Projects" and together with the 2021A Projects and the 2021C Projects, the "2021 Projects") described under the heading, "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2021 Projects, (ii) to capitalize interest on all or a portion of the Series 2021D Intermediate Lien Bonds, (iii) to make a deposit to the Intermediate Lien Reserve Account, and (iv) to pay costs of issuing the Series 2021D Intermediate Lien Bonds.

Plan of Refunding

A portion of the proceeds of the 2021 First Lien Bonds will be used to refund on a tax-exempt basis, the Port's outstanding Revenue Refunding Bonds, Series 2011B (AMT) (the "2011B Refunded Bonds"); a portion of the proceeds of the Series 2021A Intermediate Lien Bonds will be used to refund on a tax-exempt basis, the Port's outstanding Passenger Facility Charge Revenue Refunding Bonds, Series 2010A (Non-AMT) (the "2010A Refunded Bonds"); a portion of the proceeds of the Series 2021B Intermediate Lien Bonds will be used to refund on a tax-exempt basis, the Port's outstanding Intermediate Lien Revenue and Refunding Bonds, Series 2010B (Private Activity, Non-AMT) (the "2010B Refunded Bonds"); a portion of the Series 2021C Intermediate Lien Bonds will be used to refund on a tax-exempt basis, the Port's outstanding Intermediate Lien Revenue Refunding Bonds, Series 2010C Bonds (Private Activity, AMT) (the "2010C Refunded Bonds" and collectively with the 2011B Refunded Bonds, 2010A Refunded Bonds, and 2010B Refunded Bonds, the "Refunded Bonds"). Information on the Refunded Bonds is provided in Table 4.

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TABLE 4
REFUNDED BONDS

2011B Refunded Bonds(1)

Maturity (September 1)	Amount	Rate	Redemption Date	Redemption Price	CUSIP No.
2022	$ 8,935,000	5.00%	September 1, 2021	100%	735389QK7
2023	9,385,000	5.00	September 1, 2021	100	735389QL5
2024	9,855,000	5.00	September 1, 2021	100	735389QM3
2025	10,345,000	5.00	September 1, 2021	100	735389QN1
2026	10,865,000	5.00	September 1, 2021	100	735389QP6

2010A Refunded Bonds(2)

Maturity (December 1)	Amount	Rate	Redemption Date(3)	Redemption Price	CUSIP No.
2021	$ 16,210,000	5.00%	June 30, 2021	100%	735387BN1
2022	17,025,000	5.00	June 30, 2021	100	735387BP6
2023	17,875,000	5.00	June 30, 2021	100	735387BQ4

2010B Refunded Bonds(4)

Maturity (June 1)	Amount	Rate	Redemption Date(3)	Redemption Price	CUSIP No.
2022	$ 5,995,000	5.00%	June 30, 2021	100%	735389NX2
2023	6,305,000	5.00	June 30, 2021	100	735389NY0
2024	6,630,000	5.00	June 30, 2021	100	735389NZ7
2025	2,870,000	4.25	June 30, 2021	100	735389PA0
2025	4,090,000	5.00	June 30, 2021	100	735389PC6
2030*	40,450,000	5.00	June 30, 2021	100	735389NV6
2040*	118,655,000	5.00	June 30, 2021	100	735389PB8

*Term Bonds

2010C Refunded Bonds(5)

Maturity (February 1)	Amount	Rate	Redemption Date(3)	Redemption Price	CUSIP No.
2022	$ 15,480,000	5.00%	June 30, 2021	100%	735389PR3
2023	16,275,000	5.00	June 30, 2021	100	735389PS1
2024	16,645,000	5.00	June 30, 2021	100	735389PP7

(1) First Lien Bonds. The Port will refund the 2011B Refunded Bonds with a portion of the proceeds of the Series 2021 First Lien Bonds.
(2) Passenger Facility Charge Bonds. The Port will refund the 2010A Refunded Bonds with a portion of the proceeds of the Series 2021A Intermediate Lien Bonds.
(3) Expected redemption date (subject to conditions in the call notice).
(4) Intermediate Lien Revenue Bonds. The Port will refund the 2010B Refunded Bonds with a portion of the proceeds of the Series 2021B Intermediate Lien Bonds.
(5) Intermediate Lien Revenue Bonds. The Port will refund the 2010C Refunded Bonds with a portion of the proceeds of the Series 2021C Intermediate Lien Bonds.

The Port will deposit a portion of the proceeds of the Series 2021 First Lien Bonds, Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds and Series 2021C Intermediate Lien Bonds on their delivery dates, together with cash to contribute from accounts held in connection with the Refunded Bonds, in the custody of U.S. Bank National Association, as escrow agent (the "Escrow Agent"). Such proceeds and cash, deposited with the Escrow Agent will either be held uninvested or used to purchase certain direct non-callable Government Obligations, and will be escrowed to the applicable redemption date for the Refunded Bonds at which time such Refunded Bonds will be redeemed at a price of par plus accrued interest to the date of redemption.

The amounts deposited with the Escrow Agent, including any Government Obligations, interest earned thereon, and necessary cash balance, will irrevocably be pledged to and held in trust for the benefit of the owners of the Refunded Bonds by the Escrow Agent, pursuant to an escrow deposit agreement to be executed by the Port and the Escrow Agent.

Sources and Uses of Funds

The Port expects to apply the proceeds of the Series 2021 Bonds as follows:

Sources	Series 2021 First Lien Bonds	Series 2021A Intermediate Lien Bonds	Series 2021B Intermediate Lien Bonds	Series 2021C Intermediate Lien Bonds	Series 2021D Intermediate Lien Bonds	Total
Principal Amounts	$ 43,015,000.00	$ 47,025,000.00	$ 148,765,000.00	$ 514,390,000.00	$ 41,395,000.00	$ 794,590,000.00
Port Contribution[1]	1,511,849.68	16,144,008.41	743,384.79	1,001,611.11	--	19,400,853.99
Original Issue Premium	6,219,461.40	5,701,881.95	36,967,257.95	126,157,304.75	--	175,045,906.05
Total Sources	$ 50,746,311.08	$ 68,870,890.36	$ 186,475,642.74	$ 641,548,915.86	$ 41,395,000.00	$ 989,036,760.04
Uses						
Refunding Deposit	$ 50,619,625.00	$ 51,315,859.72	$ 185,738,384.79	$ 49,401,611.11	--	$ 337,075,480.62
Project Account Deposit[2]	--	14,565,415.00	--	532,090,374.00	$ 38,354,868.00	585,010,657.00
Capitalized Interest	--	855,959.72	--	41,408,204.45	1,406,117.05	43,670,281.22
Intermediate Lien Reserve Account Deposit	--	1,989,428.07	238,558.70	16,874,947.08	1,479,787.07	20,582,720.92
Costs of Issuance[3]	126,686.08	144,227.85	498,699.25	1,773,779.22	154,227.88	2,697,620.28
Total Uses	$ 50,746,311.08	$ 68,870,890.36	$ 186,475,642.74	$ 641,548,915.86	$ 41,395,000.00	$ 989,036,760.04

(1) Includes accrued interest on Refunded Bonds, amounts released from the First Lien Common Reserve, and amounts in 2010A PFC debt service and reserve accounts.
(2) Includes amounts applied to reimburse prior expenditures.
(3) Represents costs of issuing the Series 2021 Bonds, including Underwriters' discount, legal fees, rating agency fees, Independent Consultant fees, fees of the Escrow Agent and Municipal Advisor, and additional proceeds.

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds. The Series 2021 Bonds are to mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Series 2021 First Lien Bonds. The Series 2021 First Lien Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the Series 2021 First Lien Bonds is to be payable on March 1, 2022, and semiannually on each September 1 and March 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

Series 2021A Intermediate Lien Bonds. The Series 2021A Intermediate Lien Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the 2021A Intermediate Lien Bonds is to be payable on December 1, 2021, and semiannually on each June 1 and December 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

Series 2021B Intermediate Lien Bonds. The Series 2021B Intermediate Lien Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the Series 2021B Intermediate Lien Bonds is to be payable on December 1, 2021, and semiannually on each June 1 and December 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

Series 2021C Intermediate Lien Bonds. The Series 2021C Intermediate Lien Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the Series 2021C Intermediate Lien Bonds is to be payable on August 1, 2021, and semiannually on each February 1 and August 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

Series 2021D Intermediate Lien Bonds. The Series 2021D Intermediate Lien Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the Series 2021D Intermediate Lien Bonds is to be payable on August 1, 2021, and semiannually on each February 1 and August 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

Book-Entry Only Form. The Series 2021 Bonds are being issued in fully registered form in denominations of $5,000 and integral multiples thereof within a series and maturity and interest rate and when issued will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2021 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Series 2021 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee of DTC, references herein to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. (or such other nominee) and not the Beneficial Owners of the Series 2021 Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Series 2021 Bonds.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, the principal of and interest on the Series 2021 Bonds are payable by wire transfer to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See Appendix F.

Optional Redemption

Series 2021 First Lien Bonds. The Series 2021 First Lien Bonds are not subject to redemption prior to their stated dates of maturity.

Series 2021A Intermediate Lien Bonds. The Series 2021A Intermediate Lien Bonds are not subject to redemption prior to their stated dates of maturity.

Series 2021B Intermediate Lien Bonds. The Series 2021B Intermediate Lien Bonds maturing on or after June 1, 2032, are subject to redemption at the option of the Port on or after June 1, 2031, as a whole or in part on any date, with the maturities and interest rates to be selected by the Port, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Series 2021C Intermediate Lien Bonds. The Series 2021C Intermediate Lien Bonds maturing on or after August 1, 2032, are subject to redemption at the option of the Port on or after August 1, 2031, as a whole or in part on any date, with the maturities and interest rates to be selected by the Port, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Series 2021D Intermediate Lien Bonds. The Series 2021D Intermediate Lien Bonds are subject to redemption at the option of the Port as a whole or in part on any date, with the maturities and interest rates to be selected by the Port, at a redemption price described below (the "Make-Whole Redemption Price").

The Make-Whole Redemption Price is equal to the greater of (1) 100% of the principal amount of the Series 2021D Intermediate Lien Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2021D Intermediate Lien Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021D Intermediate Lien Bonds are to be redeemed, discounted to the date on which the Series 2021D Intermediate Lien Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 5 basis points (0.05%) for the Series 2021D Intermediate Lien Bonds maturing in the years 2024 and 2025 (inclusive), and plus 10 basis points (0.10%) for the Series 2021D Intermediate Lien Bonds maturing in the years 2026 through 2031 (inclusive) ; plus, in each case, accrued interest on the Series 2021D Intermediate Lien Bonds to be redeemed to the date on which the Series 2021D Intermediate Lien Bonds are to be redeemed.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2021D Intermediate Lien Bond, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2021D Intermediate Lien Bond, the United States Treasury security selected by the Independent Investment Banker that has an actual maturity comparable to the remaining average life of the Series 2021D Intermediate Lien Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Series 2021D Intermediate Lien Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2021D Intermediate Lien Bond, (A) the average of the applicable Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers as designated by the Port.

"Reference Treasury Dealer" means each of four firms, as designated by the Port, and their respective successors; provided, however, that if any of them ceases to be a "Primary Treasury Dealer" (defined as a primary U.S. Government securities dealer in the City of New York), the Port will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2021D Intermediate Lien Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Port, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Registrar is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed. See "—Partial Redemption; Selection of Series 2021 Bonds."

Mandatory Sinking Fund Redemption

The Series 2021C Intermediate Lien Bonds maturing on August 1, 2046 (the "Series 2021C Intermediate Lien Bonds Term Bonds"), are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption on August 1 in the years and amounts as follows:

Year August 1	Mandatory Sinking Fund Redemption
2042	$26,550,000
2043	27,885,000
2044	29,270,000
2045	30,750,000
2046*	32,265,000

* Maturity.

If the Port redeems a portion of the Series 2021C Intermediate Lien Bonds Term Bonds under the optional redemption provisions described above or purchases for cancellation or defeases a portion of the Series 2021C Intermediate Lien Bonds Term Bonds, the Series 2021C Intermediate Lien Bonds Term Bonds so redeemed, purchased for cancellation, or defeased (irrespective of their actual redemption or purchase prices) will be credited at the principal amount thereof against one or more scheduled mandatory redemption amounts for the Series 2021C Intermediate Lien Bonds Term Bonds as directed by the Port.

Partial Redemption; Selection of Series 2021 Bonds

The Resolutions provide that, for so long as the Series 2021 Bonds are held in book-entry form with DTC, the selection for redemption of such Series 2021 Bonds within a series and maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). See Appendix F. The selection of Series 2021D Intermediate Lien Bonds within a maturity to be redeemed shall be made on a pro rata pass-through distribution of principal basis. If the Series 2021 Bonds to be redeemed are no longer held in book-entry-only form, the selection of Series 2021 Bonds (other than Series 2021D Intermediate Lien Bonds) within a series and maturity to be redeemed shall be made by lot (or in such other random manner determined by the Registrar) as set forth in the Resolutions, and the selection of Series 2021D Intermediate Lien Bonds within a maturity to be redeemed shall be made on a pro rata pass-through distribution of principal basis.

Notice of Redemption; Effect of Redemption

The Resolutions also provide that written notice of any redemption of Series 2021 Bonds prior to maturity shall be given by the Registrar (which shall be DTC so long as such Bonds are held in book-entry form with DTC) on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2021 Bonds that are to be redeemed at their last addresses shown on the Bond Register. The Resolutions provide that the requirement to give notice of redemption shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners. The Resolutions also provide that, so long as the Series 2021 Bonds are in book–entry form with DTC, notice of redemption shall be given to Beneficial Owners of Series 2021 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository) and that neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Pursuant to the Resolutions, unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2021 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2021 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2021 Bonds, then from and after the date fixed for redemption for such Series 2021 Bond or portion thereof, interest on each such Series 2021 Bond shall cease to accrue and such Series 2021 Bond or portion thereof shall cease to be Outstanding.

Conditional Optional Redemption; Rescission

The Resolutions permit, in the case of optional redemption, notices of optional redemption to be conditional or to be rescinded at the option of the Port. If conditional, the notice is to state that the notice of redemption is conditional and the conditions that must be met to permit redemption. The Resolutions provide that the notice is to state further that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2021 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2021 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2021 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2021 Bonds.

Purchase of Series 2021 Bonds for Retirement

In the Resolutions, the Port has reserved the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraph ***First*** through ***Eleventh*** described under the heading "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds" to purchase for retirement any of the Series 2021 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

Defeasance

The Resolutions provide that in the event money and/or non-callable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2021 Bonds in accordance with their terms are hereafter irrevocably delivered to the Registrar for payment of such Series 2021 Bonds or set aside in a special account and pledged to effect such redemption or retirement, and if the Series 2021 Bonds (or portion thereof) are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption, has been delivered to the Registrar, then no further payments need be made to the Intermediate Lien Bond Fund (as hereinafter defined) or any account therein for the payment of the principal of and premium, if any, and interest on the Series 2021 Bonds (so provided for). Such Series 2021 Bonds shall cease to be entitled to any lien, benefit or security of the Resolutions, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2021 Bonds shall no longer be deemed to be outstanding under the Resolutions or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

As currently defined in chapter 39.53 RCW, "Government Obligations" means (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, federal land banks or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the federal savings and loan insurance corporation, to the extent insured or guaranteed as permitted under any other provision of State law.

The definition of "Government Obligations" in the Resolutions incorporates any future statutory revision.

If the Port defeases any Series 2021D Intermediate Lien Bonds, such Series 2021D Intermediate Lien Bonds may be deemed retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the owner of a Series 2021D Intermediate Lien Bond would recognize a gain or loss on the Series 2021D Intermediate Lien Bond at the time of defeasance. See "TAX MATTERS—Series 2021D Intermediate Lien Bonds—Certain Federal Tax Consequences."

FLOW OF FUNDS

Pursuant to the First Lien Master Resolution, all Gross Revenue must be deposited as collected in the Revenue Fund, a separate fund or funds held by the Treasurer. The Revenue Fund must be held separate and apart from all other funds and accounts of the Port. As required by the First Lien Master Resolution and the Intermediate Lien Master Resolution and by the resolutions authorizing Subordinate Lien Parity Bonds, Gross Revenue deposited in the Revenue Fund is to be applied by the Port as follows:

First, to pay Operating Expenses not paid from other sources (such as the general purpose portion of the Tax Levy and Customer Facility Charges ("CFCs"));

Second, to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any redemption fund to pay the principal of and premium, if any, and interest on any First Lien Bonds, including the Series 2021 First Lien Bonds;

Third, to make all payments required to be made into the Common Reserve Fund and all other reserve account(s) established to secure the payment of any First Lien Bonds (including the Series 2021 First Lien Bonds);

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

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on the Intermediate Lien Parity Bonds (including the Series 2021 Intermediate Lien Bonds) and without duplication, to make Net Payments due with respect to any derivative product secured by a pledge of and lien on Available Intermediate Lien Revenues on an equal and ratable basis with outstanding Intermediate Lien Parity Bonds;

Sixth, to make all payments required to be made into the Intermediate Lien Reserve Account;

Seventh, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on bonds subordinate to the Port's Intermediate Lien Parity Bonds but senior to its Subordinate Lien Parity Bonds (the "Reserved Lien Revenue Bonds");

Eighth, to make all payments required to be made into any reserve account(s) securing Reserved Lien Revenue Bonds;

Ninth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on the Subordinate Lien Parity Bonds;

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

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

Twelfth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities or any other lawful Port purposes.

The Intermediate Lien Master Resolution provides that notwithstanding the foregoing, the obligations of the Port to make nonscheduled payments under a derivative product agreement (i.e., any termination payment or other fees) may be payable from Gross Revenue available after paragraph "*Sixth*" above, as set forth in such derivative product agreement. See "OUTSTANDING PORT INDEBTEDNESS—Interest Rate Swaps."

The Port is permitted but not obligated to pay Operating Expenses (but not revenue bond debt service) with the portion of the Tax Levy (described in Appendix D) remaining after the payment of the Port's outstanding limited tax general obligation bonds. See "Summary of the Port's Taxing Power" in Appendix D.

The Port's outstanding variable rate Subordinate Lien Parity Bonds are secured by bank letters of credit. Although none of the Port's revenue bonds are subject to acceleration, an event of default under any of the bank reimbursement agreements pursuant to which the letters of credit were issued, among other events, would entitle the issuer of such letter of credit to require the mandatory tender for purchase of all of the Subordinate Lien Parity Bonds secured by such letter of credit. In that event, the Port would be required to reimburse the letter of credit issuer or to purchase or redeem all of such bonds over the period (currently up to five years or less) and to pay interest at the rates set forth in the applicable reimbursement agreement. All of the Series 2021 Bonds bear interest at fixed rates payable semiannually and, as described above, the Port is required to make deposits to pay interest on the Series 2021 Bonds on or before the semiannual interest payment dates and to pay principal on the Series 2021 Bonds on or before annual principal payment dates. Interest on the Port's variable-rate Subordinate Lien Parity Bonds is payable monthly or on another interest payment schedule. See "OUTSTANDING PORT INDEBTEDNESS—Subordinate Lien Parity Bonds."

SECURITY AND SOURCES OF PAYMENT FOR FIRST LIEN BONDS

Pledge of Net Revenues

The Series 2021 First Lien Bonds, together with all other First Lien Bonds, are revenue obligations of the Port payable from and secured solely by a pledge of Net Revenues. Net Revenues pledged do not include CFCs or Passenger Facility Charges ("PFCs"); however, CFCs and PFCs have been used and are expected to be used in the future to pay eligible debt service on certain series of First Lien Bonds. See "THE AIRPORT—Passenger Facility Charges," "THE AIRPORT—Customer Facility Charges" and "—Unpledged Sources of Payment; Use of PFCs and CFCs for Debt Service." In calculating debt service coverage, the Port credits against Operating Expenses (for purposes of such debt service coverage calculation only) the general purpose portion of Tax Levy funds. See Appendix D for information about the Tax Levy. The Port is also permitted to use a portion of its CFC to pay Port operating expenses related to the Consolidated Rental Car Facility described below and to credit that amount against Operating Expenses for the purposes of determining whether the Port is in compliance with its rate covenant. See "—First Lien Rate Covenant." No property or property tax revenues (including the Tax Levy) secure the repayment of the Series 2021 First Lien Bonds nor can property tax revenues be used to pay revenue bond debt service, including debt service on the Series 2021 First Lien Bonds.

The First Lien Master Resolution provides that all bonds authorized under series resolutions in accordance with the First Lien Master Resolution shall be First Lien Bonds having an equal lien and charge upon the Net Revenues of the Port and that each series of First Lien Bonds shall be obligations of the special funds established in the series resolution authorizing their issuance and, for Covered Bonds, the Common Reserve Fund created in 2007. See "—Common Reserve Fund" below. As provided in the First Lien Master Resolution, the amounts pledged to be paid into the special funds created under the series resolutions are declared to be a prior lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for charges equal in rank that have been or may be made to pay and secure the payment of the principal of and interest on First Lien Bonds issued under a series resolution in accordance with the First Lien Master Resolution. See Section 7(a) of the First Lien Series Resolution and Section 3 of the First Lien Master Resolution in Appendix G.

In the First Lien Series Resolution, the Port irrevocably obligates and binds itself for so long as any Series 2021 First Lien Bonds remain Outstanding to set aside and to pay into the Series 2021 First Lien Bond Fund from Net Revenues or money in the Revenue Fund, on or prior to the respective dates on which the same become due the principal of and premium, if any, and interest on the Outstanding Series 2021 First Lien Bonds. See Section 3 of the First Lien Master Resolution and Section 7 of the First Lien Series Resolution in Appendix G.

In the First Lien Series Resolution, the Port designates the Series 2021 First Lien Bonds as Covered Bonds and provides that the Series 2021 First Lien Bonds are obligations only of the Series 2021 First Lien Bond Fund and the Common Reserve Fund. See "—Common Reserve Fund for Covered Bonds."

If and to the extent specified in a series resolution authorizing additional First Lien Bonds, the obligation of the Port to reimburse the provider of a Credit Facility (a "Repayment Obligation") also may be secured by a pledge of and lien on Net Revenues on a parity with other outstanding First Lien Bonds.

Neither the First Lien Master Resolution nor any series resolutions authorizing Outstanding First Lien Bonds or the Series 2021 First Lien Bonds requires the Port to make deposits into the bond funds for First Lien Bonds prior to the date on which the principal of and interest on such First Lien Bonds comes due. See "FLOW OF FUNDS" and Section 2 of the First Lien Master Resolution in Appendix G.

Common Reserve Fund for Covered Bonds

The First Lien Master Resolution does not require that a debt service reserve fund be created for each series of First Lien Bonds and does not require that any minimum amount be deposited to a reserve fund for First Lien Bonds. At the option of the Port, First Lien Bonds may be secured by the Common Reserve Fund or may be secured by a separate reserve fund authorized by a series resolution. The Series 2021 First Lien Bonds have been designated as Covered Bonds, and are secured by the Common Reserve Fund.

The Common Reserve Fund Requirement means a dollar amount equal to the lesser of (i) 50 percent of Maximum Annual Debt Service on all Outstanding Covered Bonds, and (ii) the Tax Maximum for all Outstanding Covered Bonds, determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds). The term "Covered Bonds" means the Port's Revenue Refunding Bonds, Series 2011 (the "Series 2011 Bonds"), the Port's Revenue and Refunding Bonds, Series 2016 (the "Series 2016 First Lien Bonds"), the Series 2021 First Lien Bonds and any First Lien Bonds designated in the future as Covered Bonds secured by the Common Reserve Fund. The term Tax Maximum means the maximum dollar amount permitted by the Internal Revenue Code of 1986, as amended, including applicable regulations thereunder, to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield. See Section 8 of the First Lien Master Resolution and Article 1 for definitions of "Debt Service," "Annual Debt Service" and "Maximum Annual Debt Service" in Appendix G.

After the issuance of the Series 2021 First Lien Bonds, the Common Reserve Fund Requirement is $11,821,095, satisfied by existing cash and securities.

Amounts on deposit in reserve funds for Outstanding First Lien Bonds that are not Covered Bonds are not available to pay debt service on Covered Bonds, and amounts on deposit in the Common Reserve Fund are not available to pay First Lien Bonds that are not Covered Bonds. See Section 8 of the First Lien Master Resolution in Appendix G.

The First Lien Resolution permits the Port to substitute a Qualified Letter of Credit, Qualified Insurance, or a combination of both for all or a portion of the cash and securities then on deposit in the Common Reserve Fund and to transfer such cash and securities to any permitted fund or account specified by the Designated Port Representative. See "—Reserve Funds for Other First Lien Bonds" below and Section 8 of the First Lien Master Resolution and the definitions of "Qualified Letter of Credit" and "Qualified Insurance" in Appendix G.

The First Lien Master Resolution provides that if a deficiency in any bond fund for a series of Covered Bonds shall occur immediately prior to an interest payment date, such deficiency shall be made up from the cash or securities on deposit in the Common Reserve Fund, and that if a deficiency still exists, the Port shall draw on any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund. If the amount in the Common Reserve Fund is insufficient to make up all deficiencies in the bond fund(s) for all Covered Bonds coming due on a Covered Bond payment date, the deficiencies shall be made up on a *pro rata* basis based on the principal, if any, and interest payments coming due on Covered Bonds on such interest payment date. Any deficiency created in the Common Reserve Fund by reason of a withdrawal to make up a deficiency in any bond fund for a series of Covered Bonds shall be made up within one year, from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into the bond funds for First Lien Bonds within such year. In the event a surety bond or a letter of credit is terminated or no longer is Qualified Insurance or a Qualified Letter of Credit because of the insolvency or incapacity of the provider, the Common Reserve Fund Requirement shall be satisfied (a) within one year after the termination, insolvency, or incapacity, with other Qualified Insurance or another Qualified Letter of Credit, or (b) within three years (in three equal annual installments) after the termination, insolvency, or incapacity, out of Net Revenues (or out of other money on hand and legally available for such purpose). See “FLOW OF FUNDS” and Section 8 of the First Lien Master Resolution in Appendix G.

The First Lien Master Resolution provides that the Common Reserve Fund shall be replenished in the following priority: Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of Section 2(a) of the Master Resolution. See Section 8 of the First Lien Master Resolution in Appendix G.

Reserve Funds for Other First Lien Bonds

The Port has previously created separate reserve funds for each series of Outstanding First Lien Bonds other than the Series 2011 Bonds, Series 2016 First Lien Bonds and Series 2021 First Lien Bonds, which are Covered Bonds. The series resolutions authorizing the issuance of other Outstanding First Lien Bonds require that withdrawals from the reserve fund for a series of Outstanding First Lien Bonds be replenished in 12 equal monthly installments after first making necessary provision for all payments required to be made into the bond fund for such series of Outstanding First Lien Bonds. The debt service reserve fund for the Port’s Revenue Bonds, Series 2009 is cash-funded, and the debt service reserve fund for the Port’s Revenue Bonds, Series 2003A (which are scheduled to mature July 1, 2021) is funded by a surety policy currently reinsured and administered by National Public Finance Guarantee Corporation. Each reserve fund (whether funded with a surety or cash) secures only its identified series of First Lien Bonds and is not available as security for any other series of First Lien Bonds, including the Covered Bonds. The First Lien Master Resolution does not require the Port to replace or otherwise address surety policies upon downgrade of the surety provider. Each of the series resolutions authorizing a separate reserve fund provides, however, that in the event of termination of a surety policy or the insolvency, or incapacity of the surety policy provider, the respective reserve requirement shall be satisfied (A) within one year after the termination, insolvency, or incapacity, with other Qualified Insurance or another Qualified Letter of Credit (as defined in the series resolution), or (B) within three years (in three equal annual installments) after the termination, insolvency, or incapacity, out of Net Revenues (or out of other money on hand and legally available for such purpose). See “FLOW OF FUNDS.”

First Lien Rate Covenant

Under the First Lien Master Resolution, the Port has covenanted with the owners and holders of each of the First Lien Bonds for so long as any of the same remain Outstanding that it will at all times establish, maintain and collect rentals, tariffs, rates, fees and charges in the operation of all its business that will produce Net Revenues in each fiscal year at least equal to the greater of (i) 135 percent of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on Outstanding First Lien Bonds, or (ii) amounts required to be deposited during such fiscal year from Net Revenues into the bond funds and reserve funds established for Outstanding First Lien Bonds and into the Repair and Renewal Fund, but excluding payments made from refunding debt and capitalized debt service (the “First Lien Rate Covenant”). See Section 7(a) of the First Lien Master Resolution in Appendix G. In calculating Net Revenues, the Port takes into account the amount of the general purpose portion of the Tax Levy available to pay Operating Expenses during that fiscal year and the amount of CFCs used to pay the Port’s portion of expenses related to the Consolidated Rental Car Facility.

The First Lien Master Resolution provides that if the Net Revenues in any fiscal year are less than required to fulfill the First Lien Rate Covenant, then the Port will retain a Consultant (as defined in the Master Resolution) to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the First Lien Rate Covenant in the fiscal year during which such adjustments are made. The First Lien Master Resolution further provides that if the Commission has taken the steps set forth in the First Lien Master Resolution and the Net Revenues in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the First Lien Rate Covenant, there shall be no default under the First Lien Master Resolution during such fiscal year, unless the Port fails to meet the First Lien Rate Covenant for two consecutive fiscal years. The Port would continue to be obligated to pay debt service regardless of the retention of a Consultant.

Under the First Lien Master Resolution, the Port also has covenanted not to construct, operate or enter into any agreement permitting or facilitating the construction or operation of any facilities that will compete with the operations of the Port in a manner that will materially and adversely affect the ability of the Port to comply with the First Lien Rate Covenant. See Section 7(a) of the First Lien Master Resolution in Appendix G.

Additional First Lien Bonds

The First Lien Master Resolution provides that the Port may issue bonds, having a lien and charge upon the Net Revenues equal to that of the Outstanding First Lien Bonds if (i) the Port has not been in default of the First Lien Rate Covenant for the immediately preceding fiscal year, and (ii) a certificate prepared by either a Consultant or the Port is filed demonstrating fulfillment of the First Lien Bond Coverage Requirement (described below) commencing with the first full fiscal year following the earlier of (a) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the additional First Lien Bonds, or (b) the date on which any portion of interest on the additional First Lien Bonds then being issued will no longer be paid from the proceeds of such additional First Lien Bonds, and for the following two fiscal years.

As defined in the First Lien Master Resolution, "Coverage Requirement" means Net Revenues equal to or greater than 135 percent of Aggregate Annual Debt Service, and is referred to herein as the First Lien Bond Coverage Requirement. See Section 1 of the First Lien Master Resolution in Appendix G for the definition of "Debt Service," "Annual Debt Service," and "Aggregate Annual Debt Service."

Net Revenues are to be based upon the financial statements of the Port for the Base Period (described below), in the case of a certificate filed by the Port, and upon Net Revenues for the Base Period with such adjustments as the Consultant deems reasonable, in the case of a certificate filed by a Consultant. The "Date of Commercial Operation" means the date on which the Facilities are first ready for normal continuous operation, or if portions of the Facilities are placed in normal continuous operation at different times, the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port, or if used with reference to Facilities to be acquired, the date on which such acquisition is final. "Base Period" means any consecutive 12-month period selected by the Port out of the 30-month period next preceding the date the additional First Lien Bonds are issued.

Under the First Lien Master Resolution, additional First Lien Bonds also may be issued without satisfying the requirements described above for (i) refunding purposes under certain conditions, or (ii) paying Costs of Construction for Facilities for which First Lien Bonds have been issued previously if the principal amount of the additional First Lien Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15 percent of the principal amount of First Lien Bonds theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed (as shown in a written certificate of a Designated Port Representative) and if a Consultant's certificate is delivered stating that the nature and purpose of the Facilities has not changed materially. The First Lien Master Resolution permits the Port to issue refunding First Lien Bonds without satisfying the requirements described above if the Maximum Annual Debt Service to be outstanding after the issuance of the refunding First Lien Bonds will not be greater than Maximum Annual Debt Service were such refunding not to occur. See Sections 5 and 6 of the First Lien Master Resolution in Appendix G.

Because the Series 2021 First Lien Bonds are being issued to refund First Lien Bonds and there is no increase in Maximum Annual Debt Service, the Series 2021 First Lien Bonds may be issued without satisfying the requirement for delivery of a certificate demonstrating fulfillment of the First Lien Bond Coverage Requirement.

Unpledged Sources of Payment; Use of PFCs and CFCs for Debt Service

For First Lien Bonds, Net Revenues do not include PFCs and CFCs; however, CFCs and PFCs have been used and are expected to be used in the future to pay debt service on certain series of First Lien Bonds. The First Lien Master Resolution does not permit the Port to take CFCs and PFCs into account as revenues for purposes of determining compliance with the First Lien Rate Covenant, or to apply CFCs and PFCs against the amount of scheduled debt service to be paid on First Lien Bonds when calculating the First Lien Bond Coverage Requirement. In 2020, the Port utilized $5.9 million of PFCs to pay debt service on outstanding First Lien Bonds, but did not utilize any CFCs. These amounts are not taken into account in showing coverage on First Lien Bonds in Table 8. See Table 8 and "THE AIRPORT — Passenger Facility Charges" and "—Customer Facility Charges."

No Acceleration; Rights of Credit Facility Issuers

Neither the First Lien Master Resolution nor any series resolution provides for acceleration of the maturity of the First Lien Bonds upon the occurrence and continuance of a Default (as defined in the First Lien Master Resolution or in the relevant first lien series resolution). Payments of debt service on First Lien Bonds are required to be made only as they become due. In the event of multiple defaults in payment of principal or interest on the Series 2021 First Lien Bonds, the Series 2021 First Lien Bond owners would be required to bring a separate action for each such payment not made. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies. See Section 5 of the First Lien Series Resolution and Section 21 of the First Lien Master Resolution in Appendix G.

As permitted by the First Lien Master Resolution, a series resolution may provide that if the issuer of a Credit Facility that is not solely a liquidity facility is issued for First Lien Bonds, the issuer of the Credit Facility shall be deemed to be the owner, Registered Owner, and holder of such insured First Lien Bonds for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose accepted by the Port as a condition of issuance of the facility, except for amendments that alter the interest rate on such First Lien Bonds or their maturity date(s) or redemption terms or principal amounts. See Section 17 of the First Lien Master Resolution.

SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS

Pledge of Available Intermediate Lien Revenues

The Intermediate Lien Parity Bonds, including the Series 2021 Intermediate Bonds, are revenue obligations of the Port payable from and secured by a pledge of Available Intermediate Lien Revenues. As defined in the Intermediate Lien Master Resolution, "Available Intermediate Lien Revenues" means Gross Revenue of the Port (excluding Released Revenues, if any) after payment of (i) all Operating Expenses not paid from other sources; (ii) all payments, including sinking fund payments, required to be made into the debt service accounts within any redemption fund maintained for First Lien Bonds; (iii) all payments required to be made into any reserve accounts maintained for First Lien Bonds to secure payment of any First Lien Bonds; and (iv) all payments required to be made into any other revenue bond redemption fund and debt service accounts or reserve accounts that may be created in the future to pay and secure the payment of the principal of and premium, if any, and interest on any revenue bonds or other revenue obligations of the Port having liens on Net Revenues and the money in the Revenue Fund junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds.

As defined in the First Lien Master Resolution and Intermediate Lien Master Resolution, the term "Gross Revenue" means all income and revenue derived by the Port from time to time from any source whatsoever except and excluding: (i) the proceeds of any borrowing by the Port and the earnings thereon (other than the earnings on proceeds deposited in any reserve funds), (ii) income and revenue that may not legally be pledged for revenue bond debt service (including the Tax Levy as defined and described in Appendix D, Customer Facility Charge ("CFC") revenue and storm water utility ("SWU") revenue), (iii) Passenger Facility Charges ("PFCs"), head taxes, federal grants or substitutes therefore allocated to capital projects, (iv) payments made to the Port under Credit Facilities issued to pay or secure the payment of a particular series of obligations, (v) insurance or condemnation proceeds other than business interruption insurance, (vi) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income-producing facility that was contributing to Gross Revenue prior to the issuance of any Special Revenue Bonds is not permitted, and (vii) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

As defined in the Intermediate Lien Master Resolution, the term "Operating Expenses" means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles applicable to the Port, in effect from time to time, excluding (i) any allowances for depreciation or amortization, or (ii) interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

The Intermediate Lien Master Resolution provides for the creation of a bond fund (the "Intermediate Lien Bond Fund") and a reserve account (the "Intermediate Lien Reserve Account"), each held by the Chief Financial Officer of the Port as the Port's Treasurer, and provides that the Intermediate Lien Parity Bonds are obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account. In the Intermediate Lien Master Resolution, the Port irrevocably obligates and binds itself for so long as any Intermediate Lien Parity Bonds remain outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Port's general fund, airport development fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenue (the "Revenue Fund"), on or prior to the respective dates on which the same become due, the principal of and premium, if any, and interest on the outstanding Intermediate Lien Parity Bonds. See Section 3 of the Intermediate Lien Master Resolution and Section 6 of the Series Resolution in Appendix H. The principal of and interest on the Intermediate Lien Parity Bonds are payable from and are secured by an equal lien and charge upon Available Intermediate Lien Revenues superior to all other liens and charges of any kind or nature whatsoever, subject to the prior liens and charges of Permitted Prior Lien Bonds. Net Payments (but not termination payments) made by the Port with respect to any Parity Derivative Product would be equal in rank to the lien of Intermediate Lien Parity Bonds on Available Intermediate Lien Revenues. The Port has not entered into swap agreements or Parity Derivative Products. No property or property tax revenues secure the repayment of the Intermediate Lien Parity Bonds, including the Series 2021 Bonds.

The Intermediate Lien Master Resolution provides that, notwithstanding the exclusions from Gross Revenue specified or described in the definition of Gross Revenue, the Port may elect in the future to pledge the income, proceeds and payments described as excluded and/or CFCs and any other receipts at any time as additional security for one or more series of obligations and thereby to include such exception and/or receipt in Gross Revenue for such series of obligations, but if and only to the extent that such receipts may legally be used to pay debt service on such series of obligations. See "—Intermediate Lien Rate Covenant" and "—Additional Intermediate Lien Parity Bonds."

If and to the extent specified in a series resolution authorizing additional Intermediate Lien Parity Bonds, the obligation of the Port to reimburse the provider of a Credit Facility (a "Repayment Obligation") also may be secured by a pledge of and lien on Available Intermediate Lien Revenues on a parity with other outstanding Intermediate Lien Parity Bonds.

Neither the Intermediate Lien Master Resolution nor any series resolutions authorizing outstanding Intermediate Lien Parity Bonds or the Series 2021 Bonds requires the Port to make deposits into the Intermediate Lien Bond Fund for Intermediate Lien Parity Bonds prior to the date on which the principal of and interest on such Intermediate Lien Parity Bonds come due. See "FLOW OF FUNDS" and Section 3 of the Intermediate Lien Master Resolution in Appendix H.

Released Revenues

The Intermediate Lien Master Resolution permits the Port to remove from the definition of "Available Intermediate Lien Revenues" income or revenue of the Port previously included in Available Intermediate Lien Revenues, provided that the Port satisfies the conditions to such removal set forth in the Intermediate Lien Master Resolution. See the definition of "Released Revenues" in Section 1 of the Intermediate Lien Master Resolution in Appendix H. The First Lien Master Resolution and the resolutions under which Subordinate Lien Parity Bonds are issued do not permit the release of revenues previously included in Gross Revenue. As of the date of this Official Statement, the Port has not designated any Released Revenues.

Intermediate Lien Reserve Account

The Intermediate Lien Master Resolution provides for the Intermediate Lien Reserve Account to be held by the Treasurer of the Port within the Intermediate Lien Bond Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on all outstanding Intermediate Lien Parity Bonds. The Port is required to maintain the Intermediate Lien Reserve Account at the "Intermediate Lien Reserve Requirement," which is the dollar amount equal to average Annual Debt Service on all outstanding Intermediate Lien Parity Bonds, determined and calculated as of the date of issuance of Intermediate Lien Parity Bonds of each series (and recalculated upon the issuance of a subsequent series of Intermediate Lien Parity Bonds and, at the Port's option, upon the payment of the principal of the Intermediate Lien Parity Bonds). See definitions of "Annual Debt Service" and "Debt Service" in Section 1 of the Intermediate Lien Master Resolution in Appendix H.

The Intermediate Lien Master Resolution provides that the Intermediate Lien Reserve Requirement may be funded at the date of issuance of a series of Intermediate Lien Parity Bonds or may be funded in equal monthly deposits over a period of time (not greater than three years) established in the applicable series resolution, but also provides that the dollar amount, if any, required to be contributed as a result of the issuance of a series of Intermediate Lien Parity Bonds shall not be greater than the Tax Maximum (as defined in the Intermediate Lien Master Resolution). If the dollar amount required to be contributed at the time of issuance of a series of Intermediate Lien Parity Bonds exceeds the Tax Maximum, the dollar amount required to be contributed to the Intermediate Lien Reserve Account is to be adjusted accordingly. See Section 3 of the Intermediate Lien Master Resolution in Appendix H.

The Intermediate Lien Reserve Account is a pooled reserve that secures all outstanding and future Intermediate Lien Parity Bonds. As of June 1, 2021, the existing Intermediate Lien Reserve Requirement of $179.3 million is funded with cash and securities. Upon the closing and delivery of the Series 2021 Bonds, the Intermediate Lien Reserve Requirement is $199,920,254.

The Intermediate Lien Master Resolution requires that the Intermediate Lien Reserve Requirement be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance (each as defined in the Intermediate Lien Master Resolution), or a combination of the foregoing, and permits the Port to substitute a Qualified Letter of Credit or Qualified Insurance for cash and securities then on deposit in the Intermediate Lien Reserve Account and to transfer such cash and securities to any permitted fund or account specified by the Designated Port Representative. See Section 3 of the Intermediate Lien Master Resolution in Appendix H.

The Intermediate Lien Master Resolution requires replacement, over a period of up to three years, of any Qualified Letter of Credit or Qualified Insurance securing payment of Intermediate Lien Parity Bonds upon a "Credit Event" (e.g., insolvency, specified ratings downgrades or dissolution of the provider thereof). If such a Credit Event occurs, the Intermediate Lien Reserve Requirement must be satisfied within one year with other Qualified Insurance or another Qualified Letter of Credit, or within three years (in three equal annual installments) out of Available Intermediate Lien Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Intermediate Lien Bond Fund. As of the date of this Official Statement, none of the Intermediate Lien Reserve Requirement is maintained through use of a Qualified Letter of Credit or Qualified Insurance. See "Credit Event" and "Qualified Insurance" in Section 1 of the Intermediate Lien Master Resolution in Appendix H.

Intermediate Lien Rate Covenant

Under the Intermediate Lien Master Resolution, the Port has covenanted with the owners and holders of each of the Intermediate Lien Parity Bonds that, for so long as any of the same remain outstanding, the Port will at all times establish, maintain and collect rentals, tariffs, rates, fees and charges in the operation of all of its businesses that will produce in each fiscal year (i) Available Intermediate Lien Revenues as First Adjusted at least equal to 110 percent of the Amount Due, and (ii) Available Intermediate Lien Revenues as Second Adjusted at least equal to 125 percent of the Amount Due. The Intermediate Lien Master Resolution provides that the calculations described in clauses (i) and (ii) of the preceding sentence are separate rather than cumulative calculations regarding the sufficiency of Available Intermediate Lien Revenues and that such calculations are together to be considered as the "Intermediate Lien Rate Covenant."

The Intermediate Lien Master Resolution also provides that, for purposes of the Intermediate Lien Rate Covenant, the "Amount Due" in each fiscal year of the Port shall be equal to (a) Scheduled Debt Service, plus (b) amounts required to be deposited during such fiscal year from Available Intermediate Lien Revenues into the Intermediate Lien Reserve Account, plus (c) any other amounts due to any Credit Facility Issuer or any Liquidity Facility Issuer, but <u>excluding</u>

from the foregoing (i) payments made or to be made from refunding debt and capitalized debt service or other money irrevocably (by Commission resolution) set aside for such payment, and (ii) Intermediate Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative.

As defined in the Intermediate Lien Master Resolution, "Available Intermediate Lien Revenues as First Adjusted" means Available Intermediate Lien Revenues increased (without duplication) by Prior Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative and subject to further adjustment to reflect (a) the Port's intent that regularly scheduled net payments under derivative products (interest rate hedges) with respect to Port revenue obligations (regardless of lien position) be reflected in the calculation of debt service obligations with respect to those revenue obligations and not as adjustments to Gross Revenue or Operating Expenses; and (b) the Port's intent that Gross Revenue and Operating Expenses may be adjusted, regardless of then-applicable generally accepted accounting principles, for certain items (e.g., to omit) to reflect more fairly the Port's annual operating performance.

"Available Intermediate Lien Revenues as Second Adjusted," as defined in the Intermediate Lien Master Resolution, means (a) Available Intermediate Lien Revenues as First Adjusted; plus (b) the unrestricted balance in the Revenue Fund at the end of the two most recent fiscal years of the Port, whichever is lower (the "Available Coverage Amount"). The Intermediate Lien Master Resolution provides that no amounts may be included in the Available Coverage Amount unless such amounts are legally available for payment of debt service on Intermediate Lien Parity Bonds.

"Intermediate Lien Debt Service Offsets," as defined in the Intermediate Lien Master Resolution, means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Intermediate Lien Parity Bonds, but excluding any receipts that have been designated as Prior Lien Debt Service Offsets.

"Prior Lien Debt Service Offsets," as defined in the Intermediate Lien Master Resolution, means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Permitted Prior Lien Bonds.

"Scheduled Debt Service," as defined in the Intermediate Lien Master Resolution, means the amounts required in a fiscal year to be paid by the Port as scheduled debt service (principal and interest) on outstanding Intermediate Lien Parity Bonds, adjusted by Net Payments (as defined in the Intermediate Lien Master Resolution) during such fiscal year.

For purposes of measuring the Port's performance under the Intermediate Lien Rate Covenant (as well as debt service coverage with respect to First Lien Bonds and Subordinate Lien Parity Bonds), the Port makes adjustments in Operating Expenses (reduction) by the amount of Operating Expenses paid from sources that are not included in Gross Revenue (e.g., CFCs and the Tax Levy).

For purposes of measuring the Port's performance under the Intermediate Lien Rate Covenant (and determining Available Intermediate Lien Revenues as First Adjusted), the Port increases Available Intermediate Lien Revenues with Prior Lien Debt Service Offsets that include the amount of First Lien Bond debt service paid from CFCs and PFCs.

For purposes of measuring the Port's performance under the Intermediate Lien Rate Covenant, the Port reduces debt service on Intermediate Lien Parity Bonds by Intermediate Lien Debt Service Offsets, including debt service on Intermediate Lien Parity Bonds paid from CFCs or PFCs.

The Port covenants in the Intermediate Lien Master Resolution that, if the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien Revenues as Second Adjusted in any fiscal year are less than required to fulfill the Intermediate Lien Rate Covenant, the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and that upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations that will be necessary to meet the Intermediate Lien Rate Covenant in the fiscal year during which such adjustments are made. The Intermediate Lien Master Resolution provides that, if the Commission has taken such steps and if the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien Revenues as Second Adjusted in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Intermediate Lien Rate Covenant, there shall be no default with respect to the Intermediate Lien Rate Covenant during such fiscal year, unless the Port fails to meet the Intermediate Lien Rate Covenant for two consecutive fiscal years. See Section 6(a) of the Intermediate Lien Master Resolution in Appendix H.

Other Covenants

The Port has made a number of other covenants in the Intermediate Lien Resolution for the benefit of the holders and owners from time to time of the Intermediate Lien Parity Bonds, including taking or requiring to be taken such acts as may reasonably be within the Port's ability and required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 Bonds. See "TAX MATTERS" herein and the Intermediate Lien Series Resolution and Section 6 of the Intermediate Lien Master Resolution in Appendix H.

Permitted Prior Lien Bonds

Additional First Lien Bonds. The First Lien Master Resolution provides that the Port may issue bonds having a lien and charge upon Net Revenues equal to that of the outstanding First Lien Bonds (the "Additional First Lien Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR FIRST LIEN BONDS—Additional First Lien Bonds."

Other Permitted Prior Lien Bonds. In the First Lien Master Resolution and in the Intermediate Lien Master Resolution, the Port reserves the right to issue obligations having lien(s) on Net Revenues junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds, payable from Net Revenues available after payment of the amounts described above in paragraphs ***First*** through ***Third*** under "—Flow of Funds." In the Intermediate Lien Master Resolution, the Port has reserved the right to issue such Permitted Prior Lien Bonds without conditions. The Port at any time could choose to issue Permitted Prior Lien Bonds, but currently has no plans to do so. See Section 5(a) of the Intermediate Lien Master Resolution in Appendix H.

Additional Intermediate Lien Parity Bonds

General. The Intermediate Lien Master Resolution provides that the Port may issue bonds having a lien and charge upon the Available Intermediate Lien Revenues equal to that of the outstanding Intermediate Lien Parity Bonds if the Port is not in default under the Intermediate Lien Master Resolution and if the Port meets the conditions described below under "—Certificate Required" or "—No Certificate Required." Although the Port is permitted to issue Intermediate Lien Parity Bonds for the purpose of refunding Intermediate Lien Parity Bonds and Permitted Prior Lien Bonds without a certificate, as described below, the 2010A Refunded Bonds that are expected to be refunded with a portion of the proceeds of the Series 2021A Intermediate Lien Bonds are PFC Bonds and will be addressed in a certificate meeting the requirements described below.

Certificate Required. Unless the Port satisfies the requirements described below under "—No Certificate Required," the Port is required to deliver prior to the date of issuance of additional Intermediate Lien Parity Bonds, either (i) a certificate prepared as described below and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then outstanding and then proposed to be issued; or (ii) a Consultant's certificate, prepared as described below, stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period. See the definition of "Debt Service" in Section 1 of the Intermediate Lien Master Resolution in Appendix H. If Intermediate Lien Debt Service Offsets or Prior Lien Debt Service Offsets are or have been used to comply with the Intermediate Lien Rate Covenant, then for purposes of meeting the conditions described in clause (i) or (ii) of this paragraph, the Port is required to identify and irrevocably pledge the receipts that constitute such Intermediate Lien Debt Service Offsets or Prior Lien Debt Service Offsets for a period not less than the duration of the Certificate Period.

The certificate executed by a Designated Port Representative described in clause (i) of the preceding paragraph is required to be based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office, or by an independent certified public accounting firm for the Base Period. In making the computations of projected Available Intermediate Lien Revenues in connection with the certificate of a Consultant described in clause (ii) of the preceding paragraph, the Consultant is required to use as a basis the Available Intermediate Lien Revenues for the Base Period corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office, or by an independent certified public accounting firm for the Base Period. The Intermediate Lien Master Resolution requires the Consultant to make such adjustments to Available Intermediate Lien Revenues (including those described in establishing Available Intermediate Lien Revenues as First Adjusted) to compute projected Available Intermediate Lien Revenues as such Consultant deems reasonable as set forth in writing to the Port. See Sections 5(b)(1) and 5(c)(1) of the Intermediate Lien Master Resolution in Appendix H.

Under the Intermediate Lien Master Resolution, "Certificate Period" means a period commencing with the year of issuance of the proposed series of Intermediate Lien Parity Bonds and ending with the third complete fiscal year following the earlier of (i) the projected Date of Commercial Operation of the facilities to be financed with the proceeds of the proposed Intermediate Lien Parity Bonds; or (ii) the date on which no portion of the interest on the proposed series of Intermediate Lien Parity Bonds will be paid from the proceeds of such Intermediate Lien Parity Bonds (such date to be determined in accordance with the Port's proposed schedule of expenditures).

No Certificate Required. The Port is authorized under the Intermediate Lien Master Resolution to issue Intermediate Lien Parity Bonds without providing either of the certificates described under the heading "Certificate Required" if (i) the Intermediate Lien Parity Bonds are being issued to refund Intermediate Lien Parity Bonds and either (a) the latest maturity of the Intermediate Lien Parity Bonds to be issued is not later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur) and the increase in Annual Debt Service as result of such refunding in any year is less than the greater of $25,000 or five percent of such Annual Debt Service on the Intermediate Lien Parity Bonds to be refunded, or (b) the latest maturity of the Intermediate Lien Parity Bonds to be issued is later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur) and the Maximum Annual Debt Service on all Intermediate Lien Parity Bonds to be outstanding after the issuance of the refunding Intermediate Lien Parity Bonds is not greater than Maximum Annual Debt Service were such refunding not to occur; (ii) the Intermediate Lien Bonds are being issued to refund Intermediate Lien Parity Bonds or Permitted Prior Lien Bonds within one year prior to maturity or mandatory redemption if sufficient moneys are not expected to be available; or (iii) the Intermediate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously if the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15 percent of the principal amount of indebtedness previously issued for such Facilities as shown in a written certificate of the Designated Port Representative, stating that the scope, nature and purpose of such Facilities have not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities. See Sections 5(b)(2) and 5(c) of the Intermediate Lien Master Resolution in Appendix H. *Refunding Permitted Prior Lien Bonds.* Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding any Permitted Prior Lien Bonds; provided, however, that prior to the issuance of such Intermediate Lien Parity Bonds, the Port must provide a certificate if such a certificate would be required if the Permitted Prior Lien Bonds to be refunded were Intermediate Lien Parity Bonds. For the purposes of determining whether a certificate is required and for the purpose of preparing any such certificate, the debt service on the Permitted Prior Lien Bonds shall be calculated as if such Permitted Prior Lien Bonds were Intermediate Parity Lien Bonds. See Section 5(c)(2) of the Intermediate Lien Master Resolution in Appendix H.

For more information regarding the Port's future financing plans and needs, see "CAPITAL PLAN FUNDING" and "Appendix C—Report of the Independent Consultant."

Defaults and Remedies; No Acceleration; Rights of Credit Facility Issuers

The Intermediate Lien Master Resolution provides certain actions Registered Owners of the Series 2021 Bonds may take following the occurrence of a payment default on the Series 2021 Bonds or a default by the Port in the observance or performance of any other covenants, conditions or agreements on the part of the Port contained in the Intermediate Lien Master Resolution and the continuance of such covenant default for a period of 90 days. See Section 11 of the

Intermediate Lien Master Resolution in Appendix H. The Intermediate Lien Master Resolution also provides that a Credit Facility Issuer is deemed to be the only party entitled to waive any default, to exercise the remedies provided in the Intermediate Lien Master Resolution and to consent to amendments of the Intermediate Lien Master Resolution in connection with Intermediate Lien Parity Bonds insured by such Credit Facility Issuer. See Sections 9 and 11 of the Intermediate Lien Master Resolution in Appendix H.

Payment of the principal of and accrued interest on the Intermediate Lien Parity Bonds, including the Series 2021 Bonds, is not subject to acceleration upon the occurrence and continuance of a default under the Intermediate Lien Master Resolution. Payments of debt service on Intermediate Lien Parity Bonds are required to be made only as they become due. In the event of multiple defaults in payment of principal of or interest on the Series 2021 Bonds, the Series 2021 Bond owners could be required to bring a separate action for each such payment not made. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies. See Section 11 of the Intermediate Lien Master Resolution in Appendix H.

OUTSTANDING PORT INDEBTEDNESS

First Lien Bonds

As described above, the Port has reserved the right to issue additional First Lien Bonds upon compliance with the provisions of the First Lien Master Resolution and to issue bonds secured by a lien or liens on Net Revenues senior to the lien of the Intermediate Lien Parity Bonds and subordinate to the lien of the First Lien Bonds. The First Lien Bonds are currently the only Permitted Prior Lien Bonds outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Permitted Prior Lien Bonds," and "PORT FINANCIAL MATTERS." As of May 2, 2021, the Port had outstanding the following series of First Lien Bonds.

TABLE 5
OUTSTANDING FIRST LIEN BONDS

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3509	08/20/2003	2003A	$ 190,470,000	$ 12,830,000	07/01/2021
3619	07/16/2009	2009B-2	22,000,326[(1)]	51,848,202[(1)]	05/01/2031
3653	12/13/2011	2011B	97,190,000	57,790,000[(2)]	09/01/2026
3721	08/02/2016	2016B	124,380,000	115,885,000	10/01/2032
3721	08/02/2016	2016C	6,180,000	5,475,000	10/01/2032
				$ 243,828,202	

(1) Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of $29,847,876 through May 2, 2021.
(2) Refunded Bonds. See Table 4.
Source: *Port of Seattle.*

The First Lien Master Resolution does not require that a debt service reserve fund be created for each series of First Lien Bonds and does not require that any minimum amount be deposited to a reserve fund for First Lien Bonds. At the option of the Port, First Lien Bonds may be secured by the Common Reserve Fund or may be secured by a separate reserve fund authorized by a series resolution. See "SECURITY AND SOURCES OF PAYMENT FOR FIRST LIEN BONDS—Common Reserve Fund for Covered Bonds" and "—Reserve Funds for Other First Lien Bonds."

Intermediate Lien Parity Bonds

As of May 2, 2021, the Port had outstanding the following series of Intermediate Lien Parity Bonds (excluding the Series 2021 Bonds). See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS."

TABLE 6
OUTSTANDING INTERMEDIATE LIEN PARITY BONDS

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3637	08/04/2010	2010B	$ 221,315,000	$ 184,995,000[(1)]	06/01/2040
3637	08/04/2010	2010C	128,140,000	48,400,000[(1)]	02/01/2024
3658	03/14/2012	2012A	342,555,000	302,555,000	08/01/2033
3658	03/14/2012	2012B	189,315,000	68,215,000	08/01/2024
3684	12/17/2013	2013	139,105,000	127,155,000	07/01/2029
3709	08/06/2015	2015A	72,010,000	64,380,000	04/01/2040
3709	08/06/2015	2015B	284,440,000	164,155,000	03/01/2035
3709	08/06/2015	2015C	226,275,000	198,585,000	04/01/2040
3722	08/02/2016	2016	99,095,000	99,095,000	02/01/2030
3735	08/22/2017	2017A	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	2017B	264,925,000	217,405,000	05/01/2036
3735	08/22/2017	2017C	313,305,000	297,045,000	05/01/2042
3735	08/22/2017	2017D	93,230,000	64,900,000	05/01/2027
3749	06/21/2018	2018A	470,495,000	455,410,000	05/01/2043
3749	06/21/2018	2018B	85,145,000	68,340,000	05/01/2028
3758	08/07/2019	2019	457,390,000	452,775,000	04/01/2044
				$ 2,830,115,000	

[(1)] Refunded Bonds. See Table 4.
Source: *Port of Seattle.*

The payment of the principal of, premium, if any, and interest on all outstanding Intermediate Lien Parity Bonds is secured by the Intermediate Lien Reserve Account, a pooled reserve described under the heading "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Intermediate Lien Reserve Account."

Subordinate Lien Parity Bonds

The Port's Subordinate Lien Parity Bonds are payable from Gross Revenue after all of the payments and transfers described in clauses ***First*** through ***Eighth*** under "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds" have been made. Subordinate Lien Parity Bonds are not subject to acceleration, but variable rate Subordinate Lien Parity Bonds may be subject to mandatory tender upon a default or the occurrence of certain other events. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds." As of May 2, 2021, the Port had outstanding the following series of Subordinate Lien Parity Bonds.

TABLE 7
OUTSTANDING SUBORDINATE LIEN PARITY BONDS[(1)]

Authorizing Resolution Number	Date of Original Issue	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3238	03/26/1997	$ 108,830,000	$ 19,235,000	09/01/2022
3456[(1)]	(CP)	250,000,000	48,470,000	06/01/2021
3598	06/17/2008	200,715,000	158,300,000	07/01/2033
			$ 226,005,000	

(1) As amended by Resolution No. 3777, adopted on September 22, 2020, authorizing increasing the principal amount to $400,000,000 and extending the final maturity date to June 1, 2051.
Source: *Port of Seattle.*

The Port's outstanding variable rate Subordinate Lien Parity Bonds and the Port's Subordinate Lien Commercial Paper Notes are secured by bank letters of credit. See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE PORT—Note 5: Long-Term Debt; Subordinate Lien Variable Rate Demand Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds."

Passenger Facility Charge Revenue Bonds

As of May 2, 2021, the Port had outstanding $51,110,000 aggregate principal amount of Passenger Facility Charge Revenue Refunding Bonds, Series 2010A (the "PFC Bonds"), which have a first claim on PFC revenues. The PFC Bonds have no claim on Gross Revenue of the Port, and the Port's revenue bonds have no claim on PFC revenues. See "THE AIRPORT—Passenger Facility Charges." The 2010A Refunded Bonds are PFC Bonds and are expected to be refunded with a portion of the proceeds of the Series 2021A Intermediate Lien Bonds.

General Obligation Bonds

The Port has statutory authority to issue limited tax general obligation ("LTGO") and unlimited tax general obligation bonds. As of May 2, 2021, the Port had outstanding $308,130,000 aggregate principal amount of LTGO bonds and no unlimited tax general obligation bonds. LTGO bonds are general obligations of the Port, payable from property taxes levied by the Port within the State statutory limitations applicable to port levies permitted to be imposed without approval of the voters and from all other legally available funds of the Port. See Appendix D for information about the Port's Tax Levy and LTGO bonds. The Port also has established a line of credit with JPMorgan Chase Bank, National Association for up to $150 million with a final repayment date of June 4, 2023. The credit facility is a limited tax general obligation of the Port, to which the Port has pledged its full faith and credit.

Special Obligations

From time to time, the Port may issue revenue bonds, revenue warrants or other revenue obligations for the purpose of undertaking any project, the debt service on which is to be payable from and secured solely by the revenues derived from such project (the "Special Revenue Bonds"). Revenues received from such projects are not Gross Revenue, and Special Revenue Bonds are not entitled to a lien on Gross Revenue on any basis, senior or junior, and are not payable from such Gross Revenue or any other revenues of the Port (other than the revenues derived from the project financed with the Special Revenue Bonds).

In June 2013, the Port issued $88,660,000 aggregate principal amount of Special Facility Revenue Refunding Bonds (the "Fuel System Bonds") to refund special facility revenue bonds issued to finance the cost of a fuel hydrant system at the Airport (the "Fuel System"). The Fuel System Bonds are limited obligations of the Port payable solely from payments to be made by the lessee (a consortium formed by airlines operating at the Airport) under a fuel system lease and under a guaranty and a security agreement provided by the lessee. In the resolution pursuant to which the Fuel System Bonds were issued, the Port agreed that, should insurance or other funds be insufficient to rebuild the Fuel System after substantial damage or destruction, the Port would either pay the cost of rebuilding the Fuel System or defease any then-outstanding Fuel System Bonds. As of May 2, 2021, $65,135,000 of Fuel System Bonds remain outstanding.

Interest Rate Swaps

Under State law, the Port may enter into payment agreements (interest rate swaps, caps, floors and similar agreements) for the purposes of reducing interest rate risk or reducing the cost of borrowing. The Port has instituted a swap policy that establishes certain requirements for the use of payment agreements, including the authorization by the Commission of any payment agreement and compliance with all statutory requirements, including minimum counterparty ratings and minimum collateralization. The Port has not entered into any interest rate swap agreements or other payment agreements.

Debt Payment Record

The Port has never defaulted on the payment of principal or interest on any of its bonds or other debt.

Historical Debt Service Coverage

The following table shows historical debt service coverage for the years 2016 through 2020 on outstanding First Lien Bonds and Intermediate Lien Parity Bonds calculated in conformity with the First Lien Master Resolution and the Intermediate Lien Master Resolution, and debt service on Subordinate Lien Parity Bonds. In accordance with the resolutions, the Port has used certain income items (not otherwise included in "Gross Revenue") in offsetting Operating Expenses and, in the case of the Intermediate Lien Parity Bonds, either in offsetting debt service or increasing Net Revenues available to be used to pay debt service as permitted in its bond resolutions.

Each of the First Lien Rate Covenant and the Intermediate Lien Rate Covenant requires that debt service coverage be calculated for that lien level, based on the applicable offsets or other adjustments. Accordingly, the following table shows historical debt service coverage on a lien-by-lien basis for First Lien Bonds and Intermediate Lien Parity Bonds, rather than on an aggregate or cumulative basis.

As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors. As noted in the table, Gross Revenues includes certain non-operating revenues (net) and, in 2020, those include the receipt of $147.1 million operating grants from the CARES Act. These funds were used to pay certain operating expenses and a portion of debt service.

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TABLE 8
HISTORICAL FIRST LIEN BOND AND INTERMEDIATE LIEN PARITY BOND DEBT SERVICE COVERAGE BY LIEN CALCULATED PER APPLICABLE RATE COVENANT FOR THE YEARS ENDED DECEMBER 31
($ IN THOUSANDS)

Fiscal Year	2016	2017	2018	2019	2020
Operating revenues	$598,467	$632,031	$689,390	$764,173	$510,827
Less: CFC revenues not available to pay revenue bond debt service	(12,122)	(10,641)	(16,263)	(15,773)	0[1]
Less: Storm Water Utility (SWU) revenues not available to pay revenue bond debt service	(4,751)	(4,985)	(5,285)	(5,839)	(6,374)
Plus/Less: Seaport Alliance adjustments[2]	266	928	(591)	5,655	7,688
Plus: Nonoperating income (expense)—net[3]	5,567	7,381	12,174	14,030	181,786
Gross revenues[4]	$587,427	$624,714	$679,425	$762,246	$693,927
Operating expenses	325,285	372,982	397,638	443,088	408,680
Less: Operating expenses paid from sources other than gross revenues (CFC)	(7,309)	(8,643)	(8,787)	(8,591)	(8,003)
Less: Operating expenses paid from sources other than gross revenues (SWU)	(1,710)	(3,795)	(4,660)	(4,567)	(4,742)
Less: Port general purpose Tax Levy[5]	(36,894)	(34,941)	(28,134)	(30,050)	(35,835)
Operating expenses[6]	279,372	325,603	356,057	399,880	360,100
First Lien Bonds					
Net revenues available for First Lien Bond debt service	$308,055	$299,111	$323,368	$362,366	$333,827
Debt service on First Lien Bonds	$52,320	$48,787	$32,798	$44,752	$27,544
Coverage on First Lien Bonds (calculated per First Lien Rate Covenant)	**5.89**	**6.13**	**9.86**	**8.10**	**12.12**
Intermediate Lien Bonds					
Net revenues available for Intermediate Lien Parity Bond debt service	$255,735	$250,324	$290,570	$317,614	$306,283
Add: Prior lien debt service offset paid by PFC revenues[7]	0	0	0	0	5,887
Add: Prior lien debt service offset paid by CFC revenues[8]	21,431	19,142	5,869	6,227	0
Available Intermediate Lien Revenues as First Adjusted	$277,166	$269,466	$296,439	$323,841	$312,170
Debt service on Intermediate Lien Parity Bonds	158,816	152,749	192,022	210,560	254,381
Less: Debt service offsets paid from:					
PFC revenues[7]	(25,583)	(33,800)	(33,800)	(33,800)	(26,571)
CFC revenues[8]	0	(3,563)	(15,930)	(16,111)	(13,601)
Capitalized interest funds	(12,298)	(12,445)	(34,132)	(39,202)	(31,683)
Debt service on Intermediate Lien Parity Bonds – net of debt service offsets	$120,935	$102,941	$108,160	$121,447	$182,526
Coverage on Intermediate Lien Parity Bonds (calculated per Intermediate Lien Rate Covenant)	**2.29**	**2.62**	**2.74**	**2.67**	**1.71**
Net revenues available for Subordinate Lien Parity Bond debt service	$156,231	$166,525	$188,279	$202,394	$129,644
Debt service on Subordinate Lien Parity Bonds[9]	$8,949	$18,295	$25,246	$19,243	$19,160

(1) Due to significant declines in rental car activities, no CFC revenues were recorded for the operating portion of CFC in 2020.

(2) Seaport Alliance adjustments include non-cash adjustments for depreciation of Seaport Alliance assets netted from operating revenues and public expense, as well as exclusion of capital grants and donations for capital purposes from the Seaport Alliance.

(3) Nonoperating income (expense)—net is adjusted for the following: Interest expense, income that is not legally available to be pledged for revenue bonds debt service such as Passenger Facility Charges ("PFCs"), Customer Facility Charges ("CFCs"), tax levy, fuel hydrant facility revenues, donations for capital purposes, grants for capital projects, monies received and used for capital projects owned by other government entities ("public expense projects") and other nonoperating SWU revenues and expenses. Certain non-cash items, such as depreciation are excluded, while other nonoperating revenues and expenses, such as environmental expense, are adjusted to a cash basis. The Port may also include certain proceeds from the sale of capital and non-capital assets in the year the proceeds are received. In 2018, the Port recorded, as a special item, a $34.9 million environmental expense, reflecting the cost to construct a habitat restoration project, in the Port's 2018 Statement of Revenues, Expenses, and Changes in Net Position. This special item and related payments are excluded from this schedule. The significant increase in 2020 was largely driven by the $147.1 million CARES Act grant received from the FAA.

(4) Gross Revenue reflects annual Port operating revenues, as presented in the Port's Audited Financial Statements (see Statement of Revenues, Expenses and Changes in Net Position), less certain operating revenues that are not legally available to pay debt service on all revenue bonds.

(5) Port general purpose Tax Levy represents annual tax levy collections less the payment of general obligation bond debt service. The Port is permitted, but not obligated, to pay operating expenses with such general purpose Tax Levy dollars. In 2015 and 2016, the Port made its contractual payment, in the amount of $120,000,000 and $147,700,000, respectively, to the Washington State Department of Transportation ("WSDOT") for the SR 99 Alaskan Way Viaduct Replacement Program. These payments were accounted for as a special item in the Port's 2015 and 2016 Statement of Revenues, Expenses, and Changes in Net Position, and were funded by the issuances of 2015 LTGO bonds and 2017 LTGO bonds, respectively. The debt service associated with the 2015 LTGO bonds is included in the calculation of the Port's general purpose Tax Levy, beginning in 2015, but the actual payment to WSDOT is excluded from the schedule as the funds were used for capital projects owned by other governmental entities.

(6) Operating Expenses reflect annual Port operating expenses before depreciation, as presented in the Port's Audited Financial Statements (see Statement of Revenues, Expenses and Changes in Net Position), less certain operating expenses paid with revenues derived from sources other than Gross Revenue such as consolidated rental car facility related operating expenses paid from CFCs and SWU operating expenses paid from SWU operating revenues, as well as the Port's general purpose Tax Levy. In 2020, rental car facility operating expenses were paid from CFC revenues and existing CFC cash balances.

(7) During 2008, the Port implemented using PFC revenues toward other specific revenue bonds debt service related to eligible projects. The Port, as authorized by the Federal Aviation Administration (the "FAA"), has the authority to use PFCs to pay: (i) debt service on bonds secured solely with PFCs; (ii) eligible projects costs (definitions, terms and conditions are set by the FAA), and (iii) revenue bonds debt service related to eligible PFC projects.

(8) State law provides for the Port's authority to impose CFCs on rental car transactions at the Airport. CFCs may only be used to pay costs associated with the consolidated rental car facility including the payment of debt service on bonds issued to fund the facility. During 2009, the Port began using CFCs to pay debt service on related bonds. In 2017, the 2009A and 2009B-1 First Lien bonds were partially refunded with Intermediate Lien Parity Bonds and as such CFCs were applied to both First Lien Bond and Intermediate Lien Parity Bond debt service.

(9) The Port has used PFCs to pay eligible Subordinate Lien Parity Bond debt service and associated debt fees. However, such amounts are not permitted offsets in the legal coverage calculation on Subordinate Lien Parity Bonds.

Source: *Port of Seattle's Schedule of Net Revenue Available for Revenue Bond Debt Service.*

OUTSTANDING FIRST LIEN BONDS, INTERMEDIATE LIEN PARITY BONDS, AND SUBORDINATE LIEN PARITY BONDS

Table 9 presents, in aggregate, debt service for the Port's outstanding First Lien Bonds (including the Series 2021 First Lien Bonds proposed to be issued), Intermediate Lien Parity Bonds (including the Series 2021 Intermediate Lien Bonds proposed to be issued) and Subordinate Lien Parity Bonds. The 2010A Refunded Bonds that will be refunded with a portion of the proceeds of the Series 2021A Intermediate Lien Bonds are PFC Bonds, and are not reflected in the table below (the Series 2021A Intermediate Lien Bonds are shown).

TABLE 9
REVENUE BOND DEBT SERVICE
FOR FIRST LIEN BONDS, INTERMEDIATE LIEN PARITY BONDS, AND SUBORDINATE LIEN PARITY BONDS

	First Lien Bonds					Intermediate Lien Parity Bonds[1]						
		Series 2021 Bonds					Series 2021 Bonds					
Year Ending Dec. 31	Outstanding First Lien Bonds	Principal	Interest	Total	Total First Lien Bonds	Outstanding Intermediate Lien Parity Bonds[4]	Principal	Interest	Total	Total Intermediate Lien Parity Bonds	Subordinate Lien Parity Bonds[2]	Total Debt Service
2021[3]	$38,418,706	-	-	-	$38,418,706	$239,151,888	$10,730,000	$3,819,638	$14,549,638	$253,701,526	$25,388,944	$317,509,175
2022	13,620,031	$7,495,000	$2,515,183	$10,010,183	23,630,213	256,843,442	31,690,000	13,555,025	45,245,025	302,088,467	25,389,620	351,108,300
2023	13,625,187	8,240,000	1,776,000	10,016,000	23,641,187	248,823,447	34,615,000	15,613,772	50,228,772	299,052,219	15,277,791	337,971,197
2024	13,619,764	8,655,000	1,364,000	10,019,000	23,638,764	248,996,994	38,540,000	26,782,219	65,322,219	314,319,213	15,277,524	353,235,501
2025	28,118,314	9,085,000	931,250	10,016,250	38,134,564	232,455,207	24,275,000	29,040,257	53,315,257	285,770,464	15,279,982	339,185,010
2026	28,125,189	9,540,000	477,000	10,017,000	38,142,189	232,701,518	25,325,000	28,011,548	53,336,548	286,038,067	15,279,652	339,459,907
2027	23,523,869	-	-	-	23,523,869	237,572,150	26,400,000	26,919,638	53,319,638	290,891,788	15,276,193	329,691,850
2028	24,328,469	-	-	-	24,328,469	223,515,359	27,565,000	25,764,470	53,329,470	276,844,830	15,279,265	316,452,564
2029	28,122,589	-	-	-	28,122,589	207,367,081	28,780,000	24,543,981	53,323,981	260,691,062	15,278,186	304,091,837
2030	28,119,949	-	-	-	28,119,949	208,038,337	30,045,000	23,257,252	53,302,252	261,340,589	15,277,614	304,738,152
2031	18,619,731	-	-	-	18,619,731	198,723,879	29,250,000	21,905,233	51,155,233	249,879,112	15,277,038	283,775,880
2032	13,620,096	-	-	-	13,620,096	176,672,254	24,945,000	20,589,575	45,534,575	222,206,829	15,275,946	251,102,871
2033	-	-	-	-	-	176,509,585	26,190,000	19,332,075	45,522,075	222,031,660	15,278,828	237,310,487
2034	-	-	-	-	-	152,746,515	27,520,000	18,011,825	45,531,825	198,278,340	-	198,278,340
2035	-		-	-	-	153,019,760	28,895,000	16,624,450	45,519,450	198,539,210	-	198,539,210
2036	-	-	-	-	-	137,984,785	30,120,000	15,413,650	45,533,650	183,518,435	-	183,518,435
2037	-	-	-	-	-	109,642,125	31,335,000	14,200,850	45,535,850	155,177,975	-	155,177,975
2038	-	-	-	-	-	109,114,719	32,805,000	12,727,050	45,532,050	154,646,769	-	154,646,769
2039	-	-	-	-	-	109,092,971	34,345,000	11,183,700	45,528,700	154,621,671	-	154,621,671
2040	-	-	-	-	-	109,095,281	35,960,000	9,567,100	45,527,100	154,622,381	-	154,622,381
2041	-	-	-	-	-	89,364,851	25,525,000	8,357,000	33,882,000	123,246,851	-	123,246,851
2042	-	-	-	-	-	89,377,513	26,550,000	7,336,000	33,886,000	123,263,513	-	123,263,513
2043	-	-	-	-	-	66,416,965	27,885,000	6,008,500	33,893,500	100,310,465	-	100,310,465
2044	-	-	-	-	-	32,751,025	29,270,000	4,614,250	33,884,250	66,635,275	-	66,635,275
2045	-	-	-	-	-	-	30,750,000	3,150,750	33,900,750	33,900,750	-	33,900,750
2046		-	-	-		-	32,265,000	1,613,250	33,878,250	33,878,250	-	33,878,250
TOTAL	$271,861,894	$43,015,000	$7,063,433	$50,078,433	$321,940,327	$4,045,977,652	$751,575,000	$407,943,058	$1,159,518,058	$5,205,495,710	$218,836,579	$5,746,272,616

Note: Totals may not add due to rounding.

(1) Debt service is net of capitalized interest.

(2) Assumes an average interest rate of 3.41% per annum (Bond Buyer 40 Bond Index as of June 15, 2021) for all outstanding variable rate bonds, excluding Subordinate Lien Commercial Paper. Assumes level debt service to 2022 for the variable rate Series 1997 Subordinate Lien Bonds and level debt service to 2033 for the Series 2008 Subordinate Lien Bonds, in each case with principal payments commencing in 2021. Excludes the Port's subordinate lien commercial paper program, which is authorized in the amount of $400 million ($150 million inactive).

(3) Includes all debt service due in calendar year 2021 net of capitalized interest.

(4) Excludes portions of the February and June 2021 debt service payments on the Port's 2010B and 2010C Bonds, which were refunded in late 2020 with the proceeds of Subordinate Lien Commercial Paper Notes,

Source: Port of Seattle.

THE PORT OF SEATTLE

Introduction

The Port is a municipal corporation of the State organized on September 5, 1911, under provisions of the laws of the State, now codified at RCW 53.04.010 *et seq*. In 1942, the local governments in the County selected the Port to operate the Airport. In addition to the Airport, the Port owns and operates various maritime facilities and industrial and commercial properties. The Port also owns container shipping terminals and has licensed these terminals, along with certain industrial properties, to the Northwest Seaport Alliance (the "Seaport Alliance"), a port development authority formed jointly in 2015 with the Port of Tacoma to manage the two ports' container shipping terminals and related industrial properties. The Airport accounted for $414.4 million (81.1 percent) of the Port's total operating revenue in 2020.

The Port's container shipping terminals and certain industrial properties are licensed to and operated by the Seaport Alliance. Other Port properties are managed through the Port's operating divisions. The Aviation Division is responsible for the Airport. The Maritime Division includes cruise, recreational and commercial marinas, the grain terminal and certain other properties. The Economic Development Division includes certain commercial properties and has responsibility for the Port's broader economic development activities, including property development, tourism, workforce development and small business initiatives. In addition to the Port's operating divisions, several departments provide corporate and capital development services to the operating divisions; the costs associated with these services are charged or allocated to the operating divisions and the Seaport Alliance.

Port Management

The Port Commission. Port policies are established by the five-member Commission elected at large by the voters of the County for four-year terms. The Commission appoints the Executive Director and hires Commission staff. The Commissioners also act on behalf of the Port in its capacity as a Managing Member of the Seaport Alliance.

The current Commissioners are:

FRED FELLEMAN	—	President. Environmental consultant. Commission Vice President Felleman was elected to the Commission in November 2019 to a term that expires December 31, 2023.
RYAN CALKINS	—	Vice President. Service Business Specialist at Venture, a nonprofit organization. Commissioner Calkins was elected to the Commission in November 2017 to a term that expires December 31, 2021.
SAM CHO	—	Secretary. Founder and CEO of Seven Seas Export. Commission Secretary Cho was elected to the Commission in November 2019 to a term that expires December 31, 2023.
STEPHANIE BOWMAN	—	Executive Director at Washington Asset Building Coalition. Commissioner Bowman was appointed on May 3, 2013 to an unexpired term of office, was first elected to the Commission in November 2013 and was re-elected in November 2017 to a term that expires December 31, 2021.
PETER STEINBRUECK	—	Urban policy consultant and former Seattle City Council member. Commission President Steinbrueck was elected to the Commission in November 2017 to a term that expires December 31, 2021.

Certain Executive Staff. Through resolutions and directives, the Commission sets policy for the Port. The policies set by the Commission are implemented by the Port's Executive Director and the Port's staff. Brief resumes of the Executive Director and certain other staff members are provided below.

STEPHEN P. METRUCK, EXECUTIVE DIRECTOR, joined the Port on February 1, 2018. Metruck is a retired U.S. Coast Guard Rear Admiral with 34 years of military, governmental and international experience. Executive positions included Commander of the Fifth District in Portsmouth, Virginia, where he had overall responsibility for Coast Guard missions carried out from central New Jersey to North Carolina, and Assistant Commandant for Resources and Chief Financial Officer for the U.S. Coast Guard where he was responsible for the Coast Guard's $10 billion annual appropriation. Metruck is a senior fellow at the George Washington University Center for Cyber and Homeland Security. Metruck also has served as a Congressional Fellow to U.S. Senator John F. Kerry and as U.S. Coast Guard Liaison to the United Nations. Metruck holds a bachelor's degree in Ocean Engineering from the U.S. Coast Guard Academy and a master's degree in Public Administration from Harvard University's John F. Kennedy School of Government.

DAVID SOIKE, CHIEF OPERATING OFFICER, was promoted to the position in March 2016 from the position of Aviation Director of Facilities and Capital Programs and also has served as Interim Executive Director. Soike has worked with the Port for nearly 36 years, beginning as a junior engineer and advancing into positions in project management, maritime and aviation. Soike holds a bachelor's degree in civil engineering from Washington State University and a master's degree in business administration from the University of Washington Foster School of Business.

DAN THOMAS, CHIEF FINANCIAL OFFICER, has been with the Port since 1990 and has served as Chief Financial Officer since 2000. Thomas served as the Port's Director of Finance and Budget from 1997 through 2000. As Chief Financial Officer, Thomas oversees the accounting, finance, treasury, budgeting, risk management, business intelligence and information technology functions. Thomas holds a bachelor's degree in economics from Pennsylvania State University and a master's degree in business administration in finance from the University of Washington Foster School of Business.

LANCE LYTTLE, MANAGING DIRECTOR, AVIATION, joined the Port in January 2016. Prior to joining the Port, Lyttle served as the Chief Operating Officer for the Houston Airport System. Preceding his work at the Houston Airport System, Lyttle served in top executive jobs at the Atlanta Hartsfield-Jackson International Airport. At the Port, Lyttle manages the Airport's operations and businesses and leads the effort to develop a sustainable airport master plan for the future. Lyttle has a B.Sc. (Physics and Computer Science) from the University of the West Indies, and a Master of Science in Management Information Systems from the University of the West Indies.

STEPHANIE JONES STEBBINS, MANAGING DIRECTOR, MARITIME, was promoted to the position in October 2017. Jones Stebbins served as the Port's Director of Environmental and Planning Programs for six years. Before that, Jones Stebbins served as Director of Seaport Environmental for four years and Manager of Seaport Strategic and Facility Planning for four years. Jones Stebbins spent three years in the Peace Corps and overseas consulting prior to joining the Port. Jones Stebbins has a bachelor's degree in Civil and Environmental Engineering from Duke University and a master's degree in Regional Planning from the University of North Carolina.

DAVID MCFADDEN, MANAGING DIRECTOR, ECONOMIC DEVELOPMENT, joined the Port in 2015. McFadden comes to the Port with more than 20 years of experience in economic development and business growth as President and Chief Executive Officer ("CEO") of the Yakima County Development Association. McFadden's responsibilities include overseeing the Port's commercial properties, real estate development initiatives, workforce development and tourism promotion. McFadden received a Bachelor of Science Degree with Honors in Social Assessment and Policy and Master of Arts in Political Science from Western Washington University and is a Certified Economic Developer and Economic Development Finance Professional.

PETE RAMELS, GENERAL COUNSEL AND CHIEF COMPLIANCE OFFICER, joined the Port in January, 2019. Prior to joining the Port, Ramels served for more than 20 years as a Senior Deputy Prosecuting Attorney in the Civil Division of the King County Prosecutor's Office. Ramels' practice focused on real estate, land use, and general municipal law. Ramels' responsibilities include advising Port leadership on legal strategies and approaches, leading the Port's legal team and public records office, and supporting the public governance of the Port. As Chief Compliance

Officer, Ramels oversees the Workplace Responsibility office and compliance with the Port's Code of Conduct. The General Counsel and Chief Compliance Officer also serves as a member of the Port's Executive Leadership Team and supports both the Executive Office and Commission. Ramels received a Bachelor of Arts in Political Science from Washington State University and a Juris Doctorate with Honors from the University of Washington School of Law.

Environmental, Social and Governance

Governance; Century Agenda. Introduced in 2012 to mark the 100-year anniversary of the Port, the Commission adopted the Century Agenda to establish the Port's 25-year vision of adding 100,000 jobs through economic growth (to total 300,000 Port-related jobs in the region), while reducing the Port's environmental footprint. The Century Agenda contains six goals for the Port, specific objectives related to each goal and an operating framework to help operating divisions set tactical objectives consistent with these goals. The Port updated its Century Agenda on December 19, 2017 to add Scope 2 (indirect greenhouse gas emissions from consumption of purchased electricity, heat, or steam) carbon reduction goals, which together with Scope 1 (direct greenhouse gas emissions from Port owned or controlled sources) and Scope 3 (emissions the Port has influence over, not direct control) goals represent the Port's carbon reduction goals. In June 2020, the Commission updated the Century Agenda's goals including with respect to equity, diversity and inclusion, and governance.

Equity, Diversity, and Inclusion. In 2019, the Port established a new Office of Equity, Diversity, and Inclusion ("OEDI") to address institutional racism and increase equity, diversity, and inclusion in Port policies, programs, and processes in order to advance the Port's goal of becoming a model for equity, diversity and inclusion. OEDI is led by a Senior Director who is a member of the Executive Leadership Team and reports directly to the Executive Director. In 2019, OEDI developed its first Strategic Plan, to guide and describe OEDI's mission and work, and the plan was most recently updated in 2021. The 2021 Strategic Plan includes three strategies (supported by a number of objectives) to transform the Port. To be accomplished internally, by infusing racial equity principles and practices into all aspects of organizational structure, programs, policies, and processes and externally by providing equitable and tangible benefits to impacted vulnerable communities, people of color immigrant and refugee, financial challenged communities. This is planned to be accomplished by the third strategy: to build OEDI capacity and expertise to lead equity change work internally and to be a resource for and thought partner with external peer agencies. OEDI has issued annual reports on progress towards goals.

Sustainability. On December 19, 2017, the Commission adopted a Motion 2017-14 furthering recommendations of the Port's Energy and Sustainability Committee, directing development of a Sustainability Evaluation Framework, adding Scope 2 emission reduction goals to the Century Agenda, providing for coordination with the Seaport Alliance, and requiring reporting. The Sustainability Evaluation Framework (the "Framework") is intended to inform Commission decision-making to advance the Port's energy and sustainability initiatives by transparently documenting environmental and societal considerations associated with Commission actions. The motion directed staff to select pilot projects to test and validate the Framework and determine how to incorporate the environmental and societal components into the Framework including reducing greenhouse gas emissions, increasing energy resilience, protecting public health and the environment, supporting local economic development, advancing racial and social equity, leveraging partnerships, and advancing innovation. In 2020, the Port renewed the Northwest Ports Clean Air Strategy, a collaboration with the Seaport Alliance and the Ports of Tacoma and Vancouver (Canada) first implemented in 2008. The Port also approved a 10-year contract to purchase renewable natural gas to supply a portion of the fuel for the Airport mechanical systems boiler plant.

The Port tracks progress against the sustainability goals included in the Century Agenda, noting where the Port has made significant progress towards the goal, some progress towards goal or no progress towards goal. These reports as well as OEDI reports are posted to the Port's website.

Capital Project Sustainability Planning. In 2015, the Port completed a climate change adaptation study that examined its waterfront maritime facilities. Based on the Port's 2015 climate change adaptation study's findings, the Port anticipates that, with moderate improvements, these facilities will not experience any major vulnerability within the period of their intended design life (of up to 50 years for certain facilities). As part of its master planning efforts, the Port conducted a vulnerability assessment to determine potential operational or infrastructure impacts to the Airport due to climate change. The assessment found that most of the Airport's climate change-related vulnerabilities can be addressed by the existing operation and asset management plans. The only system that was deemed 'moderately' vulnerable was the stormwater and industrial wastewater system infrastructure. The Airport's capital planning process includes assessment of the periodic need to replace infrastructure; updates needed to accommodate increased rainfall intensity and higher summer temperatures can be addressed as part of these infrastructure projects. See "CERTAIN INVESTMENT CONSIDERATIONS—Climate Change" and "—Laws and Regulations; Taxes." Based on the Sustainability Evaluation Framework the Port's capital planning process takes sustainability into account by weighing costs against environmental benefits and incorporating Framework information in the project approval process. The Port's Capital Plan includes as acceleration of installation of noise insulation for residential neighbors near the Airport, installation of electric chargers for ground service equipment, the restoration of habitat at Terminal 117, and the addition of electric shore power to the Pier 66 cruise terminal.

THE AIRPORT

The Airport is located approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation and maintenance on a site of approximately 2,500 acres. Airport facilities include the Main Terminal and the South and North Satellites accessed via an underground train, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length, respectively. For additional information regarding the Airport and its facilities, see "APPENDIX C—REPORT OF THE INDEPENDENT CONSULTANT."

The Airport is the largest airport in the State and was the eighth largest airport in the country as measured by enplaned passengers, according to the U.S. Department of Transportation Bureau of Transportation Statistics (U.S. Airports Ranked by 2019 Scheduled Domestic and International Enplanements on U.S. and Foreign Airlines). Airports Council International Statistics also ranked the Airport eighth in 2019 and tenth in 2020. The Airport serves as the primary airport for the Seattle Metropolitan Area, which includes King, Snohomish and Pierce Counties, and much of the western State. The Seattle Metropolitan Area is the major population and business center in the State. Comparable airports in the region that currently provide commercial passenger and cargo service include Portland International Airport in Oregon, approximately 160 miles to the south of the Airport, and Vancouver International Airport in British Columbia, approximately 155 miles to the north of the Airport. In addition, the Spokane International Airport, approximately 270 miles to the east of the Airport, provides domestic and international passenger service. Several smaller regional airports in the Seattle region offer cargo services, commercial passenger service and general aviation services. For example, a new two-gate commercial passenger terminal opened at Paine Field near the City of Everett, located approximately 40 miles north of the Airport. Alaska Air Group and United Airlines began operating commercial passenger service out of Paine Field in March 2019 and had one million total passengers in its first year of operation. Bellingham International Airport, approximately 110 miles north of the Airport, had 678,185 total passengers in 2019. Other regional airports also may be able to add or expand commercial passenger service in the future.

In 2019, the State Legislature passed legislation creating a Commercial Aviation Coordinating Commission to review potential sites for a new primary commercial aviation facility in Washington for development by 2040. The commission is charged with reviewing the State's long-range commercial aviation facility needs to provide potential site recommendations to the transportation committees of the Legislature by January 1, 2022. In its December, 2020 report, the commission recommended extending the deadline to 2024. The commission's charge is not intended to alter existing or future plans for capital development and capacity enhancement at existing commercial airports in Washington.

Passenger Activity at the Airport

Passenger Enplanements. The Airport served approximately 25.9 million enplaned (embarked) passengers in 2019 and approximately 10.0 million enplaned (embarked) passengers in 2020, a 61.2 percent decline from 2019. Approximately 2.9 million (11.0 percent) of enplaned passengers were on nonstop flights to international destinations in 2019 and approximately 670,325 (6.7 percent) of enplaned passengers were on nonstop flights to international destinations in 2020, a 76.6 percent decline from 2019.

The following table illustrates the changes in enplanements at the Airport from 2016 through 2020, and from January through April 2019 compared to January through April 2020 and 2021.

TABLE 10
SEATTLE-TACOMA INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS
2016 – 2020

Year	Domestic	Year-over-Year Percentage Increase/(Decrease)	International	Year-over-Year Percentage Increase/(Decrease)	Total Enplaned Passengers	Year-over-Year Percentage Increase/(Decrease)
2020	9,373,402	(59.3)	670,325	(76.6)	10,043,727	(61.2)
2019	23,015,911	3.7	2,857,964	6.1	25,873,875	3.9
2018	22,200,368	6.4	2,693,970	5.5	24,894,338	6.3
2017	20,861,988	2.3	2,553,594	5.9	23,415,582	2.7
2016	20,385,030	7.6	2,411,088	11.4	22,796,118	8.0

YEAR-TO-DATE COMPARISON
JANUARY – APRIL 2019, 2020 AND 2021

Year	Domestic	Year-over-Year Percentage Increase/(Decrease)	International	Year-over-Year Percentage Increase/(Decrease)	Total Enplaned Passengers	Year-over-Year Percentage Increase/(Decrease)
2021	3,558,778	(16.2)	145,816	(69.9)	3,704,594	(21.7)
2020	4,247,414	(35.5)	484,716	(41.1)	4,732,130	(36.1)
2019	6,586,390	--	822,707	--	7,409,097	--

Source: *Port of Seattle.*

O&D and Connecting Passenger Traffic. Generally, more than two-thirds of the Airport's domestic passenger activity is origin and destination ("O&D") activity, meaning that passengers either begin or end their trips at the Airport. In 2020, the estimated percentage of O&D passenger traffic at the Airport was 65.9 percent, based upon 2020 O&D data from the U.S. Department of Transportation's database. The Airport's predominately O&D nature means that activity levels at the Airport are closely linked to the population and underlying economic strength of the geographic area served by the Airport. See "APPENDIX J—DEMOGRAPHIC AND ECONOMIC INFORMATION." As shown in Table 11, the Airport's top domestic O&D markets with at least one percent of market share in 2020 together represented approximately 69.1 percent of enplanesd passengers, and all but three were medium- or long-haul markets at least 500 miles from Seattle.

Connecting traffic is considered more discretionary than O&D traffic, because passengers may choose other connecting airports based on the price and/or convenience of routes established by airlines. Additionally, connecting traffic can be influenced by airline decisions to shift connecting activity from one airport to another.

TABLE 11
SEATTLE-TACOMA INTERNATIONAL AIRPORT
TOP DOMESTIC PASSENGER ORIGIN-DESTINATION MARKETS AND AIRLINE SERVICE (WITH AT LEAST ONE PERCENT OF MARKET SHARE) 2020

Rank	Market of Origin or Destination[1]	Approximate air miles from Seattle	Share of market, based on enplaned passengers (%)[2]
1	Los Angeles, CA	952	10.3
2	San Francisco Bay, CA	674	7.0
3	Phoenix, AZ	1,121	6.2
4	Las Vegas, NV	889	5.4
5	San Diego, CA	1,069	3.9
6	Denver, CO	1,037	3.7
7	New York City, NY	2,450	2.9
8	Chicago, IL	1,761	2.9
9	Dallas/Ft Worth, TX	1,722	2.6
10	Sacramento, CA	612	2.1
11	Salt Lake City, UT	701	1.9
12	Boise, ID	402	1.7
13	Washington, DC	2,408	1.6
14	Honolulu, HI	2,742	1.6
15	Atlanta, GA	2,241	1.6
16	Anchorage, AK	1,453	1.6
17	Spokane, WA	224	1.6
18	Minneapolis, MN	1,448	1.6
19	Palm Springs, CA	987	1.5
20	Boston, MA	2,567	1.4
21	Orlando, FL	2,553	1.4
22	Houston, TX	1,909	1.4
23	Austin, TX	1,771	1.1
24	Kahului, HI	2,643	1.1
25	Fort Lauderdale, FL	2,717	1.0
		Subtotal	69.1
		All other cities	30.9
		Total	100.00

Note: Totals may not add due to rounding.
(1) Each market includes the major airports within the market.
(2) Compiled by the Port from U.S. Department of Transportation Statistics (U.S. DOT OD1A database; Official Airline Guide).
Source: Port of Seattle.

Passenger Airlines Serving the Airport. Passenger enplanements at the Airport are spread over a variety of air carriers, with Alaska Airlines ("Alaska") and Horizon Air Industries, Inc. ("Horizon") accounting for the largest share of enplaned passengers at the Airport in 2019 (49.4 percent) and in 2020 (56.6 percent). Alaska and Horizon operate a regional hub at the Airport that serves passengers connecting to and from regional destinations. Alaska and Horizon are separately certificated airlines both owned by the Alaska Air Group.

Delta Airlines ("Delta") accounted for the second largest share of enplaned passengers at the Airport in 2019 (24.4 percent) and in 2020 (22.6 percent). Three other airlines combined accounted for an additional 14.8 percent of enplanements during 2020. The following table illustrates the market shares in 2020 and 2019 (as well as the year that is five years prior to 2020 (2016) to provide a historical reference point) of the passenger airlines with a one percent or greater share of enplaned passengers at the Airport. Because Alaska and Delta together represent more than 50 percent of market share at the Airport, the Port is required to submit a competition plan to the FAA. The most recent competition plan update was approved in 2018; no further updates are required at this time.

TABLE 12
SEATTLE-TACOMA INTERNATIONAL AIRPORT
AIRLINES RANKED BY ENPLANED PASSENGER TRAFFIC
(2016, 2019 and 2020)

Airline	2016 Enplanements	2016 Enplanements Share (%)	2019 Enplanements	2019 Enplanements Share (%)	2020 Enplanements	2020 Enplanements Share (%)
Alaska Airlines[(1)]	8,806,292	38.6	10,201,801	39.4	4,349,366	43.3
Horizon Airlines	2,561,063	11.2	2,582,284	10.0	1,332,897	13.3
Virgin America[(2)]	271,757	1.2	-	-	-	-
Alaska Air Group Subtotal	11,639,112	51.1	12,784,085	49.4	5,682,263	56.6
Delta Air Lines[(3)]	4,672,345	20.5	6,313,912	24.4	2,267,135	22.6
American Airlines[(4)]	1,387,114	6.1	1,320,903	5.1	520,021	5.2
Southwest Airlines	1,710,854	7.5	1,446,899	5.6	499,269	5.0
United Airlines[(5)]	1,441,007	6.3	1,493,062	5.8	456,821	4.6
All Others	1,945,686	8.5	2,515,014	9.7	618,218	6.2
Airport Total	**22,796,118**	**100.0**	**25,873,875**	**100.0**	**10,043,727**	**100.0**

Note: Totals may not foot due to rounding.
(1) Includes flights operated by SkyWest.
(2) In December 2016, Alaska Air Group acquired Virgin America, and in 2018 consolidated branding Virgin America flights into Alaska Airlines flights.
(3) Includes Delta Connections (operated by SkyWest and Compass Airlines).
(4) American Airlines includes flights operated by American Eagle/Skywest.
(5) Includes United Express (operated by Skywest).
Source: Port of Seattle.

The Port also provides facilities for air cargo services. In 2020, air cargo at the Airport totaled 454,584 metric tons compared to 453,549 metric tons in 2019 and 432,315 metric tons in 2018. Revenue from air cargo facility leases are included in “Other” in Table 13 and the Port also collects landing fees from both cargo-only carriers and the passenger airlines that provide much of the cargo service at the Airport.

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Airport Business Agreements

The following table shows Aviation Division operating revenue by major source, and net operating income before depreciation for fiscal years ended December 31, 2018, December 31, 2019 and December 31, 2020. As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors.

TABLE 13
AVIATION DIVISION NET OPERATING INCOME
($ IN THOUSANDS)

Sources	2018	2019	2020
Aeronautical Revenues			
Terminal[1]	$163,758	$206,958	$179,249
Airfield[1]	109,749	129,157	88,537
Other[2]	17,761	21,483	30,123
Total Aeronautical Revenues	$291,268	$357,598	$297,909
Non-Aeronautical Revenues			
Public parking	80,212	82,125	34,502
Airport dining and retail/Terminal leased space	64,323	68,013	31,234
Rental car	37,306	36,793	16,637
Ground transportation	18,772	20,765	6,557
Customer facility charges for operations[3]	16,263	15,773	-
Commercial properties	15,434	15,773	10,766
Utilities	7,206	7,431	5,672
Other[4]	18,190	22,365	11,105
Total Non-Aeronautical Revenues	**$257,706**	**$269,037**	**$116,473**
Total Aviation Division Operating Revenues	**$548,975**	**$626,636**	**$414,382**
Total Aviation Division Operating Expenses	318,849	356,635	329,679
Net Operating Income Before Depreciation[5]	**$230,126**	**$270,001**	**$84,703**

(1) Net of revenue sharing with the signatory airlines. See "—The Airline Agreements."
(2) Consists primarily of revenues from airfield commercial area and aircraft overnight parking.
(3) This line item does not include CFCs accounted for as non-operating revenue, which are used to pay debt service. Total CFC revenues in 2020 were $15.4 million and were all accounted for as non-operating revenues.
(4) Consists primarily of employee parking revenues.
(5) Total may not foot due to rounding.
Source: Port of Seattle.

The Airline Agreements

Status of Airline Agreements. In February 2018, the Port reached agreement on key terms for a new Signatory Lease and Operating Agreement ("SLOA IV"), which took effect on June 1, 2018, and applied retroactively to January 1, 2018; it expires on December 31, 2022. The agreements may be extended, the Port and the airlines may enter into a new agreement or the Port may impose rates and charges pursuant to FAA guidelines (see below).

SLOA IV Terms. The Airport derives a significant portion of its revenues from air carriers using the Airport. Pursuant to FAA guidelines, the Airport passes aeronautical costs on to the air carriers. Traditionally this has been accomplished through lease and operating agreements at the Airport. Many of the terms of the SLOA IV agreement are similar to the prior "SLOA III" agreement; key changes include the reduction in revenues shared with the airlines as described under the heading "Revenue Sharing" below and the changes in the gate allocation methodology. SLOA IV limits the number of gates that the Airport can withhold for common use, while also establishing a minimum of six aircraft turns per day for preferential use gates. This provides greater certainty of preferential gate use to airlines while allowing the Airport to maintain adequate flexibility to accommodate carriers at common use gates.

Fee Structure. In calculating each type of rates and charges under SLOA IV, the Port is required to reduce the applicable capital or operating costs by any amounts reimbursed or covered by government grants or PFCs, any insurance or condemnation proceeds or other third-party payments, any reimbursements made by an airline in connection with projects undertaken for the benefit of an airline and any premiums paid by non-signatory airlines. Total costs are comprised of operating and capital costs allocated to the various components of the Airfield and the terminal.

Capital costs include a charge for cash-funded assets placed into service on or after 1992, debt service costs (net of PFCs) allocable to revenue bond-funded capital improvements placed into service, and a debt service coverage fee if necessary to maintain total Airport-related debt service coverage at no less than 125 percent of debt service for that fiscal year. The debt service coverage fee provides a mechanism for the Port to increase charges if necessary to achieve 1.25 times Airport-related debt service coverage.

Revenue Sharing. SLOA IV also provides that if the Airport's net revenue (calculated as provided in SLOA IV) exceeds 125 percent of total Airport-related debt service in any fiscal year, 20 percent of the amount in excess of that threshold will be credited to the signatory airlines for 2019 and 0 percent in 2020-2022. The primary source of revenue shared with the airlines is from non-aeronautical sources.

Airfield Rates and Charges. As defined in SLOA IV, the "Airfield" is comprised of three areas: the Airfield Apron Area (the area immediately adjacent to the terminal building and areas for overnight aircraft parking), the Airfield Movement Area and the Airfield Commercial Area (including, but not limited to, the land, taxi lanes, ramps and the terminal used primarily for cargo activities and aircraft maintenance), and related costs and fees are calculated separately for each area. The most significant fee is the landing fee charged for use of the landing areas, runways, taxiways, adjacent field areas and related support facilities that comprise the Airfield Movement Area. The landing fee is computed by (i) adding budgeted capital costs (including Airport-related debt service and debt service coverage, if required) and operating expenses allocable to the Airfield Movement Area, (ii) subtracting other fees for use of the Airfield Movement Area and any nonsignatory airline premium payments, and then (iii) dividing the total by the maximum gross landed weight estimated by the Port for the next fiscal year. Similarly, fees for use of the Airfield Apron Area are calculated based on the operating and capital costs, including Airport-related debt service and Airport-related debt service coverage if required, allocable to those areas and charged to carriers based on landed weight. The Airfield Commercial Area is a separate compensatory (not cost recovery) cost center.

Terminal Rates and Charges. Airline terminal rental rates are based in part on the Terminal Building Requirement, which is computed by multiplying the total of budgeted operating expenses and capital costs, including Airport-related debt service and Airport-related debt service coverage (if required) allocated to the terminal, by the ratio of airline rentable space to total rentable space, less any non-signatory airline premiums included in rent payable by non-signatory airlines. Excluded from the cost recovery formula is any publicly accessible airline office or club space that is vacant. Use of the baggage system, passenger loading bridges, airline support systems and equipment and the federal inspection facility is calculated and charged separately; these are also based upon operating expenses and capital costs, and the Port may use non-aeronautical revenues to offset costs associated with the federal inspection facility cost center.

Rates may be adjusted mid-year upon 30 days of notice to the airlines if actual results are expected to vary from budget projections by more than 10 percent. A final adjustment is made each year for the actual results of the prior year.

Capital Project Approval. SLOA IV includes a list of previously approved capital improvement projects totaling approximately $3 billion. SLOA IV provides that if, by the time the Port elects to proceed with construction, the capital cost of any project on that approved list exceeds 110 percent of the cost to be included in the airline rate base presented in the agreement and the increase is not otherwise exempt under the agreement, the Port will notify the airlines and a Majority-in-Interest of the airlines may request a delay of 180 days on the project. A Majority-in-Interest is defined in SLOA IV as air carriers that account for more than 55 percent of the signatory carriers and also account for more than 55 percent of the revenues of the cost center affected by the capital costs subject to the MII. The cost centers are the Airfield Movement Area, Airfield Apron Area, Terminal and Federal Inspection Area. The Airport must notify the signatory airlines if it intends to construct any new project not included in the list of previously approved projects and above a threshold of $10 million of costs that will be added to airline rates. If, within 30 days after the Port's notice, a Majority-in-Interest objects to the new project, the Airport must delay construction for 12 months.

Rates and Charges Alternatives. Pursuant to FAA guidelines, the Port can establish rates and charges by a lease and use operating agreement or, if a lease and use operating agreement is not in effect, by resolution. In 2013, the Port adopted Resolution No. 3677, as amended, unilaterally establishing rates and charges for airlines serving the Airport. Upon execution of SLOA III in 2013, the implementation of Resolution No. 3677, as amended, was suspended and it remains suspended.

Other Airport Businesses and Agreements. The Aviation Division's non-airline revenues include revenue from public parking, terminal concession agreements, ground transportation, rental car and other concession fees, employee parking fees, common use lounge operations, and revenue from Airfield cargo leases, terminal space rent, and other commercial property leases.

Revenue from most of these businesses are generally affected by passenger levels at the Airport and were impacted by the decline in passengers in 2020. The effects of the decline in passengers is reflected in Table 13. Some businesses have closed or reduced operations. Revenues derived primarily from space rent were less affected.

Public Parking. The Aviation Division operates an eight-floor parking garage for short-term and long-term public parking and for use by employees. The Port also provides approximately 1,500 parking spaces in a remote lot operated by a third party. In addition, privately-owned parking facilities compete with Airport parking. There are a number of privately owned and operated parking facilities offering a range of quality, cost and service, including facilities very near the Airport.

Rental Cars. The Airport leases space in a consolidated facility to rental car operators and receives a concession fee based upon the gross revenues of rental car operations at the Airport subject to a MAG of 85 percent of the prior year's revenue; the alternative MAG based on 2012 revenues (at the beginning of the lease term) is being eliminated. All rental car companies are required either to operate from the consolidated rental car facility or to use the facility to drop off or pick up their customers. At this time, nearly all of the rental car companies currently serving the Airport operate from the consolidated rental car facility. Ground transportation alternatives include transportation network companies, car-sharing, and light rail options.

Passenger Terminal Concession Agreements—Dining and Retail. The Airport offers a range of dining and retail options, which include restaurants, specialty retail, convenience retail, duty-free goods and personal services, to the traveling public. The Port currently uses a direct leasing model at the Airport. The Port takes a staggered approach to handling these leases by soliciting proposals in groups of leasing opportunities. The Port manages the program to provide passengers with a range of dining and retail options throughout the terminal. Under the lease agreements, Airport dining and retail tenants pay rent based on a percentage of gross sales subject to a minimum annual guarantee. Under the exceptional circumstances clause of the tenant leases, pursuant to which if enplanements decline by more than 20 percent of the prior year's level, the MAG adjusts to reflect the lower enplanement levels. The Port expects to extend the reduced MAG to reflect the continuation of the pandemic which triggered the exceptional circumstance clause in the tenant leases. The tenants are subject to Port oversight of operations and quality assurance standards. The tenants also must adhere to a policy requiring that prices charged at the Airport be consistent with local prices at comparable businesses located off of airport property, commonly referred to as "street pricing." To accommodate an increase in the minimum wage within the City of SeaTac, where the Airport is located, the street pricing policy was modified to include a 10 percent premium over comparable local prices; this premium gradually declined on an annual basis, and reached zero by January 1, 2020. Beginning January 1, 2020, certain concessionaires may charge five percent over comparable local prices, increasing to 10 percent in 2021, if they meet certain employee wage and benefit standards established by the Port.

Ground Transportation. The Airport has agreements with a variety of ground transportation companies, under which the Port receives either per-trip fees or permit fees. These include taxi and transportation network company service (Uber, Lyft, etc.). Various shuttle services also serve the Airport and pay a per-trip fee.

Miscellaneous Business Arrangements and Revenues. There are standard land leases and various fees for other aeronautical and non-aeronautical tenants and users at the Airport, such as in-flight kitchen food providers and cargo hardstand revenues.

Regulation

Rates and Charges Regulation; Federal Statutes. Federal statutes and FAA regulations require that an airport maintain a rate structure that is as self-sustaining as possible and generally (with certain exceptions) limit the use of all revenue (including local taxes on aviation fuel and other airport-related receipts) generated by an airport receiving federal financial assistance to purposes related to the airport. Federal statutes also provide that, without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service.

Federal statutes include provisions addressing the requirements that airline rates and charges set by airports receiving federal assistance be "reasonable" and authorize the U.S. Secretary of Transportation to review rates and charges complaints brought by air carriers.

The Port operates the Airport pursuant to an airport operating certificate issued annually by the FAA after an on-site review. In addition to this operating certificate, the Airport is required to obtain other permits and/or authorizations from the FAA and other regulatory agencies and is bound by contractual agreements included as a condition to the grants the Port receives under the FAA's grant programs. Federal law also governs certain aspects of rate-setting and restricts grants of exclusive rights to conduct an aeronautical activity at an airport that receives or has received federal grants and other property. All long-term facility planning is subject to the FAA's approval; the Port is subject to periodic audits by the FAA; the Port's use of Airport revenues is subject to review by the FAA; and the Port's use of PFC revenue and grant proceeds is also subject to FAA approval, audit and review. The Port is also required to comply with the provisions of the federal Aviation and Transportation Security Act, with other federal security statutes and with the regulations of the Transportation Security Administration (the "TSA"). Security is regulated by the FAA and the TSA.

The FAA completed a revenue use audit of the Port in 2015 and issued preliminary findings of certain items that may not qualify for Airport funding. The Port submitted its initial responses as well as its response to additional questions provided by the FAA. In November 2019, the Port received notice from the FAA that all issues have been resolved and closed.

Other Regulation. The Port also is regulated by the federal Environmental Protection Agency and the State Department of Ecology in connection with various environmental matters, including the handling of deicing materials and airline fuels and lubricants, protection of wetlands and other natural habitats, disposal of storm water and construction wastewater runoff and noise abatement programs. The Port's handling of noise, including restrictions and abatement programs, is also subject to the requirements of federal and State statutes and regulations.

Passenger Facility Charges

PFCs are fees collected from enplaned paying passengers to finance eligible, approved airport-related project costs, subject to FAA regulation. Airport operators are required to apply to the FAA for approval before imposing or using PFCs. The FAA has authorized the Port to impose a PFC of $4.50 per paying enplaned passenger, the maximum allowable under current law.

PFC revenue is not included in the definition of "Gross Revenue" under the First Lien Master Resolution or the Intermediate Lien Master Resolution. PFC revenue remaining after payment of debt service on the PFC Bonds, however, may be applied to pay a portion of debt service on Port revenue bonds issued to finance PFC-eligible projects. Since 2008, the Port has applied and expects to continue to apply PFC revenue to pay a portion of debt service on such revenue bonds. Such amounts may not be taken into account when calculating debt service coverage of First Lien Bonds but may be taken into account when calculating compliance with the Intermediate Lien Rate Covenant. See Table 8, "Historical First Lien Bond and Intermediate Lien Parity Bond Debt Service Coverage by Lien Calculated per Applicable Rate Covenant For the Years Ended December 31." Before the Port can use PFC revenue to pay debt service on any of its bonds, the Port is required to obtain FAA consent. Since the Port implemented its PFC program in 1992, it has obtained FAA authorizations, pursuant to six PFC application approvals, to impose and use approximately $3.8 billion of PFC revenues (at the $4.50 PFC level and including investment income) for various projects, including the on-going North Satellite Renovation and Expansion project and the International Arrivals Facility ("IAF"). As of December 31, 2020, the Port had remaining unspent authority of approximately $2.2 billion (and remaining projected aggregate PFC Bond debt service of $56.3 million). The 2010A Refunded Bonds refunded with a portion of the proceeds of the Series 2021A Intermediate Lien Bonds are PFC Bonds.

PFCs are imposed by the Port, collected by the airlines from paying passengers enplaning at the Airport and remitted to the Port (net of a handling fee, currently equal to $0.11 for each PFC collected). The annual amount of PFCs collected by the Port depends upon the number of passenger enplanements at the Airport and the timely remittance of PFCs by the airlines. In 2020, the Port received $34.6 million in PFC revenue compared to $100.0 million in 2019. No assurance can be given that PFCs actually will be received in the amounts or at the times contemplated by the Port in its capital funding plans. In addition, the FAA may terminate or reduce the Port's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that the Port has violated certain provisions of federal law or the PFC or other federal regulations, or if the FAA determines that PFC revenue is not being used for approved PFC projects or that implementation of such projects did not begin within the time frames specified in the PFC statute or the PFC regulations. Future PFC applications may be denied if the FAA determines that the Port violated any of its federal grant assurances or violated certain federal statutes and regulations applicable to airports. Amounts received or receivable under the PFC program are also subject to audit and adjustment by the FAA. The Port has never been found in violation of or been notified by the FAA as being out of compliance with federal grant assurances or applicable federal statutes and regulations other than as noted under the heading "—Regulation."

Customer Facility Charges

Pursuant to RCW 14.08.120(1)(g) (the "CFC Act"), the Port is authorized, at rates determined by the Port, to impose a CFC upon customers of rental car companies accessing the Airport. The CFC Act limits the uses for which the Port may collect the CFC. Specifically, the Port may impose the CFC only "for the purposes of financing, designing, constructing, operating, and maintaining consolidated rental car facilities and common use transportation equipment and facilities that are used to transport the customer between the consolidated car rental facilities and other airport facilities."

The Port has been collecting the CFC since 2006 and, for the period 2012 through 2020, has collected a CFC of $6.00 per transaction day. Effective January 1, 2021 the CFC rate was increased to $6.50 per transaction day. The Port has exclusive rate-setting ability with respect to CFCs, and the CFC Act does not limit the per-transaction or total dollar amount of CFCs that may be collected. The Port can use CFCs to pay both operating and capital costs associated with the consolidated rental car facility. The portion of CFC revenues used to pay debt service on applicable bonds is accounted for as non-operating revenue, while all other CFCs are accounted for as operating revenue and are used to pay operating costs, including the costs of operating the shuttle bus service between the facility and the Airport terminal building. Any CFC revenue not needed to pay operating expenses in the current year may be set aside for future eligible operating or capital costs. In 2020, the Port used CFCs collected in prior years to pay $8.0 million of operating costs.

TABLE 14
CFC REVENUES
(2019 and 2020) (in thousands)

	2019	2020
CFC Operating Revenue[(1)]	$15,773	$0
CFC Non-Operating Revenue[(2)]	22,355	15,429
Total CFC Revenue	$38,128	$15,429

(1) CFC operating revenue is that portion of CFC revenue that is used to pay operating expenses of the consolidated rental car facility. Due to significant declines in rental car activities, no CFC revenues were recorded as operating revenue in 2020. Rental car facility operating expenses in 2020 were paid from existing CFC cash balances.

(2) CFC non-operating revenue is the amount of CFC revenue used to pay any portion of debt service allocated to the consolidated rental car facility. In 2020, all CFC revenues were classified as non-operating revenue as CFC collections in 2020 were not sufficient to cover the debt service allocated to the consolidated rental car facility. Of the $15.4 million of CFC revenue collected in 2020, the Port applied only $13.6 million towards debt service, as noted in Table 8, in an effort to retain CFC revenues to manage CFC cash balances.

Source: Port of Seattle.

NORTHWEST SEAPORT ALLIANCE

General; Formation of Seaport Alliance

The Port is engaged in several maritime and real estate businesses, the most significant of which is the ownership of container cargo terminals. On August 4, 2015 (the "Effective Date"), the Port and the Port of Tacoma jointly formed the Northwest Seaport Alliance (the "Seaport Alliance") to manage all of the two ports' container terminals as well as certain industrial properties and other cargo terminals. The Port's container terminals are located on the Seattle waterfront in central Puget Sound, and the Port of Tacoma's container terminals are located on the Tacoma waterfront in south Puget Sound, approximately 30 miles south of Seattle.

The Port faces significant competition for container shipping business and formed the Seaport Alliance in an effort to improve its competitive position. The purpose of the Seaport Alliance is to coordinate customer relationships, improve capacity utilization between the two ports, eliminate pricing competition between the ports by creating a unified gateway, and rationalize strategic capital investments at both ports. The Seaport Alliance is designed to unify management and operation of both ports' "Marine Cargo" (defined in the hereinafter defined Charter to mean waterborne goods other than grain, liquefied natural gas, or methanol) businesses.

Legal Framework

The Seaport Alliance is a port development authority (a "PDA"), pursuant to a provision in Title 53 RCW that grants ports the authority to create separate PDAs. The Seaport Alliance operates under a charter originally dated as of August 4, 2015, as amended by the First Amended Charter adopted on January 19, 2016 (the "Charter"), for an indefinite term until dissolution. The statute allows, but the Charter prohibits, the Seaport Alliance to issue bonds, borrow funds, or enter into other debt instruments. By statute, PDAs do not have the power of eminent domain or the power to levy taxes or to impose special assessments. The Charter may be amended only by mutual agreement of both the Port and the Port of Tacoma. On July 2, 2019, the Seaport Alliance adopted the Second Amended Charter, subject to review by the Federal Maritime Commission (FMC). The amendments clarify certain environmental and finance administration provisions.

Key Seaport Alliance Documents

A brief description of certain Seaport Alliance foundational documents follows.

Charter. The Charter establishes the ownership and management structure of the Seaport Alliance, including the separate existence of the Seaport Alliance from the member ports. The Charter provides for valuation of each port's Membership Interests (defined below), allocation of environmental costs, authorization of improvements by the

Seaport Alliance to "Licensed Properties" defined below, accounting, budgeting and capital planning. The Charter provides for the initial and continuing contributions of working capital, as well as capital expenditure contributions, by the member ports. The Charter outlines quarterly distributions of distributable cash revenues. Under the Charter, the Seaport Alliance acknowledges its members' debt obligations and their obligations to cause their assets and facilities to be managed in a manner that will permit them to meet their rate and operating covenants. The Charter also provides that the Seaport Alliance shall not have authority to issue debt or to own real property. The Charter provides for dispute resolution and dissolution procedures. Amendments to the Charter require the approval of the FMC. The Seaport Alliance approved the second amendment on June 19, 2019 and the third amendment on November 9, 2020 and is awaiting FMC final approval.

Property License Agreements. Each port entered into a License for Management of Property with the Seaport Alliance on August 4, 2015 (each a "License"), licensing certain properties to the Seaport Alliance (the "Licensed Properties"). The Licenses designate the Seaport Alliance as manager and agent for the member port, authorize the Seaport Alliance to negotiate lease and other use agreements, fulfill the port's landlord and owner obligations under existing use agreements, remit revenues from the Licensed Properties to the Seaport Alliance, and comply with State Department of Natural Resources requirements as well as State and federal tax obligations. The Seaport Alliance agrees to provide property insurance for the Licensed Properties (or reimburse the member ports for insurance costs), and the License includes certain indemnifications from the member ports to the Seaport Alliance.

Authorizing Resolutions. On August 4, 2015, each port adopted an authorizing resolution to establish the PDA and approve the Charter (Port of Seattle Resolution No. 3711 and Port of Tacoma Resolution No. 2015-03).

Interlocal Agreements for Support Services and for Staffing. The member ports have entered into interlocal agreements for Seaport Alliance support services, describing service level expectations and allocating rates and charges for administrative, operational, maintenance and facilities development services.

Governance and Management

The Seaport Alliance is governed by the two ports as "Managing Members," with each port acting pursuant to the Charter through its elected commissioners. The Managing Members have appointed a CEO who is responsible for hiring staff and entering into service agreements. In addition to Seaport Alliance staff, both ports provide certain services through service agreements with a portion of service departments' costs allocated to and paid by the Seaport Alliance.

The Managing Members appointed John Wolfe, as the Seaport Alliance CEO upon formation of the Seaport Alliance. Pursuant to Resolution No. 2015-01, the Managing Members have delegated administrative authority within prescribed limits for the Seaport Alliance to the CEO.

John Wolfe, CEO. Wolfe has served as the CEO of the Seaport Alliance since its formation in 2015. Wolfe also served as CEO of the Port of Tacoma between 2010 and May, 2019. Before being named CEO of the Port of Tacoma, Wolfe served as the Port of Tacoma's deputy executive director since 2005. Prior to joining the Port of Tacoma, Wolfe served for two years as the executive director of the Port of Olympia, and before that as the Port of Olympia's director of operations and marine terminal general manager. Wolfe also spent ten years with Maersk Sealand/APM Terminals in Tacoma, most recently as the terminal's operations manager. Wolfe serves on the boards of the American Association of Port Authorities, Executive Council for a Greater Tacoma, Tacoma-Pierce County Chamber of Commerce and the State Fair Board. Wolfe is also an executive board member of the Economic Development Board for Tacoma-Pierce County. Wolfe earned a bachelor's degree in business administration from Pacific Lutheran University.

Membership Interests

Each port has a "Membership Interest" of 50 percent. Under the Charter, Membership Interest determines Managing Member shares of Seaport Alliance Net Income or Losses and Distributable Cash (defined below) as well as required contributions. Changes in Membership Interest will affect these distributions and contributions, but do not affect a Managing Member's voting rights under the Charter, as votes are not weighed by or otherwise determined by Membership Interest.

The Charter provides for a one-time revaluation based on material changes in cash flows at the end of 2017 from certain Licensed Properties that were not leased throughout the time period covered by the initial valuation. The most significant facility licensed by the Seaport Alliance that was subject to the 2017 revaluation was Terminal 5. In the absence of a long-term lease or comparable basis for valuation at Terminal 5, the CEO recommended and the Managing Members approved a one-year deferral on the revaluation of Terminal 5. On April 2, 2019 the Port and the Seaport Alliance approved the affirmation of each Member's 50% Interest based on the payment of up to $32 million by the Port. This Port payment amount reflects the difference between the initial valuation and the revaluation for Terminal 5 based on no redevelopment. Due to the approval to redevelop Terminal 5 and enter into a long-term lease, the affirmation agreement also provides for a reduction in the Port's payment based on any project cost savings for the Terminal 5 redevelopment project; this reduction will be applied to the final Port payment. These Port payments do not meet the definition of "Distributable Cash" and so the affirmation agreement separately provided for cash distribution so that each payment will be immediately distributed to each port based on its 50 percent share.

Funding and Financial Framework

Cash Distributions. The Seaport Alliance distributes cash to each Managing Member based on Distributable Cash as defined in the Charter. Cash distributions are to be made no less than quarterly based on each Managing Member's Membership Interest. This cash-based calculation is different from the calculation of Net Income described below.

Net Income. The Seaport Alliance is treated as a joint venture for accounting purposes and the Port recognizes (commencing in 2016) as Gross Revenue its (currently 50 percent) share of the Seaport Alliance's Net Income and Losses. The terms "Net Income" and "Losses" are defined in the Charter to mean, for each fiscal year or other period, an amount equal to the Seaport Alliance's net operating income or losses less depreciation plus non-operating income or losses, including extraordinary and special items for such fiscal year or other period, determined in accordance with GAAP. The calculation of Distributable Cash and of Net Income or Losses will differ due to differences in the GAAP treatment for cash flow statements, which are cash-based, compared to income statements, which are accrual-based. The Seaport Alliance recognized a total of $77.6 million in Net Income (as defined in the Charter) in Fiscal Year 2020. Revenues from container terminal leases and operations provided the largest source of revenues. See Appendix B.

Post-Formation Improvements; Capital Investments. By vote, the member ports may authorize the Seaport Alliance to acquire or construct Post-Formation Improvements. Post-Formation Improvements will be recorded as Seaport Alliance assets and the associated depreciation is included in the calculation of Net Income.

Recognition of Managing Member's Revenue Bond Obligations. The Charter recognizes that each Managing Member's respective share of revenues received by the Seaport Alliance with respect to the Licensed Properties has been or may be pledged in connection with such Managing Member's revenue bond obligations.

Under the Charter, the Managing Members instruct the CEO to manage the Seaport Alliance in a prudent and reasonable manner in support of the Managing Members' respective revenue bond covenants. The Charter provides that the Managing Members shall keep the Seaport Alliance CEO and management informed of their respective revenue bond obligations, and shall notify the other Managing Member of any proposed change to such Managing Member's governing revenue bond resolutions as soon as practicable before adoption. The Charter does not modify or alter the obligations of each Managing Member with respect to its own bond obligations. The Seaport Alliance does not assume any obligations to the Managing Members' respective bondholders.

Pursuant to the Charter, if net income before depreciation of the Seaport Alliance is not sufficient for either Managing Member to be in compliance with a revenue bond rate covenant (as described in each Managing Member's governing bond resolutions in effect as of the Effective Date), then: (i) upon that Managing Member's request, the Seaport Alliance shall hire an independent third-party consultant to perform analysis and make recommendations for actions needed to achieve revenue bond covenant compliance; (ii) if the consultant recommends an action that the Seaport Alliance is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the Seaport Alliance following the dispute resolution process even if within the "Initial Period" (as defined in the Charter, a period of 20 years following the Seaport Alliance's formation); and (iii) the Seaport Alliance shall have at least four months to respond, act and/or dissolve following its receipt of the consultant's recommended action, unless a shorter time is required by the applicable revenue bond covenants.

With respect to bonds of each Managing Member that were outstanding at the time of the formation of the Seaport Alliance, the Managing Members established and maintain a requirement for the Seaport Alliance to calculate and establish a minimum level of net income from the Seaport Alliance equal to the amount required for the Managing Members to meet their revenue bond rate covenants based on then outstanding revenue bonds (excluding bonds issued to fund Airport facilities) and in effect at the time of formation of the Seaport Alliance ("Bond Income Calculation," initially calculated to be $90 million was revised to $52.65 million effective January 1, 2021 based on the payment or defeasance of bonds outstanding at the time of formation). The Managing Members shall require the Bond Income Calculation to be reviewed annually as part of the Seaport Alliance's budget process and the Managing Members may adjust the Bond Income Calculation so long as it does not cause any Managing Member to fail to comply with its rate covenant in effect at the time of formation of the Seaport Alliance. The Seaport Alliance may not take any action that reasonably would reduce Seaport Alliance income below the Bond Income Calculation unless each Managing Member separately votes to approve that action. Such a vote by each Managing Member must occur even if the action is within the CEO's delegated authority. The Bond Income Calculation is subject to adjustment, including reduction from payment or refunding of revenue bonds outstanding at the time of the formation of the Seaport Alliance.

Dispute Resolution; Dissolution

Dispute Resolution. The Charter provides for good faith discussion followed by mediation in the event of a dispute between the members; certain matters (relating to the Licenses and distributions upon dissolution) are subject to binding arbitration. The Seaport Alliance and the member ports have waived any right to seek recourse in court for any dispute regarding the Seaport Alliance, the Charter, or the transactions or other documents contemplated by the Charter (a "Dispute"), and agree that the dispute resolution procedures under the Charter are to be the exclusive remedies available for resolution of such Disputes.

Dissolution. Except as described below, no Managing Member may take any action to dissolve, terminate, or liquidate the Seaport Alliance. No Managing Member may require re-valuation, apportionment, appraisal or partition of the Seaport Alliance or any of its assets, or file a bill for an accounting, except as specifically provided in the Charter. Each Managing Member, to the fullest extent permitted by applicable law, has waived any rights to take any such actions under applicable law, including any right to petition a court for judicial dissolution.

Under the Charter, the Seaport Alliance shall be dissolved if the following occur: (i) a determination by both Managing Members to dissolve the Seaport Alliance; (ii) only after the Initial Period, a vote by a Managing Member that the Seaport Alliance be dissolved, upon the declaration by a Managing Member that there is a deadlocked Dispute following discussion and mediation as required under the Charter dispute resolution procedures; (iii) during or after the Initial Period, a dissolution is called by a Managing Member upon a Bond Income Calculation Dissolution Event described under the heading "Funding and Financial Framework—*Recognition of Managing Member's Bond Obligations*"; and (iv) any dissolution required by operation of law. Dissolution of the Seaport Alliance is to be effective as of the day on which the event occurs that gives rise to the dissolution, but the Seaport Alliance shall not terminate until there has been a winding up of the Seaport Alliance's business and affairs, and the Seaport Alliance's assets have been distributed as provided in the Charter.

Distribution on Dissolution. The Charter provides that should the Seaport Alliance be dissolved, management and all post-dissolution revenues of properties owned by the Port will revert to the Port as will any improvements on those properties. In the event of dissolution of the Seaport Alliance, and as part of the wind-down process, the CEO is required to present a full account of the Licensed Properties, Post-Formation Improvements, Seaport Alliance-Owned Personal Property (as such terms are defined in the Charter), and liabilities of the Seaport Alliance to the member ports. The member ports are to direct the CEO to hire an independent third-party consultant to calculate the values for each Licensed Property and Post-Formation Improvement using the formulas described in the Charter, which are to determine the credits and debits due to the member ports upon dissolution. All credit and debit allocations may, however, be revised by vote of the member ports. The calculation of payments between the ports may result in a net payment to one of the two ports.

Licensed Properties

The ports have licensed container terminals, certain industrial properties and other cargo terminals to the Seaport Alliance for operation and management, including capital improvements. Ownership of the Licensed Properties remains with the licensing ports.

The Port licensed to the Seaport Alliance its four international container terminals (including two on-dock intermodal yards) and nine industrial properties that support domestic container trade or non-containerized trade. The Port of Tacoma properties licensed to the Seaport Alliance consist of six container terminals (four engaged in international trade and two in domestic trade), four intermodal yards (serving domestic and international trade), eight properties that accommodate non-containerized cargo (such as autos, breakbulk, and logs) and supporting industrial properties.

Licensed North Harbor/South Harbor Container Facilities and Terminal Lease Agreements. The following 10 container terminals are licensed to the Seaport Alliance: four North Harbor (located in Seattle) container terminals (Terminal 5, Terminal 18, Terminal 30 and Terminal 46) owned by the Port, and six South Harbor (located in Tacoma) container terminals (Husky Terminal (encompasses Terminal 3 and Terminal 4), Washington United Terminal ("WUT"), West Sitcum Terminal (formerly known as APM), East Sitcum Terminal (formerly known as "OCT;" encompasses Terminal 7C and Terminal 7D), Pierce County Terminal ("PCT"), and Totem Ocean Trailer Express ("TOTE")), owned by the Port of Tacoma.

Several terminals have long-term leases; however, leases are subject to amendments and modifications that may impact Seaport Alliance revenue (and therefore Port revenue) and are renegotiated from time to time to reflect the fluctuating businesses of the ports and tenants. Certain container terminals may become less useable for international container terminal operations as ship size increases; the Seaport Alliance may work with customers to optimize facility use in order to remain a competitive gateway. The following table identifies the port owner, primary lessee, terminal area and lease expiration date for the container terminals licensed to the Seaport Alliance.

TABLE 15
CONTAINER FACILITY LEASES

	Terminal 5	**Terminal 18**	**Terminal 30**	**Terminal 46[3]**	**West Sitcum**	**Husky (T-3 and T-4)**	**East Sitcum**	**PCT**	**WUT**	**TOTE**
Port Owner	Port of Seattle	Port of Seattle	Port of Seattle	Port of Seattle	Port of Tacoma	Port of Tacoma	Port of Tacoma	Port of Tacoma	Port of Tacoma	Port of Tacoma
Primary Lessee	SSA Terminals, LLC	SSA Terminals, LLC and SSA Containers, Inc.	SSA Terminals (Seattle), LLC	Port of Seattle	SSA Terminals (Tacoma), LLC	International Transportation Services (ITS)	Husky Terminal and Stevedoring, Inc.	Evergreen Marine Corporation	Washington United Terminals	TOTE
Terminal Area	180 acres[1]	196 acres	70 acres	88 acres	135 acres	118 acres	54 acres	153 acres	111acres	48 acres
Lease Expiration	2051	2049[2]	2039	2043	2027	2046	2046[4]	2027	2028	2034

(1) 65 acres under lease. Occupancy expected in 2022.
(2) Lease extended from 2039 to 2049.
(3) The Port will pay the Seaport Alliance for use of 29 acres through 2043 pursuant to an interlocal agreement. The remaining acres will be available for other maritime use.
(4) Twenty acres leased to Husky Terminals through 2046.
Source: *Seaport Alliance.*

The Seaport Alliance receives rent paid under Port, the Port of Tacoma and Seaport Alliance container terminal leases. Under the current Port lease structure, tenants at Terminals 18 and 30 pay a per-acre rate derived from a Minimum Annual Guarantee ("MAG") of container volumes (regardless of size of container and whether loaded or empty) through the facility, plus an additional per-container charge for any volumes in excess of the MAG; the Terminal 5 lease terms include per-acre rent with no MAG. Under the current Port of Tacoma lease structure, tenants pay per-acre rent and pay volume-based fees for use of equipment and intermodal facilities; some of these fees are subject to a MAG. Generally, terminal lease rates have periodic adjustments based on inflation or market value. Some carriers have discretion as to which terminal they may call. Because different terminals have different lease agreements, revenues to the Seaport Alliance may be affected by these carrier decisions.

Terminal 5. Effective July 31, 2014, the Port terminated its lease agreement with Eagle Marine Services at Terminal 5, the Port's second largest container terminal. The Port agreed to terminate the lease while the Port began preliminary planning, initial design and permitting for improvements. A portion of Eagle Marine container traffic has moved to Terminal 18 and the Seaport Alliance is scheduled to receive $9 million each year through 2023 through this arrangement. Of the payment due August, 2020, $7 million is past due, and the Seaport Alliance is currently in negotiations with CMA CGM which acquired Eagle Marine's parent company in 2016. In addition, under a lease termination agreement with APL (the owner of Eagle Marine), the Seaport Alliance may receive certain payments from APL if actual volumes are below the specified guaranteed minimum, and subject to negotiation, as of April 16, 2021, $1.3 million is past due.

On April 2, 2019, the Seaport Alliance took several actions in support of the reactivation of Terminal 5, including approving a long-term lease agreement (amended on June 1, 2021) with SSA Terminals, LLC ("SSAT") for an initial 65 acres expected to commence January 1, 2022. SSAT will add another approximately 85 acres in 2024 unless it gives notice to the Seaport Alliance that it will assume only an additional 20 acres at that time. If the tenant opts for the 20 additional acres, the Seaport Alliance will pursue other container operators to lease the available acres. The lease at Terminal 18 also was extended an additional 10 years.

Terminal 46. The Terminal 46 lease with Terminals Investment Limited was terminated early at the end of 2019 to allow for consolidation of container volumes at the other North Harbor terminals and the repurposing of capacity at Terminal 46 to other maritime uses, consistent with the original Seaport Alliance Strategic Business Plan. Through an interlocal agreement, a portion of Terminal 46 will be used by the Port through 2043; the Port will pay the Seaport Alliance for 29 acres that may be developed for a new cruise terminal. On May 4, 2021 the Seaport Alliance authorized a lease with Pacific Maritime Association for seven acres for 10 years; execution is pending final negotiation. The Terminal 5 lease requires Terminal 5's redevelopment. See "—Capital Planning."

Husky Terminal (Terminals 3 and 4). On April 7, 2016, the Seaport Alliance amended the lease at Husky Terminal and extended the lease until 2046. The tenant is required to pay a per-acre rate and to pay MAG fees for crane and intermodal yard usage. The Seaport Alliance has completed improvements to the wharves and has provided eight super post-Panamax cranes.

West Sitcum Terminal. The West Sitcum Terminal serves the domestic shipping market. SSA Terminals (Tacoma) has signed a lease on approximately 135 acres to support Matson operations for Hawaii and Alaska through October 2027.

East Sitcum Terminal. The lease for East Sitcum Terminal expired on June 30, 2017. The terminal requires significant upgrades to support cranes necessary to accommodate larger ships. In May 2019, Husky Inc. agreed to lease 20 acres for its operations. At this time, there are no plans to make the improvements to the East Sitcum Terminal required to support larger cranes. The additional acres available at East Sitcum Terminal are being used to support the Seaport Alliance's auto and breakbulk operations.

Other Licensed Facilities. In addition to the container terminals, certain other facilities are licensed to the Seaport Alliance. These facilities include industrial properties owned by the Port that support domestic container trade or non-containerized trade, and the following properties owned by the Port of Tacoma: four intermodal yards (one domestic and three international), eight properties that accommodate non-containerized cargo (autos, breakbulk, logs etc.) and supporting industrial properties.

Containerized Cargo

Container Trade Through the Seaport Alliance. The Port and the Port of Tacoma lease containerized cargo facilities, licensed to the Seaport Alliance, to terminal operators. The terminal operators provide service to carriers and indirectly to the cargo owners (shippers). Carriers are the steamship lines that transport containers. Overall, the shipping industry is affected by global or domestic economic and financial factors and can be volatile. There is significant competition for container traffic among North American ports, including the Seaport Alliance. Shippers regularly contract with a number of carriers, and larger shippers also may direct traffic to one or more ports and terminal facilities. In addition, carriers form alliances that can affect their decisions on routing cargo. The ability of a terminal operator to attract and move cargo efficiently is important to the success and value of a container facility. Neither the Port nor the Seaport Alliance is a participant in the agreements between and among the terminal operators, carriers and shippers, and do not have any control over these agreements including the rates that carriers pay the terminal operators to call at Seaport Alliance facilities.

Success of terminal operators in attracting cargo volumes depends largely on the size of the local market and the cost and efficiency of a port and inland transportation systems. Due to the relatively small population in the Pacific Northwest, a significant portion of the cargo that passes through the Seaport Alliance either comes from or is destined for other regions. As such, the Seaport Alliance ports are considered discretionary ports. Discretionary cargo can be shifted to other ports generally based on the cost efficiency and reliability of moving cargo from its point of origin to its final destination; these routing decisions are made by carriers and shippers. Therefore, the Seaport Alliance competes with other ports on the West Coast (including the United States, Canada and Mexico) and on the Gulf and East Coasts. The cost, efficiency and quality of competing ports and the intermodal connections serving them may change and cause cargo volumes to shift to more cost-efficient routes and ports. These factors are beyond the control of the Seaport Alliance or the Port. In 2020 TEUs declined by 12 percent compared to 2019 due to pandemic related disruptions as well as competitive pressures from other ports.

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The following table summarizes total container traffic through the Seaport Alliance's North Harbor and South Harbor from 2016 through 2020, and from January through April 2021 compared to January through April 2019 and 2020. TEU volumes include international containers (all of which are handled through Seaport Alliance facilities) and domestic containers (some of which are transported by barge to and from private terminals that are not managed by the Seaport Alliance or by either port).

TABLE 16
CONTAINER VOLUMES FOR SEAPORT ALLIANCE
2016-2020
(IN THOUSANDS)

	International Containers				Domestic Containers	Total Containers
	Imports	Exports				
Year	Full TEUs	Full TEUs	Empty TEUs	Total Intl. TEUs	TEUs	TEUs
2020	1,254	791	591	2,636	685	3,320
2019	1,369	913	776	3,058	717	3,775
2018	1,453	953	705	3,111	686	3,798
2017	1,381	964	650	2,995	707	3,702
2016	1,392	984	483	2,859	757	3,616

YEAR-TO-DATE COMPARISON
JANUARY – APRIL 2019, 2020 AND 2021
(IN THOUSANDS)

	International Containers				Domestic Containers	Total Containers
	Imports	Exports				
Year	Full TEUs	Full TEUs	Empty TEUs	Total Intl. TEUs	TEUs	TEUs
2021	475	246	235	956	227	1,183
2020	376	281	171	828	209	1,037
2019	458	307	277	1,041	215	1,256

Note: Totals might not equal the sum of component parts due to rounding.
Source: *Seaport Alliance.*

Insurance

The Seaport Alliance has purchased its own general liability and public officials' liability insurance policy, protecting the entity and its officers and Commissioners, effective August 2015. Currently, the member ports procure property insurance on Licensed Properties and Seaport Alliance improvements located on Licensed Properties, and the Seaport Alliance reimburses the member ports for these costs. The Licenses include certain indemnifications from the member ports to the Seaport Alliance.

Capital Planning

The Seaport Alliance develops a multi-year Capital Improvement Program ("CIP") in conjunction with its annual operating budget. The Seaport Alliance CIP includes project cash flows both for projects that have already received authorization and for certain projects that are expected to be authorized.

The Seaport Alliance CIP for 2021-2026 includes completion of the redevelopment of the Terminal 5 wharfs, dock rehabilitation at Terminals 18 and 46, berth dredging at Husky Terminal and various other improvements and renewal and replacement projects in both the North and South Harbors.

In April 2019, the Managing Members approved improvements to Terminal 5, which include berth deepening, dock strengthening, and backland improvements. The project does not include the costs of any waterway channel deepening that are considered Port costs and included in the Port CIP. The project also excludes any improvements to the intermodal areas or equipment purchases. The project authorization totaled $340 million ($170 million from each member port) including approximately $315 million of capital spending. Currently, the project is expected to require up to $40 million of additional funding for a potential total of $380 million. This increase may be partly offset by an estimated $7.5 million of federal grants. The Seaport Alliance began construction in July 2019, with the first berth expected to be available in late 2021, and the second berth available in early 2023.

TABLE 17
SEAPORT ALLIANCE
CAPITAL IMPROVEMENT PLAN
2021 – 2026[(1)]
($ IN MILLIONS)

	2021-2026
Terminal 5 redevelopment[(2)]	$165.5
Potential Additional Costs for T5	40.0
Other CIP[(3)]	196.6
Seaport Alliance Capital Projects	$402.1

Note: Totals may not add due to rounding.

(1) Excludes financing costs and non-capital expense (public assets expense, environmental expense).

(2) Remaining costs based on original authorization of $340 million including prior spending and certain non-capital items.

(3) Includes $30.0 million estimated Seaport Alliance CIP in 2026, in addition to the current 5-year forecasted CIP.

Source: Seaport Alliance.

The Seaport Alliance CIP also does not include any costs currently expected to be paid for by a tenant or other significant terminal redevelopment projects that might come forward in the future in order for the Seaport Alliance to be a competitive gateway and to best utilize the ports' assets that it manages.

Funding for the Seaport Alliance CIP is provided by the member ports. Each port approves its capital contribution along with project approval; the capital contribution represents that port's Membership Interest (currently 50 percent). The amount of the capital contribution is recommended by the CEO and may include all or some of the funding required for any given project. The CEO may request additional capital contributions from the Managing Members according to their Membership Interest based on changes to the Seaport Alliance CIP or the authorization of specific projects.

OTHER PORT BUSINESSES

Other Port Businesses include management of facilities for non-containerized cargo, cruise, commercial and recreational marinas, and commercial and industrial properties.

The Maritime Division manages the Port's facilities for cruise, grain, marinas and certain properties and docks and the Economic Development Division manages the Port's central waterfront facilities and certain properties as well as property development and economic development programs.

In addition to providing facilities for containerized cargo, the Port offers handling facilities for certain non-containerized cargo including the breakbulk grain terminal. Volumes of non-containerized cargoes, including grain, have fluctuated substantially from year to year; the Port's revenues from the lease of the grain terminal include a minimum annual guarantee and otherwise depend on volume.

TABLE 18
SEATTLE HARBOR GRAIN VOLUMES
2016-2020
(IN METRIC TONS)

Year	Grain
2020	4,239,804
2019	3,403,661
2018	4,378,796
2017	4,362,603
2016	4,389,089

Source: Port of Seattle.

The Port owns two cruise ship terminals, one located at Pier 66 on the Central Harbor waterfront, just west of downtown Seattle, and the second at Terminal 91, north of downtown Seattle. The cruise ship terminals principally serve ships bound for the state of Alaska cruise market. The Port competes with the City of Vancouver, British Columbia, which also has cruise ship facilities used by cruise lines that serve the state of Alaska cruise market. The Port's revenues from the cruise ship facilities leases and agreements depend primarily upon the number of cruise ship passengers and vessel calls. The Port, in conjunction with Norwegian Cruise Lines, completed an upgrade to its Pier 66 facility to accommodate larger ships. The Port has been planning to develop a new cruise facility on a portion of the Terminal 46 property and agreed to pay the Seaport Alliance for use of 29 acres of the north portion of Terminal 46. The Port had been engaged in preliminary planning and in conducting a competitive selection process to identify a private partner to jointly develop the new facility. The Commission delayed the schedule for the proposed Terminal 46 cruise terminal (currently under environmental review) to better understand the market impact of COVID-19 before proceeding. See "COVID-19 PANDEMIC."

TABLE 19
SEATTLE HARBOR CRUISE TRAFFIC
2016-2020

Year	Cruise Ship Vessel Calls	Cruise Ship Passengers
2020(1)	0	0
2019	211	1,210,722
2018	216	1,114,888
2017	218	1,071,594
2016	203	983,539

(1) See "COVID-19 PANDEMIC."
Source: *Port of Seattle.*

The Port also derives revenues from leases, dockage and other fees from various other industrial uses and marinas. The most significant sources of lease revenue are seafood processing and cold storage companies. Dockage, moorage and wharfage fees are primarily from fishing vessels, some of which offload seafood at docks adjacent to seafood processing and cold storage facilities. The Port owns and operates commercial and recreational marinas.

The Port's storm water utility provides surface water and storm water management and pollution control facilities and services to Port properties. The SWU revenues collected by the Port (derived from rates and charges imposed by the SWU) are required to be used to pay related expenses and capital investments. Therefore, all revenues and expenses for the SWU are excluded from the calculation of Available Intermediate Lien Revenue. See Table 8.

CAPITAL PLAN FUNDING

Each year, the Port engages in a capital planning process to review its multi-year CIP for the Airport and Other Port Businesses and to develop a draft plan of finance for the following five years. As part of its annual budget process, the Port also develops a multi-year forecast of operating income and certain non-operating expenditures from which the Port can estimate the availability of funding sources, which form the basis of the Port's draft plan of finance for funding the Port's CIP, the Port's share of the Seaport Alliance CIP and certain public expense items. The draft plan of finance is designed to provide guidance on long-term funding as planning and investment decisions are made during the year and is designed to be consistent with the Port's financial management policies. In addition to the CIP for the Airport and Other Port Businesses, the Port forecasts capital investment for Corporate service departments (also referred to as "Central Services"), primarily for information technology improvements.

The table below summarizes the Port's forecasted "Committed" and "Business Plan Prospective" CIP expenditures (excluding financing costs) for the 2021-2026 period (the time period corresponding with the Certificate Period described under the heading "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Additional Intermediate Lien Parity Bonds"), including the Port's share of Seaport Alliance capital projects. Committed Projects are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. Projects that are considered important for achieving business plan goals, have business unit or division approval and are expected to move through the funding commitment process, but are less certain in timing or scope and are not yet under contract so can more easily be deferred, are referred to as Business Plan Prospective Projects. In addition to specifically identified projects, the Port includes unspecified contingency for unexpected or undefined projects. The Port's major Committed Projects are described in the paragraphs below. Certain projects are not included in the table below, as described under the subheading "Sustainable Airport Master Plan." Other projects that are not in the current CIP but deemed to be important to the Port may advance and be included in the capital spending during the period.

TABLE 20
PORT OF SEATTLE
CAPITAL IMPROVEMENT PLAN
2021 – 2026(1)
($ IN MILLIONS)

Division	Committed Projects	Business Plan Prospective Projects	Total
Aviation Division	$2,234.9	$2,034.4	$4,269.4
Other Port Businesses(2)	306.2	105.7	412.0
Port Capital Projects(3)	$2,541.2	$2,140.1	$4,681.3
Seaport Alliance(4)	201.1	-	201.1
Total Port-Funded Capital Projects	$2,742.2	$2,140.1	$4,882.4

Note: Totals may not add due to rounding.

(1) Excludes financing costs. Does not include non-capital expense (public assets expense, environmental expense).

(2) Includes CIP for Maritime and Economic Development Divisions, as well as SWU and Port-only funded projects related to licensed Seaport Alliance facilities.

(3) Funding of Corporate CIP is allocated to the operating divisions, and is included in the Aviation and Other Port Businesses figures above.

(4) Represents the Port's 50 percent share of Seaport Alliance capital funding; assumes all Seaport Alliance CIP is Committed. See "NORTHWEST SEAPORT ALLIANCE—Capital Planning" and Table 17.

Source: Port of Seattle.

Aviation Division Capital Plan. The Aviation Division's committed capital plan includes completion of two major projects. The development of the new IAF and the North Satellite Renovation and Expansion project, which adds eight new gates, both are expected to be completed in 2021. A third major committed project is the reconfiguration of the baggage system to improve operational efficiency for both Airport and TSA operations and increase capacity. This project is on-going and being delivered in multiple phases. Additional significant committed projects include expansion of the space on the C Concourse; electrical and other infrastructure upgrades; on-going paving replacement of the airfield and ramp area; security improvements; insulation of nearby homes for noise; and other renewal, replacement and improvement projects. Business Plan Prospective Projects at the Airport include various discretionary projects that can be scoped and timed on an as-needed basis; some or all of these projects may move to committed projects status during the 2021-2026 period.

The capital plan also includes an allowance to accommodate project cost increases or unanticipated projects that may be needed during the 2021-2026 period.

Seaport Alliance Capital Plan. Table 20 includes the Port's 50 percent share of the Seaport Alliance CIP, and assumes all Seaport Alliance CIP is Committed. See "NORTHWEST SEAPORT ALLIANCE—Capital Planning."

Other Port Businesses Capital Plan. The Maritime and Economic Development Divisions' Committed capital plan supports investments in facilities and infrastructure for cruise, fishing, recreational boating and the Port's industrial and commercial real estate. Projects include redevelopment of portions of Fishermen's Terminal, including the renovation of a building to house a maritime innovation center; installation of shorepower for plug-in capability for ships; redevelopment of two berths and the development of a portion of vacant uplands property at Terminal 91; replacement of the pier structure at the north face of Terminal 46; restoration of waterfront habitat; and various renewal and replacement projects. Business Plan Prospective projects include, but are not limited to, improvements at Fishermen's Terminal and security enhancements on the Port's maritime properties. The Port also expects to deepen the channel near Terminal 5 in cooperation with Army Corp of Engineers. Administrative services projects are primarily technology investments and small capital items. See "COVID-19 PANDEMIC."

Funding. Based on a preliminary funding analysis, the Port expects to fund its $4.9 billion CIP, including its share of the Seaport Alliance CIP but excluding financing costs, from a variety of sources including operating funds, federal grants, PFCs, CFCs, and proceeds of existing and additional revenue bonds. Additional revenue bonds during 2021-2026 are estimated to fund $3.4 billion of Airport projects, including $563 million with proceeds of the Series 2021 Bonds. Additionally, a portion of the Tax Levy may be used to fund certain projects, particularly those supporting container operations in the North Harbor, and the Port estimates that approximately $266 million of projects may be funded with proceeds from LTGO bonds.

Cost Projections. The Port endeavors to develop reasonable cost projections for its projects. However, actual costs may be higher or lower than projections in the CIP. Recently, the Seattle regional construction market has experienced growth in construction costs that may impact the costs of certain projects. The Port has experienced increased construction costs affecting some projects underway.

Sustainable Airport Master Plan. The Sustainable Airport Master Plan ("SAMP") process provides a comprehensive assessment of facilities capacity and forecasted demand over five-, ten-, and 20-year timeframes and was initiated in 2013. The previous formal master plan for the Airport was developed in the mid-1990s. The SAMP includes near-term projects and a future vision. The near-term projects are expected to be under construction in this projection period, with an estimated cost of approximately $4-5 billion. Future projects will require additional air capacity and financial analyses to justify their undertaking and would undergo a subsequent environmental review. In the fourth quarter of 2018, the Port initiated an inter-agency environmental review with the FAA. The release of the first environmental review analysis, the draft National Environmental Policy Act ("NEPA") Environmental Assessment ("EA"), and the accompanying public outreach, which was expected in early 2021, was extended and will now occur in mid-2021. Once the NEPA environmental review is final, which is expected in early 2022, the State Environmental Policy Act ("SEPA") environmental review will follow. Actual construction of SAMP projects is estimated to begin after 2022. Under SLOA IV, the airlines approved up to $300 million for preliminary project planning and design spending for gate capacity expansion projects on the north side of the Airport. Consequently, the Aviation Division's CIP includes SAMP preliminary planning and design spending of approximately $286.8 million through 2026 but does not include potential projects yet to be identified specifically in the SAMP process.

Public Expense and Environmental Remediation. In addition to the capital projects described above, the Port includes in its funding analysis its participation in public projects, particularly in connection with freight mobility, and its environmental remediation liabilities and potential future liabilities.

PORT FINANCIAL MATTERS

General

The Port's audited financial statements for the Enterprise Fund and the Warehousemen's Pension Trust Fund (the "Warehousemen's Pension Plan") as of December 31, 2020 and 2019, and for the years ended December 2020, 2019 and 2018, respectively, are set forth in Appendix A, together with the Independent Auditors' Report thereon. See "INDEPENDENT AUDITOR."

Summary of Historical Operating Results

The following table summarizes selected operating results of the Enterprise Fund of the Port for fiscal years 2016 through 2020. The summary sets forth operating results as extracted by Port management from the Port's audited financial statements for the years ended December 31, 2016 through 2020. For a discussion of the Port's 2019 and 2020 operating results, see "Management's Discussion and Analysis" in Appendix A. In its audited financial statements, the Port does not account for proceeds of the Tax Levy, non-operating CFC revenue, federal capital grant receipts, CARES grant receipts or PFCs as operating revenue and, accordingly, such proceeds are not included in the following summaries of operating results. As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors.

TABLE 21
SELECTED HISTORICAL OPERATING RESULTS
FOR THE YEARS ENDED DECEMBER 31, 2016 THROUGH 2020
($ IN THOUSANDS)

	2016	**2017**	**2018**	**2019**	**2020**
Operating Revenues:					
Aviation	$ 465,256	$ 500,916	$ 548,974	$ 626,636	$ 414,382
Non-Aviation[(1)]	133,211	131,115	140,417	137,539	96,445
Total Operating Revenues	$ 598,467	$ 632,031	$ 689,390	$ 764,174	$ 510,827
Operating Expenses:					
Aviation	$ 261,226	$ 299,114	$ 318,849	$ 356,635	$ 329,679
Non-Aviation[(2)]	64,059	73,868	78,789	86,455	79,001
Total Operating Expenses Before Depreciation	$ 325,285	$ 372,982	$ 397,638	$ 443,089	$ 408,680
Net Operating Income Before Depreciation	$ 273,182	$ 259,049	$ 291,752	$ 321,085	$ 102,147
Depreciation	164,336	165,021	164,362	174,971	180,086
Operating Income (Loss)	$ 108,846	$ 94,028	$ 127,390	$ 146,114	$ (77,939)

(1) Include operating revenues from the Maritime, Economic Development, and Corporate Divisions, the SWU, and the Port's share of net income from the Seaport Alliance.
(2) Include operating expenses from the Maritime and Economic Development Divisions. Operating expenses of the SWU and Corporate Divisions that are not allocated to the operating divisions are included in Non-Aviation.
Source: *Port of Seattle.*

Beginning in 2016, the Port recognizes as part of operating revenue its 50 percent share of the Seaport Alliance's Net Income (as defined in the Charter). The Port's revenues from the Seaport Alliance are derived from certain facilities licensed by the Port and the Port of Tacoma to the Seaport Alliance. For a discussion of the Port's and Seaport Alliance's 2020 operating results, see "Management's Discussion and Analysis" in Appendix A and Appendix B, respectively.

OTHER MATTERS

Investment Policy

The Port has an investment policy, adopted as of June 11, 2002, and last amended May 22, 2018. For investment and operational efficiencies, the Port consolidates its various cash sources, including bond proceeds, into one investment pool (the "Pool"), governed by this investment policy. Separate funds are established within the Pool for accounting and tracking purposes, and investment earnings from the Pool are allocated monthly to each participating fund, based upon the average daily fund balances.

Authorized investments are made in accordance with and subject to restrictions of RCW 36.29.020. The investment policy allows diversification among various types of securities including:

(i) U.S. Treasury securities;

(ii) U.S. agency securities, including agency mortgage-backed securities limited to (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the investment policy (10 years), and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities having a stated final maturity not exceeding the maturity limits of the investment policy;

(iii) Certificates of Deposit with State banks authorized by the State's Public Deposit Protection Commission;

(iv) Bankers' Acceptances, purchased on the secondary market, issued by any of the top 50 world banks in terms of assets;

(v) Repurchase agreements, provided that (1) the repurchase agreement does not exceed 60 days; (2) the underlying collateral is a security authorized by the investment policy for purchase as provided in the policy; and (3) all underlying securities used for repurchase agreements are settled on a delivery versus payment basis. Securities collateralizing repurchase agreements must be marked to market daily and have a value of at least 102 percent of the cost of the repurchase agreements having maturities less than 30 days and 105 percent for those having maturities that exceed 30 days; and

(vi) Washington State Local Government Investment Pool.

Other permitted investments include reverse repurchase agreements with maturities not exceeding 60 days, commercial paper purchased on the secondary market, rated no lower than A1/P1 as authorized by State Investment Board guidelines, and certain municipal bonds rated "A" or better by at least one nationally-recognized credit rating agency.

Although the investment policy allows diversification among various types of securities, it provides risk controls by setting limits for each security type. 100 percent of the Pool may be invested in U.S. Treasury securities, 60 percent in U.S. agency securities, excluding agency discount notes, 20 percent in agency discount notes, 10 percent in agency mortgage-backed securities, 15 percent in certificates of deposit, 20 percent in bankers' acceptances, 20 percent in commercial paper, 20 percent in municipal securities, 15 percent in overnight repurchase agreements, 25 percent in term repurchase agreements, and five percent in reverse repurchase agreements.

To meet its investment objectives, the policy includes additional risk controls that impose further restrictions on the types of securities. These include limiting the maturity date of securities purchased to be no more than 10 years from the settlement date and a portfolio target modified duration of two years, plus or minus six months.

See Note 2 in the Port's financial statements included in Appendix A.

Labor Relations

The Port budgeted for approximately 2,391 regular full-time-equivalent ("FTE") employees in 2021, an increase of approximately 0.4 percent from 2,380 in the 2020 budget. Approximately 1,004 actual employees (employees can differ from FTEs) belong to bargaining units under 22 labor contracts.

Pension Plans

Substantially all full-time and qualifying part-time employees of the Port participate in one of two retirement systems, the Public Employees Retirement System ("PERS") or the Law Enforcement Officers' and Fire Fighters' Fund ("LEOFF"). The State Department of Retirement Systems (the "DRS") administers these and other defined benefit retirement plans, including plans that cover both State and local government employees. PERS plan benefits are funded by a combination of funding sources: (1) contributions from employers (including the State as employer and the Port and other governmental employers); (2) contributions from employees; and (3) investment returns. PERS funds are held in the Commingled Trust Fund ("CTF") invested in accordance with policies established by the Washington State Investment Board, a 15-member board created by the Legislature. The average annualized dollar-weighted return on the investment of the CTF for the 10-year period ended June 30, 2020 was 9.77%.

Contribution rates for the plans for the upcoming biennium are adopted by the State during even-numbered years according to a statutory rate-setting process. The process begins with the Office of the State Actuary (the "OSA") performing an actuarial evaluation of each plan and determining recommended contribution rates. The OSA provides preliminary results and recommended contribution rates to the Select Committee on Pension Policy, a committee of the Legislature (the "SCPP"), and the Pension Funding Council (the "Pension Council"). The rates adopted by the Pension Council are subject to revision by the Legislature, and the Legislature may adopt, and has adopted, contribution rates lower than those suggested by the OSA and adopted by the Pension Council. OSA has cautioned that the economic and fiscal impacts of the COVID-19 pandemic will most likely impact pension plan funding by (1) reducing investment returns below expectations and (2) reducing the amount of revenue available for participating employers to meet contribution requirements. If the Legislature deems actuarial contributions to be unaffordable for participating employers, then it may decide to adopt contribution rates that are lower than those recommended by OSA.

Using the Entry Age Normal methodology, and as of June 30, 2019, OSA calculated the funded status of the State-administered plans in which the Port participates is as follows: PERS Plan 1 is 65% funded, and PERS Plans 2 and 3 are 96% funded. This funded status calculation relies on the following key assumptions: a valuation interest rate of 7.50%, a general salary growth rate of 3.50%, an inflation rate of 2.75%, and growth in plan membership of 0.95%. For each of LEOFF Plans 1 and 2, the value of plan assets exceeds that of plan liabilities on an actuarial basis. From time to time, OSA has revised its key assumptions and may continue to do so. All employers in PERS and certain other pension plans are required to contribute at a rate (percentage of payroll) determined by the OSA every two years for the sole purpose of amortizing the PERS Plan 1 unfunded actuarial accrued liability within a rolling 10-year period (the "UAAL Rate"). The UAAL Rate became effective in 2015, cannot be less than 3.5%, and will remain in effect until the actuarial value of assets in PERS Plan 1 equals 100% of the actuarial accrued liability of PERS Plan 1. The 2019-2021 UAAL Rate of 4.76% for PERS Plans are included in the employer contribution rates, which are subject to change by future legislation.

The information above in this section has been obtained from information on the OSA's and DRS's websites. The OSA website includes information regarding the values, funding levels and investments of these retirement plans. These websites are not incorporated by reference.

The DRS website also includes audited Schedules of Collective Pension Amounts and Schedules of Employer Allocations for all of the plans DRS administers, for use by those employers required to implement GASB 68, including the Port.

See Note 8 in Appendix A for more pension information including the Port's required contributions to, and contribution rates for, PERS and LEOFF for the year ended December 31, 2020, as well as the Port's proportionate share of the net pension liability or asset, proportionate share of contributions and pension expense for each plan.

On May 25, 2004, the Port adopted an amended plan and trust agreement for the Warehousemen's Pension Plan that gives the Port sole administrative control of the pension plan and guarantees that the Port will pay all accrued benefits for former employees of the warehouse and distribution business, which was closed in 2002. The Warehousemen's Pension Plan is a defined benefit plan. The Warehousemen's Pension Plan is closed and provides that only service credited and compensation earned prior to April 1, 2004, will be utilized to calculate benefits. As of December 31, 2020, the net pension liability was $5,178,000 and the plan fiduciary net position as a percentage of total pension liability was 67.8 percent. For the year ended December 31, 2020, the Warehousemen's Pension Plan reported an annual investment rate of return of 12.4% percent, net of plan investment expense. The long-term expected rate of return on the Warehousemen's Pension Plan is 6.5 percent, net of plan investment expense and including inflation. See Appendix A, Note 15.

Other Post-Employment Benefits

In addition to pension benefits described in Note 8 of the audited financial statements included in Appendix A, the Port provides other post-employment benefits ("OPEB"). As of December 31, 2020, the Port had an actuarial accrued liability of $7,252,000 for LEOFF Plan 1 Members' Medical Services Plan benefits. As of December 31, 2020, the Port had a net OPEB obligation associated with life insurance coverage for eligible retired employees of $13,164,000. See Note 9 in Appendix A.

Environmental Concerns

Overview. The Port has been notified by federal and State environmental agencies that it is potentially liable for some or all of the costs of environmental investigation and cleanup activities on certain properties. The Port has identified a number of contaminated sites on Aviation Division and other properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with federal and State environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments and/or groundwater. In some cases, the Port has been designated by the federal government as a "Potentially Responsible Party," and/or by the State government as a "Potentially Liable Person" for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination. Although the Port may not bear ultimate liability for the contamination, under federal and State law, the Port is presumptively liable as the property owner, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup. The Port has also identified a number of other properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with federal and State environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments and/or groundwater. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other parties to investigate and remediate environmental damage or contamination. Currently, it is not possible to determine the full extent of the Port's liability in these matters.

Lower Duwamish Waterway ("LDW") Superfund. The Port is one of several Potentially Responsible Parties at the LDW Superfund site and is a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle and the Boeing Company, which funded the Remedial Investigation and Feasibility Study for the LDW Site. In November 2014, the Environmental Protection Agency ("EPA") released a Record of Decision ("ROD") for the in-waterway portion of the site cleanup. The ROD included a cleanup cost estimate of $342 million (present value discounted at 2.3 percent based on a study completed in 2012); the current value (not discounted) is $395 million. EPA's current value for the remedy ranges from $277 million to $593 million. A more precise estimate will not be available until after completion of an extensive sampling and design effort, which is not expected to be until 2021 at the earliest. It is also unknown what portion of the costs will be paid by the Port.

East Waterway Superfund. The Port also is one of several Potentially Responsible Parties at the Harbor Island/East Waterway Superfund Site and is working with the EPA and other Potentially Responsible Parties, including the City of Seattle and King County, and has conducted a Remedial Investigation and Feasibility Study for cleanup of contaminated sediments in the East Waterway. The EPA is expected to issue a proposed plan for the cleanup in 2021 and Record of Decision in either 2021 or 2022. The Port does not know the amount or timing of any liability.

Recognizing Liabilities. The Port has developed a procedure consistent with current accounting rules to recognize liabilities for environmental cleanups, to the extent that such liabilities can be reasonably estimated. As of December 31, 2020, the Port recognized a total environmental remediation liability of $83,954,000, which includes liabilities associated with environmental cleanups and natural resource damages ("NRD") and is reported net of estimated unrealized recoveries. Where appropriate, the Port is pursuing financial reimbursement from State funding agencies, from other Potentially Responsible Parties and Potentially Liable Persons, and from its insurers. The Port is in ongoing settlement negotiations regarding NRD and in 2018 recorded, as a special item, a $34.9 million environmental expense reflecting the cost to construct a habitat restoration project. See Note 1— Summary of Significant Accounting Policies and Note 10—Environmental Remediation Liabilities in Appendix A.

Allocation of Seaport Alliance Environmental Costs. The Seaport Alliance charter allocates environmental costs between the Seaport Alliance and the ports as follows. Remediation costs that are associated with contamination on Licensed Properties that occurred before the effective date of the Seaport Alliance remain the responsibility of the Port owner. For any Post-Formation Improvement (defined in the Charter) not owned by either port prior to the effective date, remediation costs are the responsibility of the Seaport Alliance. All cost allocations may be revised on a project-specific basis by a vote of the Managing Members.

INSURANCE

General Overview

The Port has a comprehensive risk management program that financially protects the Port against loss from adverse events to its property, operations, third-party liabilities, and employees. The Port's insurance year for liability coverage runs from October 1, 2020 to October 1, 2021. The Port's insurance year for property coverage runs from July 1, 2020 to July 1, 2021. The Port utilizes the services of Alliant Insurance Services for the placement of its liability and property insurance. Alliant was selected through a competitive selection process. All of the Port's insurance carriers are rated "A" or better by the A.M. Best & Company and include American International Group, Liberty Mutual, Atlantic Specialty Company, Lexington, Navigators Insurance, and National Union.

COVID-19 Pandemic Update

The Port has not submitted nor received any claims that are linked to or alleged to the pandemic outbreak. Port policies in general exclude pandemic claims unless a covered loss occurred and with the covered loss an injured party has injuries or damages that extend to the pandemic. The Port will continue to monitor the pandemic exposure going forward as well as reviewing insurance contract language.

Property Insurance

The Port maintains a comprehensive property insurance program for loss of and damage to Port property, including business interruption and equipment breakdown with a $500 million per-occurrence limit and a $1 million per-occurrence retention for Aviation Division properties and a $250 million per occurrence limit and $250,000 per-occurrence retention elsewhere. Terrorism coverage is purchased through the London market and is provided with a sub-limit of $350 million per occurrence. Coverage for flood is capped at an annual aggregate of $50 million above a flat $500,000 deductible. The total estimated replacement cost of insured Port property is $7.5 billion. The Port does not purchase earthquake insurance for its insured property unless it is part of a builder risk property insurance policy specific to a project under construction. Property insurance coverage extends to contractors of the Port working on Port assets, for property damage to the work or improvements that are in the contractor's scope of work, and that have been scheduled to the Port's insurer. Property not in the scope of work, not scheduled with the insurer, and adjacent Port property the contractor is not working on, is not covered for the contractor. This "course of construction" coverage has a maximum limit of $50 million per project. Many of these types of projects are upgrades or restoration to existing assets, in which a new asset is not created, such as re-reroofing an existing roof or runway re-paving. Projects under construction (or restoration) over $50 million typically must be specifically underwritten under a separate policy, and these policies are referred to as builder risk policies and are described below.

Builder Risk (Property Insurance for Construction in Process)

Larger projects, typically over $50 million in completed values, require separate property insurance during the time the assets are being constructed. These are referred to as builder risk policies that cover the asset and value of the assets as they are constructed and completed. Both the owner and contractor have an insurable interest in the policy for physical loss to the asset up until the completion of the project. Upon project completion, the value of the asset is then transferred to the owner's insurance policy for coverage throughout its operational life cycle. A new policy for Phase II of the North Satellite Renovation and Expansion Project was purchased to cover this second phase from June 1, 2019 to August 1, 2021.

The Port purchased a similar builder risk policy separately for the IAF in April 2017. This policy was extended through March 31, 2021. This policy is in the process of being phased out and the value of this completed work will be insured on the main property insurance policy of the Port, effective as of May 1, 2021. The Port purchased another builders' risk policy in 2020 for the Terminal 5 Modernization Project, which has two phases and an insured construction value of approximately $185 million (which includes soft costs and delay in completion). This builders' risk policy runs from July 15, 2019 through December 30, 2022. The Phase I Baggage Optimization project was completed in 2021 and Phase II of this project commenced in 2020. The Phase II project is insured with a builders' risk policy. In addition, the electronic detection systems for this project are insured under a separate and specific policy. These various builders' risk policies will insure the interests of both the Port and the related contractors. Coverage for terrorism, flood, and earthquake is included in the builders' risk policies.

Liability Insurance

The Port purchases excess non-aviation commercial general liability (namely bodily injury and property damage coverage) insurance, which covers losses involving actual or alleged bodily injury and/or property damage that arises from claims made against the Port by third parties. This is a primary policy with a $1 million per occurrence (claim) retention for general liability occurrences and a limit of $10 million per occurrence. In addition to this primary policy is an excess marine policy with coverage up to a $50 million per occurrence limit, which provides coverage for Port marine exposures (cargo, cruise, marina, and terminal operations). This excess liability policy also includes coverage for the Port's non-aviation operational, automobile, employee benefits, and foreign liability exposures. Coverage includes claims resulting from bodily injury and property damage arising from terrorism acts (under the Terrorism Risk Insurance Program Reauthorization Act of 2007 and reauthorized in 2015). The Port also has a London-based terrorism liability policy that offers $15 million of limits per occurrence and in the annual aggregate for acts of terrorism (whether certified or not) that would apply to any Port operation at any Port location.

The Port purchases a separate airport operator's primary and excess liability insurance policy which covers liability claims from third parties that involve property damage and/or bodily injury arising out of airport operations. The limit of liability is $500 million with a $1 million per occurrence (claim) retention. The annual policy retention aggregate is $1 million. Coverage for events stemming from terrorism and/or war (malicious acts) is included under the Airport operator's primary insurance policy up to a limit of $100 million.

Liability insurance is also purchased to cover exposures and liabilities that could stem from the wrongful or non-intentional acts of Port employees, directors, and Commissioners (Public Official Liability), and employment practices liability ($10 million aggregate limit/$1.5 million per claim retention); fiduciary liability ($5 million limit/no deductible), and law enforcement liability ($15 million limit/$1.5 million per wrongful act retention). The Port also purchases an employee dishonesty policy (also known as a fidelity bond) protecting the Port from liability due to the dishonesty and/or fraudulent acts of Port employees. This policy has a $5 million limit. The Port self-insures its workers' compensation exposure. The Port also insures its vessels for liability under a separate policy with limits of $1 million per occurrence. The Port has a foreign liability master policy that provides liability coverage for property damage and bodily injury for Port employees when engaged in foreign travel. This policy also has coverage for emergency medical expenses and coverage for kidnap and ransom. Finally, the Port has a cyber-liability policy that provides limits up to $10 million in the annual aggregate for various cyber exposures and liability, including breach notification response and expenses, cyber extortion, and damage to data including business interruption.

Third-Party Agreements

The Port's contractors, tenants, and lessees are required to carry at least $1 million of commercial general liability insurance (up to $25 million or more for large construction projects and higher-risk projects) and automobile liability insurance of at least $1 million ($5 million for automobiles operated on the non-movement part of the aircraft operations area and $1 million for automobiles operated on the aircraft movement area of the aircraft operations area).

The Port is engaged in litigation regarding the Baggage Optimization Project Phase I with PCL Construction Inc. since 2020 regarding damages to two electronic detection system scanning machines that occurred in March 2019. The damages were over $3.5 million. The Port settled the litigation in a mediated settlement in the first quarter of 2021 and contributed $1.6 million to the overall settlement. This settlement was approved by the Commission in March 2021.

The Port requires airline tenants, with aircraft operations on the airfield at the Airport, to provide between $5 million and $300 million per-occurrence liability limits. Ground handlers, working for the airlines on the airfield and under license to the Port, are required to carry a minimum of $5 million per occurrence of general liability insurance and $5 million per occurrence of automobile liability insurance. Contractors and other third-party vendors working for the Port must also provide proof of workers' compensation coverage for their employees as well as State "stop-gap" coverage that covers employers' liability. The Port requires all contractors, tenants, and lessees to include the Port as an "additional insured" on their policies of commercial general liability insurance, along with a waiver of subrogation in favor of the Port, and endorsement that requires these parties' insurance to be primary and non-contributory relative to any general liability insurance the Port carries. All contracts and lease agreements require that the Port and its employees, officers, and Commissioners are to be held harmless and indemnified for all actual and alleged claims that arise out of the acts of the Port's contractors, consultants, vendors, licensees, and lessees. Professionals such as engineers, architects, and surveyors are also required to carry professional liability (errors and omissions) insurance for work they do for the Port, with minimum limits of $1 million per claim or wrongful act.

Owner Controlled Insurance Program

The Airport's Capital Improvement Program ("ACIP") construction projects (built between 2001 and 2008) were insured against third-party general liability claims for property damage and bodily injury under policy that was part of the Owner Controlled Insurance Program ("OCIP") that expired on December 31, 2008. All ACIP work completed prior to the OCIP termination date continued to be covered for potential future claims for property damage and bodily injury through December 31, 2016. The run-out period has ended and there are no open or outstanding claim obligations remaining relative to this former policy. The collateral agreement has ended and there are no more funds to be returned to the Port or to be paid to the Port.

All potential claims that may arise from errors and omissions involving professional work were covered under an OCIP policy covering contractor's pollution liability and errors and omissions (from professional work of engineers and architects). The policy period in which the work leading to the liability occurred ended on December 31, 2018, with a 10-year reporting tail for claims noted following the termination of the policy. The Port secured this policy with collateral that was paid prior to December 31, 2000. One claim against this policy was reported in 2018, prior to the end of the 10-year tail reporting period. The 10-year tail reporting period ended on December 31, 2018, and in the second quarter of 2019, the Port received the balance of the collateral back, along with interest, in an amount that equaled $1,296,431. The Port submitted a claim in May 2018 against the OCIP professional liability coverage policy for damages associated with the glass wall at the Central Terminal Building at the airport. The outcome of this claim is unknown. This was the only claim submitted against the policy. There are no more open policies or collateral agreements that remain in effect relative to the OCIP.

Seaport Alliance

The Charter specifies the terms and identifies the allocation of risk and indemnity obligations. Ownership of the Licensed Properties remains with the licensing ports; thus, both the Port and the Port of Tacoma continue to purchase property insurance individually for their respective properties. Approximately $1.2 billion worth of Port property that is licensed to the Seaport Alliance continues to be insured under the Port's property insurance policy, which was renewed on July 1, 2020.

On October 1, 2018, for liability insurance renewal, the Seaport Alliance purchased its own separate excess marine liability insurance policy with limits of $150 million and added the Port as an additional insured; the Port purchased excess marine liability insurance with limits of $50 million for its non-Northwest Seaport Alliance maritime properties. The Seaport Alliance maintains its own primary public entity liability policy with limits of up to $10 million to protect against claims against the Managing Members of the Seaport Alliance, and general liability claims.

The Seaport Alliance is in compliance with State industrial insurance (workers compensation) requirements for the workforce and all Seaport Alliance employees are covered for industrial insurance (workers compensation) in accordance with Title 51 RCW.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of the Series 2021 Bonds involves investment risk. Prospective purchasers of the Series 2021 Bonds should consider carefully all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Series 2021 Bonds and confer with their own tax and financial advisors when considering a purchase of the Series 2021 Bonds.

The Series 2021 First Lien Bonds are secured solely by a pledge of Net Revenues and the Series 2021 Intermediate Lien Bonds are secured solely by a pledge of Available Intermediate Lien Revenues. The Port's ability to derive Net Revenues and Available Intermediate Lien Revenues from the operation of the Port sufficient to pay debt service on the Series 2021 Bonds depends on many factors, some of which are not subject to the control of the Port.

Factors subject to the Port's control, to some degree, include the contractual terms the Port establishes with its tenants, including airlines and container terminal operators, as well as the contractual terms the Port establishes with banks and other entities providing liquidity or credit enhancement for Port obligations and whether and when to amend such terms. In addition, the Port determines, subject to the requirements of the First Lien Master Resolution and Intermediate Lien Master Resolution, as applicable, whether and when to issue additional indebtedness secured by a lien on Net Revenues on a parity with or subordinate to the lien of the Series 2021 First Lien Bonds and whether and when to issue additional indebtedness secured by a lien on Available Intermediate Lien Revenues either senior to, on parity with or subordinate to the lien of the Series 2021 Intermediate Lien Bonds.

There are many factors outside of the Port's control that can affect activity levels in the Port's operating divisions. Some known factors include the level of economic activity both within and outside of the area served by the Port, general demand for air travel and commodities, the financial condition of the airline and shipping industries, regulation of the Port and Seaport Alliance operations, global health, tariffs, economic conditions, security and other geopolitical concerns, climate change, and natural disasters.

The following section discusses some of the factors affecting Net Revenues and Available Intermediate Lien Revenues. The following discussion cannot, however, describe all of the factors that could affect Net Revenues and Available Intermediate Lien Revenues. Other factors are discussed elsewhere in this Official Statement including without limitation under the heading "OTHER MATTERS—Environmental Concerns." In addition to these known factors, other factors could affect the Port's ability to derive Net Revenues sufficient to pay debt service on First Lien Bond and Available Intermediate Lien Revenues sufficient to pay debt service on the Intermediate Lien Parity Bonds.

COVID-19 Pandemic

The impact that the COVID-19 pandemic is having and will have on commerce, financial markets, the Port and the Puget Sound region is significant, and the nature of the impact is likely to evolve over the next several years. The Port has provided the information contained in this Official Statement to describe current impacts that the COVID-19 pandemic and related governmental orders have had on the Port's finances and operations, and to describe some of the actions that the Port is taking in response. The Port cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the Port and regional economy or on the other revenues and expenses of the Port. The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that governmental authorities may take to contain or mitigate the outbreak; (v) the development and distribution of medical therapeutics and vaccinations and acceptance thereof; (vi) additional or changed travel restrictions; (vii) the impact of the outbreak on the local or global economy, or on the aviation, container shipping or cruise sectors generally; (viii) whether and to what extent the authorities may order additional public health measures; (ix) restoration of public perception of the safety and necessity of air travel for personal and business needs; and (x) the impact of the outbreak and actions taken in response to the outbreak on Port revenues, expenses and financial condition. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may continue, that the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and that the recovery may be prolonged. Additional pandemics may occur and may occur with greater frequency given trends in globalization.

Uncertainties of the Aviation Industry

The ability of the Port to generate revenues from its Airport operations depends, in part, upon the financial health of the aviation industry. The economic condition of the industry is volatile, and the aviation industry has undergone significant changes, including mergers, acquisitions, consolidations, bankruptcies and closures. The industry is cyclical and subject to intense competition and variable demand. Further, the aviation industry is sensitive to a variety of other factors, including (i) the cost and availability of labor, fuel, aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing and increased taxes and fees, (vi) traffic and airport capacity constraints and the national aviation system capacity constraints, (vii) political risk including the uncertainties of federal funding, governmental regulation, including security regulations, fees, and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, and (ix) disruption caused by airline accidents, natural disasters, criminal incidents and acts of war or terrorism. The aviation industry is also vulnerable to strikes and other union activities. Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future.

Uncertainties of Aeronautical Revenues

The FAA provides airports with the ability to recover airline-related costs within certain guidelines. Airports may enter into use and lease agreements with airlines or they may set rates and charges by legislative action. The Port currently receives aeronautical revenues pursuant to its agreement with the airlines, which expire on December 31, 2022. The Port also has adopted Resolution No. 3677, as amended, establishing airline rates and charges. Implementation of this resolution is currently suspended during the term of the airline agreements. Upon the expiration or termination of the agreements, the Port may enter into a new agreement with the same or different terms, which may be more or less favorable, or may choose to amend its agreements to respond to adverse economic or other conditions at the Airport. It is also possible that Resolution No. 3677, as amended, or any new rate resolution or amendment to the current rate resolution could be challenged by one or more of the airlines. The airlines are not required to pay for all of the Port's costs at the Airport.

Uncertainties of Non-Aeronautical Revenues

In addition to revenue from the airlines, the Aviation Division has the use of non-aeronautical revenue, such as parking and concession revenue, but also takes the risk that such revenue may not be sufficient to enable the Aviation Division to satisfy from non-aeronautical revenue all of its obligations not covered by aeronautical revenues. The Port's ability to generate revenues at the Airport from its non-airline businesses (including parking, car rentals and terminal concessions such as food and beverage sales) depends, in part, upon the volume of passengers passing through the Airport, economic conditions, and ground transportation and terminal concession preferences, pricing and alternatives. The nature of the businesses that provide concessions and services at the Airport changes as new business models develop. For example, transportation network companies represent a relatively new business model providing service at the Airport and may adversely affect not only other ground transportation businesses but also other Airport businesses, including parking and rental car businesses.

Uncertainties of the Container Shipping Industry

The Port's revenues from the Seaport Alliance depend, in part, upon the financial health of the maritime industry and upon tenants' abilities to compete with other terminals at other ports in North America. The shipping industry and the demand for and utilization of related facilities is highly competitive and sensitive to a variety of factors, including (i) the cost and availability of labor, fuel and insurance, (ii) general economic conditions, (iii) international trade and changes in trading relationships, (iv) currency values, (v) competitive considerations, (vi) political risks including changes in governmental funding, treaties, tariffs, and regulation, (vii) environmental regulations, and (viii) disruption caused by natural disasters, public health issues, labor strife, criminal incidents and acts of war or terrorism. The maritime industry is also vulnerable to strikes, slowdowns, lockouts, and other labor activities. Maritime tenants and customers, or their business partners, may file for bankruptcy. See "—Bankruptcy; Dissolution." These factors and therefore the relative attractiveness of the Seaport Alliance may differ significantly from other ports.

Competition from Other Container Ports

The Seaport Alliance competes for market share with other U.S. West Coast ports, as well as with ports in other parts of the United States and in Canada and Mexico. Factors such as the total delivered cost for goods, service reliability, available distribution and transload facilities, road and navigation infrastructure, transit time, environmental concerns, marine and intermodal facilities and the ability to accommodate larger container ships affect carrier decisions (and sometimes shipper directions) about which port(s) to use. Carriers also may form alliances that affect their decisions on port locations. These factors may be affected by developments outside the Seaport Alliance's or Port's control. For example, future developments could impact the Seaport Alliance's market share. Action by other ports to improve or expand their marine facilities, or intermodal service improvements at other ports on the West Coast or elsewhere in North America, could impact the Seaport Alliance's market share. The revenues of the Seaport Alliance may be adversely impacted by increased competition, improvements or additions to marine or supporting facilities at other ports, and pricing decisions by other port facilities; the Port cannot predict the scope of any such impact at this time.

In addition, the imposition of fees that apply only to the Port or only to a subset of ports including the Port (such as fees that only apply to State or U.S. ports, e.g., the harbor maintenance tax on U.S. imports) increases the ocean carriers' cost to use Seaport Alliance facilities and may adversely impact the Port's revenues. The Port cannot predict whether any such additional fees will be imposed or existing fees increased, the amount of such fees or the impact thereof on Port revenues.

In addition to the challenges of the competitive shipping and container port businesses, the revenues of the Seaport Alliance can be unpredictable due to carrier decisions within the Seaport Alliance. Some of the container terminal revenues are based on fixed lease rates and some are based on volume. For example, revenue from rental of equipment like cranes or straddle carriers fluctuates with container volume moves. In addition, the rental rates vary from terminal to terminal and carriers within an alliance have some discretion as to which terminal to call, thus affecting the fees paid to the Seaport Alliance.

Uncertainties Regarding the Seaport Alliance

As described under the heading "NORTHWEST SEAPORT ALLIANCE," the Port and the Port of Tacoma formed the Seaport Alliance as a separate PDA to more effectively address certain risks associated with the container terminal business. The formation of the Seaport Alliance eliminated pricing competition between the two ports by creating a unified gateway, allowed for coordination regarding customer relationships, improved capacity utilization between the two ports, and rationalized strategic capital investments. The operation of the Seaport Alliance may or may not successfully address competitive risks and may create new risks, including the risk associated with the operating and financial performance of additional facilities (which also provide some geographic, facility, tenant and customer diversification), and exposure to the financial strength of the Port of Tacoma to make future capital expenditures.

Under the Seaport Alliance formation documents, the Port has agreed to work cooperatively with the Port of Tacoma, and not to act unilaterally with respect to certain matters. Decisions that could have a material effect on the Port, including new business agreements and leases or amendment to existing agreements and leases and future capital contributions to the Seaport Alliance, must be approved by each Managing Member.

Marine cargo activities at the properties licensed from the ports to the Seaport Alliance are exclusively handled by the Seaport Alliance, and the Seaport Alliance has first right of refusal for new marine cargo opportunities. The Seaport Alliance shares its Net Income (as defined in the Charter) with both Managing Members. It is possible that the Port will realize less operating revenue from the Seaport Alliance net income than it would have received through direct operation of the Licensed Properties.

The Bond Income Calculation does not include debt service on the obligations issued by either port since formation of the Seaport Alliance or future financial obligations. The Seaport Alliance may be unable to meet this minimum level of net income every year or any year, and this minimum level may not be sufficient in light of the Port's then bond covenants, due to business risks and other factors, including factors outside of the control of the Seaport Alliance and outside of the control of the Port as a Managing Member.

The Alliance ILA and the Charter are subject to amendment with member consent, and the structure of the Seaport Alliance, the Bond Income Calculation, the distribution of cash, dispute resolution, prohibition against borrowing and dissolution provisions are all subject to change. Amendments to the Alliance ILA and Charter generally also require Federal Maritime Commission approval. The Port may also adjust its membership share with the addition or subtraction of properties or capital contributions, subject to Managing Member approval.

Seaport Alliance Capital Projects. There may be future improvements to Licensed Properties or to adjunct infrastructure that are not included in the Seaport Alliance CIP, but may be important to the operations of the Seaport Alliance or to its ability to compete with other ports.

Future Capital Projects

The Port has identified its CIP for the 2021-2026 period. The program is based on identified improvements, current cost, timing estimates, and also includes some allowance for unidentified projects. The actual costs and schedules of projects are subject to change, and may result in significantly higher costs than currently estimated. There may be additional improvement needs including without limitation the following: improvements identified in the Sustainable Airport Master Plan or in the real estate and Fishermen's Terminal strategic plans, improvements to accommodate growth in the cruise business, expansion of Terminal 5 or other facilities for the Port or the Seaport Alliance that are necessary to address competitive challenges in the Port's or the Alliance's various businesses, improvements to repurpose facilities, and improvements that are deemed to provide an economic or environmental benefit. There is no guarantee that capital investments will generate new revenues or revenues sufficient to offset costs.

Other Agreements

The Port has entered into various agreements that provide rent and concessions revenue to the Port. Likewise the Seaport Alliance has entered into various leases and other agreements. Some of the revenue payable under these agreements is based on volume and thus will vary, perhaps substantially. These agreements have various expiration dates. Tenant leases and other agreements are the subject of disputes, including litigation, from time to time. There is no guarantee that agreements will be renewed or that new agreements will have similar provisions and associated revenues. There is also no guarantee that existing agreements will not be amended with terms less favorable than current terms.

Cyber-Security

Computer networks and data transmission and collection are vital to the safe and efficient operations of the Port; which includes the Airport and multiple maritime properties and facilities. The Port collects and stores sensitive data, including intellectual property, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers, partners and employees. The secure processing, maintenance and transmission of this information is critical to industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, encrypted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, or disruptions in operations and the services provided, and could cause a loss of confidence in the commercial operations of industries including Airport and Maritime operations, which could ultimately adversely affect Port revenues.

Liquidity and Credit Facilities

The Port has purchased surety bonds from monoline bond insurance companies to satisfy debt service reserve fund obligations in connection with certain outstanding Port debt. In addition, bank letters of credit provide liquidity and credit enhancement for certain of the Port's Subordinate Lien Parity Bonds (variable rate demand obligations and commercial paper). See "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE PORT—Note 5: Long-Term Debt; Subordinate Lien Variable Rate Demand Bonds." In these and other respects, the Port is exposed to rating and other credit-related risks associated with various monoline insurers and banks.

Although the Port is not obligated to purchase variable rate Subordinate Lien Parity Bonds if a bank fails to honor its letter of credit, the Port is exposed to bank credit risk. Rating downgrades or other credit events affecting the banks, for example, have and can result in higher variable interest rates paid by the Port, either in connection with remarketed bonds or "bank bonds" purchased by the bank upon a failed remarketing or upon a mandatory tender that would be required if an expiring letter of credit cannot be replaced. A Port event of default (or, in certain circumstances, a rating downgrade or withdrawal) under bank reimbursement agreements pursuant to which the letters of credit were issued, among other events, would entitle the bank to require the mandatory tender for purchase of all of the Subordinate Lien Parity Bonds secured by such letter of credit. In that event or upon the purchase by the bank of "bank bonds" resulting from an inability to convert the bonds or to remarket the bonds for a period, to issue new commercial paper or to replace an expiring letter of credit, the Port would be required to reimburse the bank or to purchase or redeem all of such bonds over a three- to five-year period and to pay interest at the higher rates set forth in the applicable reimbursement agreement.

Limitation of Remedies

Under the terms of the Resolutions, payments of debt service on Series 2021 Bonds are required to be made only as they become due and the occurrence of a default does not grant a right to accelerate payment of the Series 2021 Bonds. In the event of multiple defaults in payment of principal of or interest on the Series 2021 Bonds, the Series 2021 Bond owners could be required to bring a separate action for each such payment not made. Remedies for defaults are limited to such actions that may be taken at law or in equity. See Appendices G and H. No mortgage or security interest has been granted or lien created in any real property of the Port to secure the payment of any of the Port's bonds, including the Series 2021 Bonds. Leases with tenants, including airlines and container terminal operators, are subject to bankruptcy proceedings, leading to possible rejection of the leases or to long delays in enforcement.

Various State laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the Series 2021 Bonds. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the Port.

In the event of a default in the payment of principal of and/or interest on the Series 2021 Bonds, the remedies available to the owners of the Series 2021 Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the U.S. Bankruptcy Code (the "Bankruptcy Code"). Bond Counsel's opinions as to enforceability to be delivered simultaneously with delivery of the Series 2021 Bonds will be qualified by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See the proposed forms of Bond Counsel opinions included in Appendix E.

Bankruptcy; Dissolution

The enforceability of the rights and remedies of the Series 2021 Bondholders, the obligations of tenants or customers of the Port and of the Port and the liens and pledges created by the Resolutions are subject to the Bankruptcy Code and/or to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, to equitable principles that may limit the enforcement under State law of certain remedies and to exercise by the United States of America of powers delegated to it by the U.S. Constitution. It is not entirely clear what procedures the holders of the 2021 Bonds would have to follow to pursue bankruptcy and state law claims to attempt to obtain possession of Net Revenues or Available Intermediate Lien Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Some of the risks associated with a bankruptcy, insolvency or dissolution are described below and include the risks of delay in payment and of nonpayment. Potential purchasers of the Series 2021 Bonds should consult their own attorneys and advisors in assessing the risk and the likelihood of recovery in the event the Port, its tenants or customers, or any other party becomes a debtor in a bankruptcy, insolvency or dissolution case prior to the time the Series 2021 Bonds are paid in full.

In addition, payments made by a bankrupt entity within 90 days (up to 366 days if the entity is found to be an insider) of a filing of a bankruptcy case could be deemed to be "avoidable preferences" under the Bankruptcy Code and thus could be subject to recapture in bankruptcy, including from the Series 2021 Bondholders. If an entity is in bankruptcy, parties (including the Series 2021 Bondholders) may be prohibited from taking action to collect from or to enforce obligations of such entity without permission of the bankruptcy court, and the Port may be prevented from making payments to the Series 2021 Bondholders from funds in its possession. These restrictions may result in delays or reductions in payments on the Series 2021 Bonds.

There may be other possible effects of a bankruptcy of the Port or tenants or customers of the Port that could result in delays or reductions in payments on the Series 2021 Bonds, or result in losses to the Series 2021 Bondholders. Regardless of any specific adverse determinations in any such bankruptcy proceeding, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2021 Bonds.

Tenants or Customers. The bankruptcy of one or more signatory airlines, rental car companies or of another tenant or customer of the Port could result in delays, additional expenses and/or reductions in payments or nonpayment to the Port and, as a result, could reduce Net Revenues and Available Intermediate Lien Revenue. The COVID-19 pandemic has had a materially adverse impact on the travel industry and may result in additional bankruptcies of airlines, rental car companies and other affected businesses. A number of companies have filed for bankruptcy in the past.

Bankruptcy law in the United States is governed by the Bankruptcy Code, and federal bankruptcy courts retain jurisdiction over parties that are subject to bankruptcy petitions, voluntarily or involuntarily. Bankruptcy courts have the jurisdiction, within the limits of the Bankruptcy Code, to review debtors' agreements and the debtors' decisions to assume or reject their agreements and to approve, reject or delay payments of debtors' financial and other obligations. Risks associated with bankruptcy include the risk of substantial delay in payment or of non-payment, the risk that the Port might not be able to enforce its other contractual remedies, the risk that the Port may have to return certain payments received during the "preference" period and the risk of additional litigation costs if the Port decides to or is required to participate in bankruptcy proceedings. Bankruptcy of a major tenant or customer could result in long delays and significant costs and possibly in large losses to the Port. Additional requirements, delays, costs or losses could apply in the event that tenants or customers are subject to bankruptcy law of another nation in addition to or in lieu of U.S. bankruptcy laws.

The Port. Under current State law, political subdivisions or public agencies, such as the Port, may be able to file for bankruptcy under chapter 9 of the Bankruptcy Code. In 1935, the Legislature authorized taxing districts in the State to file a petition under Section 80 of chapter IX of the then-applicable Bankruptcy Act of 1898. The 1935 authorizing statute has not been amended notwithstanding the fact that the Bankruptcy Act of 1898 has been superseded. The 1935 authorizing statute likely allows municipalities in the State to seek relief under chapter 9 of the now-applicable Bankruptcy Code. In the event of a chapter 9 bankruptcy filing by the Port, owners of the Series 2021 Bonds may not be able to exercise any of their remedies under the First Lien Master Resolution and Intermediate Lien Master Resolution, as applicable, during the course of the proceeding. Legal proceedings to resolve issues could be time consuming, and substantial delays or reductions in payments to Series 2021 Bondholders may result.

The Seaport Alliance. Under current State law, as a PDA, the Seaport Alliance is not a taxing district and may not be able to file for bankruptcy under chapter 9 of the Bankruptcy Code. The Charter provides for dissolution under certain circumstances, and for distribution upon dissolution to the member ports. Each Managing Member, to the fullest extent permitted by applicable law, has waived any rights to take any such actions under applicable law, including any right to petition a court for judicial dissolution. By state statute, if a PDA is insolvent or dissolved, the superior court of a county in which the PDA operates has jurisdiction and authority to appoint trustees or receivers of the assets and property of the PDA and to supervise the trusteeship or receivership. All liabilities incurred by a PDA are to be satisfied exclusively from the assets and properties of the PDA. No creditor or other person has any right of action against the port district or districts creating the PDA on account of any debts, obligations, or liabilities of the PDA. The Port of Tacoma may be able to file for bankruptcy under chapter 9 of the Bankruptcy Code.

Laws and Regulation; Taxes

The Port is subject to federal, State, and local laws and regulations. Failure by the Port (or by its contractors or tenants) to comply with, or violations of, statutory and regulatory requirements could result in the loss of grant and PFC funds and in other consequences. These statutory and regulatory requirements are subject to change and could become more stringent and costly for the Port and its customers and tenants and for the Seaport Alliance. For example, statutory or regulatory requirements limiting emissions or otherwise addressing climate change could be implemented or increased. Climate change concerns have led to new or proposed laws and regulations at the federal, state and local level, which could have a material adverse effect on the Port's or Seaport Alliance's operation or the Port's tenants. The Port cannot predict whether future restrictions or limitations on the Port or Seaport Alliance will be imposed, whether future legislation or regulations will affect funding for capital projects or whether such restrictions or legislation or regulations will adversely affect Net Revenues or Available Intermediate Lien Revenues.

Federal Funding and Other Actions

The Port and the Seaport Alliance receive federal funds, including through FAA and TSA budgets. A portion of the Port's and the Seaport Alliance's assets also are invested in securities of the U.S. government. These federal funds and investments may be adversely impacted by federal legislative and executive actions, including but not limited to cuts in federal spending. Federal funding is subject to federal legislative action, including through the federal budget process. Budgetary acts, including sequestration, could continue to affect FAA and TSA budgets, operations, and the availability of certain federal grant funds. In addition, budgetary acts and other factors have caused and could cause the FAA and/or the TSA to implement employee furloughs, hiring freezes or other staffing changes (including of air traffic controllers), which could result in flight delays or cancellations. Other federal legislative or executive actions may affect the Port's federal funds and investments, and may have other financial or operating impacts on the Port or the Seaport Alliance. Executive orders regarding immigration or travel could reduce international passenger traffic, for example. The Port, the Seaport Alliance or other state and local jurisdictions also could be affected if the federal government withholds or attempts to withhold federal grants or other funds flowing through or to "sanctuary jurisdictions." The Port can make no representations at this time concerning what impact federal legislative and executive actions would have on Port or Seaport Alliance finances or operations, or the timing or materiality of such impact.

Accounting Rules

The Port is subject to accounting rules and standards promulgated by GASB. These rules may change, requiring the Port at such time to value and state its accounts in ways beyond the Port's ability to control or predict.

Seismic and Other Natural Disaster Considerations

The Port's facilities and other Licensed Properties are in an area of seismic activity, with frequent small earthquakes and occasional moderate and larger earthquakes. The Port can give no assurance regarding the effect of an earthquake, a tsunami from seismic activity in the State or in other areas, a volcano, mudslide, or other disasters, or that proceeds of insurance carried by the Port or by the Port of Tacoma, as applicable, would be sufficient, if available, to rebuild and reopen Port facilities or other Licensed Properties or that Port facilities, other Licensed Properties or surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other disaster.

Climate Change

The Port can give no assurance regarding the effect of adverse weather patterns, sea level rise or other results of climate change. Based on the Port's 2015 climate change adaptation study's findings, the Port anticipates that, with moderate improvements, the Port's facilities will not experience any major vulnerability within the period of their intended design life (of up to 50 years for certain facilities). See "THE PORT—Environmental, Sustainability and

Governance Initiatives." The Port cannot guarantee actual outcomes and it is possible that there may be a need for more significant capital investment. In addition, the Port can make no statement regarding the Port of Tacoma owned facilities licensed to the Seaport Alliance.

Continuing Compliance with Tax Covenants; Changes of Law

The Resolutions and the Port's tax certificate will contain various covenants and agreements on the part of the Port that are intended to establish and maintain the tax-exempt status of interest on the Series 2021 Bonds. A failure by the Port to comply with such covenants and agreements, including any remediation obligations, could, directly or indirectly, adversely affect the tax-exempt status of interest on the Series 2021 Bonds. Any loss of tax-exemption could cause all of the interest received by the Owners of the Series 2021 Bonds to be taxable. All or a portion of interest on the Series 2021 Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax-exempt status of such interest.

INITIATIVES AND REFERENDA

Under the State Constitution, the voters of the State have the ability to initiate legislation and to modify existing laws through the powers of initiative and referendum. An initiative measure is submitted to the voters (if an initiative to the people) or to the Legislature (if an initiative to the Legislature) if the Secretary of State certifies the receipt of a petition signed by at least eight percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. Certified initiatives to the people are placed on the ballot for the next State-wide general election.

Certified initiatives to the Legislature are submitted to the Legislature at its regular session each January. Once an initiative to the Legislature has been submitted, the Legislature must take one of the following three actions: (i) adopt the initiative as proposed, in which case the initiative becomes law without a vote of the people; (ii) reject or refuse to act on the proposed initiative, in which case the initiative must be placed on the ballot at the next State general election; or (iii) approve an amended version of the proposed initiative, in which case both the amended version and the original initiative must be placed on the next State general election ballot.

A bill passed by the Legislature is referred to the people for final approval or rejection if the Secretary of State certifies the receipt of a petition signed by at least four percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. Certain actions of the Legislature necessary for the immediate preservation of the public peace, health or safety and the support of State government or its existing institutions are exempt from the referendum process.

Proposed initiatives to the people must be filed within 10 months prior to the next State general election, and the petition signatures must be filed not less than four months before such general election. Proposed initiatives to the Legislature must be filed within 10 months prior to the next regular session of the Legislature, and the petition signatures must be filed not less than 10 days before such regular session of the Legislature. A referendum measure may be filed any time after the Governor has signed the act that the sponsor wants referred to the ballot. Petition signatures must be filed within 90 days after the final adjournment of the legislative session at which the act was passed.

An initiative or referendum approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

In recent years there have been a number of initiatives filed in the State, including initiatives targeting fees and taxes imposed by local jurisdictions or subjecting local jurisdictions to additional requirements. The Port cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, whether such initiatives will be approved by the voters, whether, if challenged, such initiatives will be upheld by the courts and whether any current or future initiative could have a material adverse impact on the Port's revenues or operations.

LITIGATION AND ADMINISTRATIVE PROCEEDINGS

No Litigation Concerning the Series 2021 Bonds

As of the date of this Official Statement, there is no litigation, to the knowledge of the Port, pending or threatened, challenging the authority of the Port to issue the Series 2021 Bonds or seeking to enjoin the issuance of the Series 2021 Bonds.

Other Litigation and Administrative Proceedings

The Port is a defendant in various legal actions and claims that arise during the normal course of business. Some of these claims may be covered by insurance. The Port is not aware of any legal actions that, in the opinion of Port management, will have a material adverse effect on the financial position, results of operations or cash flows of the Port.

CONTINUING DISCLOSURE

The Port is covenanting for the benefit of the holders and beneficial owners of the Series 2021 Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") by not later than six months following the end of the Port's fiscal year (which currently would be June 30, 2022, for the report for the 2021 fiscal year), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Report and notices of listed events are to be filed with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Disclosure Report and in notices of listed events is set forth in Appendix I. These covenants are made by the Port to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule").

The Port has provided the 2020 audited financial statements for the Seaport Alliance in Appendix B, and may choose to file future Seaport Alliance financial statements on a voluntary basis. The Port is not, however, undertaking or committing to provide financial statements of the Seaport Alliance.

In the past five years, the Port has complied in all material respects with its previous undertakings with regard to the Rule to provide annual reports and notices of enumerated events.

TAX MATTERS

Series 2021 First Lien Bonds, Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds, and Series 2021C Intermediate Lien Bonds

In the opinion of Bond Counsel, interest on the Series 2021 First Lien Bonds, Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds, and Series 2021C Intermediate Lien Bonds (collectively, the "Series 2021 Tax-Exempt Bonds") is excludable from gross income for federal income tax purposes, except for interest on any Series 2021 First Lien Bonds, Series 2021B Intermediate Lien Bonds, or Series 2021C Intermediate Lien Bonds for any period during which such Series 2021 First Lien Bonds, Series 2021B Intermediate Lien Bonds, or Series 2021C Intermediate Lien Bonds is held by a "substantial user" of the facilities financed or refinanced by the bonds, or by a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2021A Intermediate Lien Bonds and Series 2021B Intermediate Lien Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2021 First Lien Bonds and Series 2021C Intermediate Lien Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Federal income tax law contains a number of requirements that apply to the Series 2021 Tax-Exempt Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Series 2021 Tax-Exempt Bonds and the facilities financed or refinanced with proceeds of such bonds and certain other matters. The Port has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the Port comply with the above-referenced covenants and, in addition, will rely on representations by the Port and its advisors with respect to matters solely within the knowledge of the Port and its advisors, respectively, which Bond Counsel has not independently verified. If the Port fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Series 2021 Tax-Exempt Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021 Tax-Exempt Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021 Tax-Exempt Bonds. Owners of the Series 2021 Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning such bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Series 2021 Tax-Exempt Bonds should be aware that ownership of the Series 2021 Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021 Tax-Exempt Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Series 2021 Tax-Exempt Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the Series 2021 Tax-Exempt Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Series 2021 Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein, or otherwise prevent owners of the Series 2021 Tax-Exempt Bonds from realizing the full current benefit of the tax status of the interest on the Series 2021 Tax-Exempt Bonds. Prospective purchasers of the Series 2021 Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the Port's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2021 Tax-Exempt Bonds. Owners of the Series 2021 Tax-Exempt Bonds are advised that, if the IRS does audit the Series 2021 Tax-Exempt Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Port as the taxpayer, and the owners of the Series 2021 Tax-Exempt Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Series 2021 Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations. The Series 2021 Tax-Exempt Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

Series 2021D Intermediate Lien Bonds—Certain Federal Tax Consequences

The following discussion describes aspects of the principal U.S. federal tax treatment of U.S. persons that are beneficial owners ("Owners") of Series 2021D Intermediate Lien Bonds. This summary is based on the Code, published revenue rulings, administrative and judicial decisions, and existing and proposed Treasury regulations (all as of the date hereof and all of which are subject to change, possibly with retroactive effect).

This summary discusses only Series 2021D Intermediate Lien Bonds held as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, dealers in securities or foreign currencies, Owners holding the Series 2021D Intermediate Lien Bonds as part of a hedging transaction, "straddle," conversion transaction, or other integrated transaction, or Owners whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. Except as stated herein, this summary describes no federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Series 2021D Intermediate Lien Bonds. ACCORDINGLY, INVESTORS WHO ARE OR MAY BE DESCRIBED IN THIS PARAGRAPH SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO SUCH INVESTORS, AS WELL AS TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

For purposes of this discussion, a "U.S. person" means an Owner who, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source of income, or (iv) a trust, if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect to be treated as a United States person under the applicable treasury regulations. The term also includes nonresident alien individuals, foreign corporations, foreign partnerships, and foreign estates and trusts ("Foreign Owners") to the extent that their ownership of the Series 2021D Intermediate Lien Bonds is effectively connected with the conduct of a trade or business within the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents. It should also be noted that certain "single member entities" are disregarded for U.S. federal income tax purposes. Such Foreign Owners and Owners who are single member non-corporate entities, should consult with their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

In General. As discussed in more detail below, interest derived from a Series 2021D Intermediate Lien Bond by an Owner is subject to U.S. federal income taxation. In addition, a Series 2021D Intermediate Lien Bond held by an individual who, at the time of death, is a U.S. person is subject to U.S. federal estate tax.

Payments of Interest. Qualified Stated Interest (and other original issue discount), including additional amounts of cash and interest, if any, paid on the Series 2021D Intermediate Lien Bonds will generally be taxable to Owners as ordinary interest income at the time it accrues or is received, in accordance with the Owner's method of accounting for U.S. federal income tax purposes. For purposes of this discussion "Qualified Stated Interest" is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer), or that will be constructively received under Section 451 of the Code, at least annually at a single fixed rate (within the meaning of Treasury Regulation § 1.1273-1(c)(1)(iii)), as defined in Treasury Regulation § 1.1273-1(c).

Disposition or Retirement. Upon the sale, exchange or other disposition of a Series 2021D Intermediate Lien Bond, or upon the retirement of a Series 2021D Intermediate Lien Bond (including by redemption), an Owner will recognize capital gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement (reduced by any amounts attributable to accrued but unpaid interest, which will be taxable as such) and the Owner's adjusted tax basis in the Series 2021D Intermediate Lien Bond. Any such gain or loss will be United States source gain or loss for foreign tax credit purposes. Certain of the Series 2021D Intermediate Lien Bonds are subject to optional [and mandatory] redemption. See "DESCRIPTION OF THE SERIES 2021 BONDS—Optional Redemption." The Series 2021D Intermediate Lien Bonds are subject to defeasance at any time prior to their stated maturities. See "DESCRIPTION OF THE SERIES 2021 BONDS—Defeasance." If the Port defeases any Series 2021D Intermediate Lien Bonds, such Series 2021D Intermediate Lien Bonds may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the Owner of a Series 2021D Intermediate Lien Bond could recognize a gain or loss on the Series 2021D Intermediate Lien Bond at the time of defeasance.

Unearned Income Medicare Contribution. A 3.8 percent Medicare tax on certain net investment income earned by individuals, estates, and trust will apply for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes an Owner's interest income from a Series 2021D Intermediate Lien Bond (including accrued original issue discount, if any, on a Series 2021D Intermediate Lien Bond and market discount) and gain realized on the sale, retirement or other disposition of a Series 2021D Intermediate Lien Bond. In the case of an individual, the tax will be s imposed on the lesser of (i) the Owner's net investment income for the year, or (ii) the amount by which the Owner's modified adjusted gross income (i.e., adjusted gross income reduced by certain exclusions applicable to U.S. citizens or residents living abroad) exceeds $250,000 (if the Owner is married and filing jointly or a surviving spouse), $125,000 (if married filing separately) or $200,000 (if the Owner is unmarried or in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Information Reporting and Backup Withholding. Payments of interest and accruals of original issue discount (if any) on Series 2021D Intermediate Lien Bonds held of record by U.S. persons other than corporations and other exempt Owners must be reported to the IRS. Such information will be filed each year with the IRS on Form 1099, which will reflect the name, address, and taxpayer identification number of the Owner. A copy of Form 1099 will be sent to each Owner of a Series 2021D Intermediate Lien Bond for federal income tax reporting purposes.

Interest paid to an Owner of a Series 2021D Intermediate Lien Bond ordinarily will not be subject to withholding of federal income tax if such Owner is a U.S. person. Backup withholding of federal income tax, currently (2021) at a rate of 24 percent may apply, however, to payments made in respect of the Series 2021D Intermediate Lien Bonds, as well as payments of proceeds from the sale of Series 2021D Intermediate Lien Bonds, to Owners who are not "exempt recipients" and who fail to provide certain identifying information. This withholding generally applies if the Owner of a Series 2021D Intermediate Lien Bond (who is not an exempt recipient) (i) fails to furnish such Owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Owner is not subject to backup withholding. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. To prevent backup withholding, each prospective Owner will be requested to complete an appropriate form.

Any amounts withheld under the backup withholding rules from a payment to a person would be allowed as a refund or a credit against such person's U.S. federal income tax, provided that the required information is furnished to the IRS. Furthermore, certain penalties may be imposed by the IRS on an Owner who is required to supply information but who does not do so in the proper manner.

The federal tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Series 2021D Intermediate Lien Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not U.S. persons.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements under

Title I, Part 4 of ERISA, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any Series 2021D Intermediate Lien Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets within the meaning of 29 CFR Sec. 2510.3-102 as modified by ERISA Section 3(42). Depending on the identity of the Plan fiduciary making the decision to acquire or hold Series 2021D Intermediate Lien Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by "qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain "in-house asset managers") (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries (or affiliates of such fiduciaries) with respect to the "plan assets" of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a Series 2021D Intermediate Lien Bond, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any Plan have been used to purchase such Series 2021D Intermediate Lien Bond, or (ii) the purchase and holding of such Series 2021D Intermediate Lien Bond either do not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code, or are exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning an investment in any of the Series 2021D Intermediate Lien Bonds.

LEGAL MATTERS

Issuance of the Series 2021 Bonds is subject to receipt of the legal opinions of K&L Gates LLP, Bond Counsel to the Port, and to certain other conditions. See Appendix E for the forms of the opinions of Bond Counsel. Certain legal matters will be passed upon for the Port by Pacifica Law Group LLP, Disclosure Counsel to the Port. Any opinion of such firm will be addressed solely to the Port, will be limited in scope, and cannot be relied upon by investors.

Certain legal matters will be passed on for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Counsel to the Underwriters. Any opinion of such firm will be addressed solely to the Underwriters, will be limited in scope, and cannot be relied upon by investors.

RATINGS

Moody's Investors Service, S&P Global Ratings and Fitch Ratings have assigned their ratings of "Aa2," "AA-," and "AA" respectively, to the Series 2021 First Lien Bonds. Certain information was supplied by the Port to such rating agencies to be considered in evaluating the Series 2021 First Lien Bonds.

Moody's Investors Service, S&P Global Ratings and Fitch Ratings have assigned their ratings of "A1," "A+," and "AA-" respectively, to the Series 2021 Intermediate Lien Bonds. Certain information was supplied by the Port to such rating agencies to be considered in evaluating the Series 2021 Intermediate Lien Bonds.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Series 2021 Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2021 Bonds. The Port does not have any obligation to take any action, other than file a listed event notification, if the ratings on the Series 2021 Bonds is changed, suspended or withdrawn.

THE REGISTRAR

The principal of and interest and redemption premium, if any, on the Series 2021 Bonds are payable by the fiscal agent of the State, currently U.S. Bank National Association. For so long as the Series 2021 Bonds remain in a "book-entry only" transfer system, the Registrar will make such payments to DTC, which, in turn, is obligated to remit such principal payments to the DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2021 Bonds. See Appendix F.

MUNICIPAL ADVISOR

Piper Sandler & Co. has served as Municipal Advisor to the Port relative to the sale, timing of the sale, and other factors relating to the Series 2021 Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Series 2021 Bonds. Piper Sandler & Co. makes no guaranty, warranty or other representation on any matter related to the information contained in this Official Statement. A portion of the Municipal Advisor's compensation for this transaction is contingent on the sale and delivery of the Series 2021 Bonds.

UNDERWRITING

The Series 2021 Bonds are expected to be sold pursuant to a bond purchase contract between the Port and Barclays Capital Inc., acting on behalf of itself and on behalf of BofA Securities, Inc.; J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Drexel Hamilton, LLC; and Siebert Williams Shank & Co., LLC (collectively, the "Underwriters"). The bond purchase agreement provides that the Underwriters will purchase all of the Series 2021 Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Series 2021 Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The Series 2021 First Lien Bonds are to be purchased from the Port at an aggregate purchase price of $49,163,139.82 (the principal amount of the Series 2021 First Lien Bonds, less Underwriters' discount of $71,321.58, and plus original issue premium of $6,219,461.40).

The Series 2021A Intermediate Lien Bonds are to be purchased from the Port at an aggregate purchase price of $52,649,469.36 (the principal amount of the Series 2021A Intermediate Lien Bonds, less Underwriters' discount of $77,412.59, and plus original issue premium of $5,701,881.95).

The Series 2021B Intermediate Lien Bonds are to be purchased from the Port at an aggregate purchase price of $185,422,512.21 (the principal amount of the Series 2021B Intermediate Lien Bonds, less Underwriters' discount of $309,745.74, and plus original issue premium of $36,967,257.95).

The Series 2021C Intermediate Lien Bonds are to be purchased from the Port at an aggregate purchase price of $639,467,284.34 (the principal amount of the Series 2021C Intermediate Lien Bonds, less Underwriters' discount of $1,080,020.41, and plus original issue premium of $126,157,304.75).

The Series 2021D Intermediate Lien Bonds are to be purchased from the Port at an aggregate purchase price of $41,313,886.28 (the principal amount of the Series 2021D Intermediate Lien Bonds, less Underwriters' discount of $81,113.72).

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Port, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Port.

BofA Securities, Inc., an underwriter of the Series 2021 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. as part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2021 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2021 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021 Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the underwriter of the Series 2021 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

Morgan Stanley and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Port, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Port. Morgan Stanley and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The initial public offering prices or yields set forth on the inside cover page may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the Series 2021 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices or at yields higher than the yields stated on the inside cover page.

INDEPENDENT CONSULTANT

The Report of the Independent Consultant has been included in this Official Statement with the consent of the Independent Consultant, and in reliance upon the Independent Consultant's expertise in preparing such report. Given the unprecedented nature and continuing uncertainty surrounding COVID-19, the Report of the Independent Consultant does not include any assumptions and projections of (1) economic activity in the region served by the Airport or in the nation or (2) the number of enplaned passengers and other aviation activity (e.g., number of flights) at the Airport.

The Report of the Independent Consultant instead includes two hypothetical five-year rates of recovery to approximately the number of passengers at the Airport in 2019 (the year prior to the effects of COVID-19) for purposes of projecting key Port financial metrics, including debt service coverage and average airline cost per enplaned passenger, from 2021 through 2026 (the "Projection Period"). The Independent Consultant assumes that, the number of passengers enplaned at the Airport return to 2019 levels in 2025 (in both hypothetical scenarios), and the number of enplaned passengers was assumed to increase 3.2% in 2026.

The Independent Consultant assisted Port management in identifying key factors affecting the projection of key Port financial metrics for the Projection Period and in formulating assumptions about those factors. The Report of the Independent Consultant reviewed the Port's forecast of financial performance through 2026, as of June 3, 2021. Among other assumptions, it was assumed (i) the Port will implement the $4.3 billion of projects in the Airport CIP (with the following significant projects currently expected to be completed after the Projection Period: South Satellite project, Baggage Handling System Optimization, C1 Building Floor Expansion project, and certain other on-going renewal and replacement efforts and smaller projects) and (ii) in projecting the financial performance at the Airport, that a substantially similar rate making methodology will continue to be in effect through the Projection Period following the current airline agreements' scheduled expiration at the end of 2022. Changes in debt service, including any savings or lien changes, resulting from refundings, including the Port's refunding of the Refunded Bonds, are not included in the financial projections presented in the Report of the Independent Consultant.

Based on the hypothetical passenger recovery scenarios, the projections reflect Port management's expected course of action during the Projection Period and, in Port management's judgment, present fairly the expected financial results of the Port assuming that the number of passengers enplaned at the Airport return to 2019 levels in 2025. In the opinion of the Independent Consultant, as set forth more specifically in the report, the underlying assumptions provide a reasonable basis for the projections. The results, key findings and assumptions of the Independent Consultant's analyses are summarized in the Report of the Independent Consultant, which should be read in its entirety.

Any projection, however, is subject to uncertainties and inevitably some assumptions regarding future trends will not be realized and unanticipated events and circumstances may occur. **In addition to the typical limitations of any forward-looking statements, the forward-looking statements in this Official Statement also are subject to the additional uncertainties associated with preparing estimates regarding the impact of the COVID-19 pandemic during the course of the pandemic and in the context of the evolving public health response. Therefore, there are likely to be differences between estimated and actual results, and those differences may be material.** See "APPENDIX C—REPORT OF THE INDEPENDENT CONSULTANT." The Report of the Independent Consultant should be read in its entirety.

INDEPENDENT AUDITOR

The Port's financial statements for the Enterprise Fund and the Warehousemen's Pension Trust Fund as of December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019, and 2018, respectively, included herein as Appendix A, have been audited by Moss Adams LLP, independent auditor, as stated in its report appearing herein. The audited financial statements of the Port are public documents. The Port has not requested that Moss Adams LLP provide consent for inclusion of its audited financial statements in this Official Statement, and Moss Adams LLP has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Further, Moss Adams LLP has not participated in any way in the preparation or review of this Official Statement.

The Seaport Alliance's financial statements for the year ended December 31, 2020, included herein as Appendix B, have been audited by RSM US, LLP, independent auditors. RSM US, LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US, LLP also has not performed any procedures relating to this Official Statement.

In addition to the annual audit of its financial statements by its independent auditor, the Port also undergoes an annual accountability audit by the Office of the State Auditor ("SAO"). The accountability audit reviews the Port's uses of public resources, compliance with state laws and regulations, its policies and procedures, and internal controls over such matters.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Series 2021 Bonds. The summaries provided in this Official Statement and in the appendices attached hereto and the documents referred to herein do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Series 2021 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of the documents referred to herein are available for inspection during the period of the offering at the principal office of the Port.

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Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Port and the purchasers of the Series 2021 Bonds.

PORT OF SEATTLE

By /s/Daniel R. Thomas
Chief Financial Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE PORT

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MOSSADAMS

Report of Independent Auditors

To the Port Commission
Port of Seattle
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund and the Warehousemen's Pension Trust Fund of the Port of Seattle (the "Port") as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019, and 2018, and the related notes to the financial statements, which collectively comprise the Port's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Northwest Seaport Alliance, a joint venture, as discussed in Note 13 to the financial statements, which reflects the Port's Investment in joint venture of $229,692,000 and $176,179,000 as of December 31, 2020 and 2019, respectively, and joint venture income of $36,869,000, $47,979,000, and $55,992,000 for the years ended December 31, 2020, 2019, and 2018, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinion insofar as it relates to the amounts as included for the Port, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and fiduciary net position of the Warehousemen's Pension Trust Fund of the Port of Seattle as of December 31, 2020 and 2019, and the changes in net position and cash flows for the Enterprise Fund, and the changes in fiduciary net position for the Warehousemen's Pension Trust Fund for the years ended December 31, 2020, 2019, and 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) - Enterprise Fund Pension Plans, Schedule of Port of Seattle Contributions - Enterprise Fund Pension Plans, Schedule of Changes in Total OPEB Liability and Related Ratios - LEOFF Plan 1 Members' Medical Savings Plan, Schedule of Changes in Total OPEB Liability and Related Ratios - Retirees Life Insurance Plan, Schedule of Changes in Net Pension Liability and Related Ratios - Warehousemen's Pension Trust Fund, Schedule of Employer Contributions - Warehousemen's Pension Trust Fund, Schedule of Investment Returns - Warehousemen's Pension Trust Fund, and notes to Required Supplementary Information - Warehousemen's Pension Trust Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Seattle, Washington
April 30, 2021

Port of Seattle

Management's Discussion and Analysis
for the Year Ended December 31, 2020

Introduction

The following Management's Discussion and Analysis (MD&A) of the Port of Seattle's (the Port) activities and financial performance provides an introduction to the financial statements of the Port for the fiscal year ended December 31, 2020, including the Port operations within the Enterprise Fund and the Warehousemen's Pension Trust Fund reported as a Fiduciary Fund with selected comparative information for the years ended December 31, 2020 and 2019.

The Enterprise Fund accounts for all activities and operations of the Port except for the activities included within the Fiduciary Fund. This includes the Port's major business activities, which are composed of the Aviation, Maritime, and Economic Development divisions. The Enterprise Fund is used to account for operations and activities that are financed at least in part by fees or charges to external users. The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. The Port became the sole administrator for the Warehousemen's Pension Trust Fund effective May 25, 2004.

The MD&A presents certain required information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section. The notes are essential to thoroughly understand the data contained in the financial statements.

Overview of the Financial Statements

The financial section of this annual report consists of four parts: MD&A, the basic financial statements, the notes to the financial statements, and the required supplementary information (RSI). The report includes the following three basic financial statements for the Port Enterprise Fund: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The report also includes two basic financial statements for the Fiduciary Fund: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Local Economic Factors

In 2020, Washington's economy experienced an economic crisis from the widespread business closures and decline in consumer and business spending due to the novel coronavirus (COVID-19) pandemic. The unemployment rate increased significantly from an average of 4.3% in 2019, to 8.4% in 2020. During 2020, jobs in the private sector decreased 6.5% while government jobs fell 8.1%. The Seattle metropolitan area lost about 70,100 jobs in 2020. However, approximately 9,800 new jobs were added in specialty trade and employment services.

The Port's 2020 performance reflected an unprecedented decrease in operating revenues caused by the pandemic. At the Seattle-Tacoma International Airport (SEA), only 20 million passengers passed through in 2020, a decrease of 61.3% from 2019, reflecting the restrictions and suspension of travel in response to the pandemic. In March 2020, the U.S. Centers for Disease Control and Prevention issued a "No Sail" order for U.S. cruise operations to be on indefinite hold until the resolution of the public health emergency. As a result, in 2020 the Maritime Division had no cruise vessel calls and passengers. Grain volumes totaled 4.2 million metric tons, a

24.6% increase from 2019, due to greater demand for feedstock, corn, and soybeans from China in the second half of 2020. For the Economic Development Division, overall occupancy of buildings managed by Portfolio Management remained fairly unchanged at 94% at the end of 2020.

On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which included $10 billion of funding to support U.S. airports that experienced severe economic disruption caused by the COVID-19 public health emergency. The funds were distributed to eligible airports to prevent, prepare for, and respond to the impacts of this emergency. The funds were provided directly from the U.S. Treasury's General Fund, and the Federal Aviation Administration (FAA) Office of Airports administered the grant funds to these airports. SEA was awarded a $192.1 million federal grant to help lessen the significant economic stress affecting the airport. As of December 31, 2020, SEA applied and received $147.1 million of the awarded federal grant and the remaining $45 million is allocated to 2021.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act was signed into law. It included nearly $2 billion of economic relief for eligible U.S. airports and airport concessions. The FAA established the Airport Coronavirus Response Grant Program (ACRGP) to distribute this relief. SEA was awarded a $37.4 million ACRGP grant to lessen the economic stress affecting the airport. SEA was also awarded $5.4 million of concession relief which will provide tenant relief from rent and other minimum annual guarantee payments to on-airport car rental, on-airport parking, and in-terminal airport concessions.

On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law providing additional relief for the pandemic. The ARP Act included $8 billion of funding for U.S. airports to cover costs of operations, personnel, cleaning, and also included additional rent relief and mitigation for other costs incurred by airport concessionaires that are small businesses and minority-owned. At this time, the Port is awaiting guidance from the FAA on the allocation and eligibility requirements for this relief.

The Northwest Seaport Alliance

The home ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region. On January 1, 2016, the Northwest Seaport Alliance (NWSA), a separate legal governmental entity, was formed. It was established as a Port Development Authority, similar to the Public Development Authorities formed by cities and counties. The commissions of each home port serve as the Managing Members of the NWSA. The NWSA is accounted for as a joint venture by the home ports.

Each home port remains a separate legal entity, independently governed by its own elected commissioners. Each home port has granted the NWSA a license for the NWSA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Accounting for revenues and expenses associated with licensed properties became the responsibility of the NWSA. Ownership of the licensed facilities remains with the home ports, not with the NWSA. The NWSA is intended to support the credit profiles of both home ports, and its financial framework preserves both home ports' commitment to financial stewardship. The home ports are committed to ensuring existing bond pledges and covenants will not be negatively affected. Outstanding bonds remain the obligations of each individual home port. To maintain the rights of each home port's existing bondholders, the Charter prohibits the NWSA from issuing debt. The NWSA has its own annual operating budget and five-year capital investment plan.

The home ports set up an initial 50/50 investment in the NWSA. The home ports share the NWSA's change in net position and distribution of operating cash equally. The home ports contribute to capital construction projects subject to Managing Member approval. Capital funding does not come from working capital.

On April 2, 2019, the Managing Members and the Port of Seattle Commission (the Commission) authorized the completion of a one-time Membership Interest Affirmation of 50/50 for each home port in satisfaction of the NWSA Charter. In lieu of completing the required reevaluation of Membership Interest, the Port agreed to pay up to $32 million additional contribution to the NWSA. This additional contribution was to recognize that certain forecasted revenue streams, not secured by long-term contractual agreements in the initial valuation, would not be achieved without the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first and second installment of $11 million was made in March 2020 and 2021, respectively. The final installment will be made in 2024, and may be adjusted downward if the actual Terminal 5 redevelopment costs are less than the program authorization. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA receives the funds from the Port.

In 2019, both the Managing Members and the Commission approved an Interlocal Agreement between the Port and the NWSA to facilitate development by the Port of a new cruise terminal at Terminal 46 as part of a flexible marine transportation facility. The Port's cruise facility was planned to occupy the northern 29 acres of the overall 86.5-acre terminal. The remainder of the site will be maintained by the NWSA as a marine cargo facility and for administrative use. This new cruise terminal project was postponed in 2020 due to the pandemic's uncertain impact on the Alaskan cruise market. The Port agreed to pay the NWSA monthly for the use of Terminal 46 starting January 1, 2020, for 23 years with four options to extend for 5-year terms. In 2020, the Port's payment to the NWSA was $3.8 million. In 2020, the Port's 50% share of the NWSA's change in net position, joint venture income, was reduced by $1.9 million, 50% of the $3.8 million, due to the elimination of profit on the intra-entity transaction.

In 2020, the Port's share of joint venture income before the elimination of profit on the intra-entity transaction was $38.8 million, a decrease of $9.2 million or 19.2% from 2019, primarily due to decline in operating revenue and higher operating expense. Restrictions introduced in response to the pandemic and the ongoing U.S.-China trade negotiations disrupted cargo operations through the supply chain decreasing cargo volume and operating revenues. Higher operating expense was largely from costs to modernize container terminals for ultra-large ships that require larger cranes and associated terminal infrastructure improvements.

In 2019, the Port's share of joint venture income was $48 million, a decrease of $8 million or 14.3% from 2018, driven primarily by higher operating expenses and depreciation expenses. Increases in 2019 operating expenses were mostly due to removal costs of old cranes that were no longer in service in the North Harbor and higher maintenance expenses on the four new super post-Panamax cranes at Husky Terminal. Increases in 2019 depreciation expenses were a result of new asset additions, mainly for new cranes and improvements in the South Harbor.

In 2020, the home ports made capital construction contributions of $129.6 million primarily for the modernization of container terminals for ultra-large ships and redevelopment of Terminal 5. In 2019, the home ports made capital construction contributions of $88.6 million for container terminal improvements at the North and South Harbors and container crane acquisitions at Husky Terminal in the South Harbor.

Additional information on the formation and operations of the joint venture can be found in Note 1 and Note 13, respectively, in the accompanying Notes to Financial Statements.

Enterprise Fund

Financial Position Summary

The Statement of Net Position presents the financial position of the Enterprise Fund of the Port at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Enterprise Fund. Net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, is an indicator of the current fiscal health of the organization and the enterprise's financial position over time.

A summarized comparison of the Enterprise Fund assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31 is as follows (in thousands):

	2020	2019	2018
Assets:			
Current, long-term, and other assets	$ 1,502,533	$ 2,013,925	$ 1,989,201
Capital assets	6,883,775	6,579,546	6,158,334
Total assets	$ 8,386,308	$ 8,593,471	$ 8,147,535
Deferred Outflows of Resources	$ 58,843	$ 54,666	$ 54,398
Liabilities:			
Current liabilities	$ 459,917	$ 477,930	$ 583,985
Noncurrent liabilities	4,040,574	4,294,459	4,011,823
Total liabilities	$ 4,500,491	$ 4,772,389	$ 4,595,808
Deferred Inflows of Resources	$ 25,839	$ 42,032	$ 39,416
Net Position:			
Net investment in capital assets	$ 3,266,254	$ 3,212,698	$ 3,107,766
Restricted	288,067	340,262	377,800
Unrestricted	364,500	280,756	81,143
Total net position	$ 3,918,821	$ 3,833,716	$ 3,566,709

Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $3.9 billion as of December 31, 2020, and $3.8 billion for 2019. Total net position increased $85.1 million from 2019 to 2020, and $267 million from 2018 to 2019, respectively.

For each year presented, the largest portion of the Enterprise Fund's net position represents its net investment in capital assets. The Port uses these capital assets to provide services to its tenants, passengers, and customers of the Aviation, Maritime, and Economic Development divisions; therefore, these assets are not available for future spending. Although the Port's net investment in capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations as the capital assets themselves cannot be used to liquidate liabilities. From 2019 to 2020, and from 2018 to 2019, there was an increase of $53.6 million and $104.9 million, respectively, in net investment in capital assets. The respective change in this category was an increase of $304.2 million in 2020, and $421.2 million in 2019, in total capital assets, net of accumulated depreciation, including construction work in progress, largely driven by new asset additions and construction activities in major Aviation programs, partially offset by related demolitions and ongoing depreciation.

As of December 31, 2020 and 2019, the restricted net position of $288.1 million and $340.3 million, respectively, was composed mainly of bond proceeds restricted for debt service reserves in accordance with bond covenants, airport Passenger Facility Charges (PFC) subject to federal regulations, and rental car Customer Facility Charges (CFC) subject to state regulations. From 2019 to 2020, and from 2018 to 2019, there was a decrease of $52.2

million and $37.5 million, respectively, in the restricted net position. The decrease in this category from 2019 to 2020 was largely due to a $41.9 million decrease in restricted debt service reserves, of which $31.7 million was related to debt service payments made from the bond funds associated with the 2017C, 2018A, and 2019 Intermediate Lien Revenue Bonds. Furthermore, there was a reduction in the restricted debt service reserve required for the outstanding PFC Bonds as the 1998A PFC Revenue Bonds were paid off in late 2019. In 2020, SEA passenger activity dropped 61.3% from prior year, contributing to a significant decline in PFC and CFC revenues and a decrease in the restricted net position. The decrease from 2018 to 2019 was due to increases in capital spending in major Aviation programs outpacing increases in the PFC revenues. This decrease was partially offset by an increase in the debt service reserve from the issuance of 2019 and 2018AB Intermediate Lien Revenue Bonds.

As of December 31, 2020 and 2019, the unrestricted net position was $364.5 million and $280.8 million, respectively. From 2019 to 2020, and from 2018 to 2019, there was an increase of $83.7 million and $199.6 million, respectively. In 2020, the CARES Act grant of $147.1 million was recorded as noncapital grants and donations and contributed to the majority of the increases in the unrestricted net position. The Port received reimbursement of $103.8 million and $43.3 million for debt service payments and operating expenses, respectively. In 2019, a delay in expenditures funded by the Port's tax levy contributed to the increases in the unrestricted net position. During 2018, the Port recorded a $34.9 million special item for environmental expense related to the construction cost of a habitat restoration project and $15.9 million for the acquisition of Salmon Bay Marina. Both non-recurring transactions in 2018 further contributed to the increases in the unrestricted net position in 2019 over 2018. Resources from the unrestricted net position may be used to satisfy the Port's ongoing obligations. However, due to federal regulations, resources from SEA operations must be used solely for the Aviation Division's operations. Cash and cash equivalents, and investment balances related to SEA operations decreased $12.5 million from $307.1 million in 2019, and increased $103.5 million from $203.6 million in 2018. In 2020, the decrease was largely due to a decline in non-aeronautical revenues resulting from the pandemic despite receiving funding from the CARES Act grant and re-prioritizing certain capital spending. In 2019, changes were largely attributed to major capital project spending at SEA in order to support increased airline activity and record growth in passenger volume experienced at that time.

Statement of Revenues, Expenses, and Changes in Net Position

The change in net position is an indicator of whether the overall fiscal condition of the Enterprise Fund has improved or worsened during the year. Following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position (in thousands) for the years ended December 31:

	2020	2019	2018
Operating revenues	$ 510,827	$ 764,173	$ 689,390
Operating expenses	408,680	443,088	397,638
Operating income before depreciation	102,147	321,085	291,752
Depreciation	180,086	174,971	164,362
Operating (loss) income	(77,939)	146,114	127,390
Nonoperating income—net	142,135	103,157	85,145
Capital contributions	20,909	17,736	43,650
Special items:			
Environmental expense			(34,923)
Increase in net position	85,105	267,007	221,262
Net position—beginning of year	3,833,716	3,566,709	3,345,447
Net position—end of year	$ 3,918,821	$ 3,833,716	$ 3,566,709

Financial Operation Highlights

A summary of operating revenues is as follows (in thousands):

	2020	2019	2018
Operating Revenues:			
Services	$ 186,488	$ 296,326	$ 274,174
Property rentals	284,768	400,235	339,304
Customer facility charge revenues		15,773	16,263
Operating grants and contract revenues	2,702	3,860	3,657
Joint venture income	36,869	47,979	55,992
Total operating revenues	$ 510,827	$ 764,173	$ 689,390

During 2020, operating revenues decreased $253.3 million or 33.2% from $764.2 million in 2019, to $510.8 million in 2020. The pandemic inflicted a severe economic disruption globally and domestically, and the Port was no exception. At SEA, passenger activity declined 61.3% compared to 2019. The passenger activity decline was strongly reflected in Aviation Division operating revenues which declined by $212.3 million, with decreases of $59.7 million in aeronautical revenues and $152.6 million in non-aeronautical revenues. Aeronautical revenues are based on cost recovery. The decrease in aeronautical revenue was due to (1) Port-wide pandemic related cost cutting measures as well as decreased variable costs associated with significant decline in activity, and (2) $94.3 million of CARES Act grant fund applied to offset aeronautical revenue requirements charged to airlines. Revenue sharing under the Signatory Lease and Operating Agreement IV (SLOA IV) also ended in 2020. Non-aeronautical revenue experienced an unfavorable impact closely aligned with the decline in passenger activity compared to 2019, particularly in Public Parking of $47.6 million, Rental Car of $35.9 million, Airport Dining and Retail of $36.8 million, and Ground Transportation of $14.2 million. Maritime Division operating revenues were also impacted by the pandemic with a reduction of $17.2 million compared to 2019. The cancellation of the 2020 Alaska cruise season resulted in an $18.6 million reduction in Cruise revenues, which was slightly offset by a $0.9 million increase in Grain revenues driven by increased volume in the second half of the year. Economic Development Division operating revenues decreased $11.7 million mostly due to lower volumes from Conference and Event Centers as a result of pandemic-related cancellations and renovation of the Bell Harbor International Conference Center.

During 2019, operating revenues increased $74.8 million or 10.8% from $689.4 million in 2018, to $764.2 million in 2019. Aviation Division operating revenues increased $77.6 million, with increases of $66.3 million in aeronautical revenues and $11.3 million in non-aeronautical revenues. Aeronautical revenues are based on cost recovery. The increase in aeronautical revenues was primarily driven by higher rate-based costs to support increased airline activity and a $19.7 million decrease in revenue sharing due to a reduction in sharing percentage from 40% to 20% under the SLOA IV in 2019. The growth in non-aeronautical revenue was due to strong performance and increases in (1) Clubs and Lounges of $3.5 million, (2) Airport Dining and Retail of $3.6 million, primarily from Food & Beverage sales on Concourse D and Central Terminal, partially offset by a decline on North Satellite, and (3) Ground Transportation of $2 million reflecting continued growth in the transportation network company activities, and (4) Public Parking of $1.9 million due to higher enplanements and net impact of parking rate increase to General Parking beginning in July 2019. Maritime Division operating revenues increased $1.7 million. The increase in revenue was primarily due to a $3.5 million increase in Cruise revenues from higher passenger volumes and rate increase, partially offset by a $0.9 million in Grain from a reduction in volumes as a result of trade tariffs from China, and a $1.2 million reduction in Portfolio Management revenues mostly from a lease expiration with the Washington State Department of Transportation (WSDOT) at Terminal 106. Economic Development Division operating revenues increased $0.4 million due to increases in Conference and Event activities.

A summary of operating expenses is as follows (in thousands):

	2020	2019	2018
Operating Expenses:			
Operations and maintenance	$ 300,932	$ 335,532	$ 297,321
Administration	78,337	76,413	72,568
Law enforcement	29,411	31,143	27,749
Total operating expenses	$ 408,680	$ 443,088	$ 397,638

During 2020, operating expenses decreased $34.4 million or 7.8% from $443.1 million in 2019, to $408.7 million in 2020. In response to the economic disruption caused by the pandemic, the Port took immediate actions to reduce operating expenses through a hiring freeze, reduced discretionary spending, and other cost saving measures. Aviation Division operating expenses before depreciation decreased $27 million primarily due to (1) an $18.3 million decrease in environmental remediation costs from non-recurring costs recorded in 2019, mostly from contaminated soil and asbestos removal from projects at the North Satellite, and the Heating, Ventilation, and Air-Conditioning (HVAC) system at the South Satellite, and (2) a $10.5 million decrease from both cost reduction measures and decreased variable costs associated with a significant decline in activity due to the pandemic. Maritime Division operating expenses before depreciation increased $1.6 million primarily from (1) an increase of $2.6 million to write-off previously capitalized costs for construction of a new cruise terminal at Terminal 46, which was postponed due to the pandemic's uncertain impact on the Alaska cruise market, and (2) an increase of $1.9 million from the first-year payment of $3.8 million to the NWSA for the use of Terminal 46, netted by 50% due to the elimination of profit on the intra-entity transaction. These increases were offset by Port-wide pandemic-related cost cutting initiatives. Economic Development Division operating expenses before depreciation decreased $7.1 million, mostly due to variable costs associated with lower volumes from Conference and Event Centers as a result of pandemic-related cancellations.

During 2019, operating expenses increased $45.5 million or 11.4% from $397.6 million in 2018, to $443.1 million in 2019. Aviation Division operating expenses before depreciation increased $37.8 million primarily due to (1) approximately $7.3 million in payroll expenses from increased staffing, (2) a $7.1 million non-recurring expense from outside services focused on addressing strategic initiatives, including planning studies to maximize existing terminal space, utility master plan, and the ongoing environmental review of the Sustainable Aviation Master Plan, (3) a $9.7 million increase in environmental remediation costs primarily from contaminated soil and asbestos removal from projects at the North Satellite, and the HVAC system at the South Satellite, and (4) increases in other expenses primarily attributable to allocated payroll and outside service costs from Central Services and Law Enforcement, partially offset by a reduction of $4.8 million in write-offs from projects that were previously capitalized. Maritime Division operating expenses before depreciation increased $5.4 million, primarily from (1) $1.6 million in payroll and contracted work, (2) $1.2 million in write-offs from projects that were previously capitalized at Pier 66 Cruise Terminal and Fishermen's Terminal, (3) $0.9 million in environmental remediation costs primarily relating to decommissioning costs of monitoring wells and other clean-up projects in Fishermen's Terminal, and (4) $0.7 million to support growth in Environmental & Sustainability initiatives. Economic Development Division operating expenses before depreciation remained relatively unchanged from 2018, due to the delay of various project spending to 2020 and beyond.

As a result of the above, operating income before depreciation decreased $218.9 million in 2020 and increased $29.3 million in 2019. Depreciation expenses increased $5.1 million and $10.6 million in 2020 and 2019, respectively.

A summary of nonoperating income (expense)—net, capital contributions, and special items are as follows (in thousands):

	2020	2019	2018
Nonoperating Income (Expense):			
Ad valorem tax levy revenues	$ 76,196	$ 73,801	$ 71,771
Passenger facility charge revenues	34,637	100,004	94,070
Customer facility charge revenues	15,429	22,355	21,802
Noncapital grants and donations	149,913	2,880	1,573
Fuel hydrant facility revenues	6,886	6,742	6,942
Investment income—net	41,406	54,078	26,287
Revenue and capital appreciation bonds interest expense	(133,149)	(105,601)	(100,432)
Passenger facility charge revenue bonds interest expense	(2,670)	(3,547)	(4,368)
General obligation bonds interest expense	(11,850)	(12,492)	(13,414)
Public expense	(6,658)	(12,986)	(5,269)
Environmental expense—net	(5,971)	(118)	(10,600)
Other (expense) income—net	(22,034)	(21,959)	(3,217)
Total nonoperating income—net	$ 142,135	$ 103,157	$ 85,145
Capital Contributions	$ 20,909	$ 17,736	$ 43,650
Special Items:			
Environmental expense			(34,923)

During 2020, nonoperating income—net was $142.1 million, a $39 million increase from 2019. The increase was largely driven by the $147.1 million CARES Act grant received from the FAA. Further favorable increases included a $6.3 million reduction in public expense primarily resulted from (1) less spending on the Safe and Swift Corridor program, (2) a delay in the Heavy Haul Network project, and (3) a one-time, non-recurring reimbursement to the Transportation Security Administration (TSA) for their screening lanes and machines in 2019. Favorable increases to nonoperating income were offset by (1) a $65.4 million decrease in PFC revenues as a result of a sharp drop in air travel due to restrictions imposed by governments around the world as well as suspensions of non-essential travel by businesses and organizations, (2) a $6.9 million decrease in CFC revenues due to a prolonged decline in travel and restrictions, (3) a $27.5 million increase in revenue bonds interest expense largely driven by a full year of interest expense recorded for the 2019 Intermediate Lien Revenue Bonds issued in late 2019, and with the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest expense incurred before a construction was completed would have been capitalized in prior years is now being expensed starting in 2020, (4) a net $12.7 million decrease in investment income from lower investment pool balances and interest rates, and (5) a net $5.9 million increase in environmental remediation expense. While the balance of other (expense) income—net between 2020 and 2019 was relatively unchanged, the Port recorded, as nonoperating other income in 2020, $22.8 million out of a $24.9 million settlement from Great American Insurance Company for certain past environmental remediation costs associated with the Lower Duwamish Waterway, Harbor Island/East Waterway, and Terminal 91. This favorable increase was offset by increases in losses from demolition, retirement, and sale of capital assets in 2020. The most significant losses were retirements related to the construction of a new baggage handling system at SEA resulting in a loss of $22.7 million.

During 2019, nonoperating income—net was $103.2 million, an $18 million increase from 2018. Favorable increases included (1) a $27.8 million increase in investment income from higher investment pool balances and interest rates, (2) a $5.9 million increase in PFC revenues from higher enplanements, and (3) a net decrease of $10.5 million in environmental expenses. These increases were offset by $13.9 million net increases in losses from demolition, retirement, and sale of capital assets. The most significant losses were retirements of $14 million related to the first phase of the North Satellite expansion and renovation of a 46-year-old terminal at SEA that opened in 2019. Additionally, a $7.8 million increase in public expenses primarily related to a reimbursement to TSA of their screening lanes and machines for the International Arrivals Facility at SEA, and a $5.2 million increase in total revenue bonds interest expense further contributed to the offset.

In 2020, capital contributions increased $3.2 million over 2019, mainly due to a $10.9 million increase in grant revenues received from the Airport Improvement Program (AIP) related to the rehabilitation of Taxiway B, the reconstruction of Taxilane W, and cargo aprons. The increases were offset in part by decreases due to the continued winding down of the TSA Checked Baggage Optimization projects at SEA.

In 2019, capital contributions decreased $25.9 million from 2018, primarily due to the winding down and closeout of TSA for Checked Baggage Optimization projects at SEA and lower grant revenues from the AIP related to the Taxiway Improvement Project.

In 2019, special items decreased $34.9 million from 2018, due to the settlement negotiations with the Elliot Bay Trustee Council (EBTC) in 2018. The Port recorded a $34.9 million of environmental expense, as a special item, reflecting the cost to construct a habitat restoration project. The Port is in continued negotiation with EBTC.

Increase in net position in 2020 was $85.1 million, a decrease of $181.9 million or 68.1% from $267 million in 2019. This significant reduction was due to the unprecedented impacts of the pandemic on all divisions from curtailed passenger traffic, loss of the cruise season, and sharply reduced conference activities.

Net position increased $45.7 million or 20.7% from $221.3 million in 2018, to $267 million in 2019. It reflected the economic vitality of the local economy through the Port's strong operating results in 2019: all-time record of SEA passenger traffic, record setting cruise passenger volume, and solid conference and event centers revenues.

Warehousemen's Pension Trust Fund

The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. Effective May 25, 2004, the Port became the sole administrator of the Warehousemen's Pension Plan and Trust (the Plan). The Plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. The Plan provides that only service credited and compensation earned prior to April 1, 2004, shall be utilized to calculate benefits defined under the Plan, and the Port agrees to maintain the frozen Plan and to contribute funds to the Plan in such amounts that may be necessary to enable the Plan to pay vested accrued benefits as they become due and payable to participants and beneficiaries of the Plan. Additional information on the Port's Warehousemen's Pension Trust Fund can be found in Note 15 in the accompanying Notes to Financial Statements.

In 2020, the Port adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The Port concluded that the three 401(a) defined contribution plans no longer meet the criteria to be reported as fiduciary activities to be presented as fiduciary funds except for the Warehousemen's Pension Trust Fund. As a result, the Port restated the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the years ended December 31, 2019 and 2018, respectively. Additional information can be found in Note 1 in the accompanying Notes to Financial Statements.

The following table is a summarized comparison of the assets, liabilities, and fiduciary net position of the Warehousemen's Pension Trust Fund as of December 31, and changes in fiduciary net position for the years ended December 31 (in thousands).

	2020	2019 (Restated)	2018 (Restated)
Total assets	$ 10,890	$ 10,016	$ 8,829
Total liabilities	6	6	6
Total fiduciary net position	$ 10,884	$ 10,010	$ 8,823
Total additions	$ 2,715	$ 3,075	$ 889
Total deductions	(1,841)	(1,888)	(1,940)
Increase (Decrease) in fiduciary net position	874	1,187	(1,051)
Fiduciary net position—beginning of year	10,010	8,823	9,874
Fiduciary net position—end of year	$ 10,884	$ 10,010	$ 8,823

Total fiduciary net position as of December 31, 2020 and 2019, increased by $0.9 million and $1.2 million, respectively, due to an increase in the fair value of investments.

Capital Assets

The Port's capital assets, net of accumulated depreciation, for its business activities as of December 31, 2020, amounted to $6.9 billion. Capital assets include land, air rights, facilities and improvements, equipment, furniture and fixtures, and construction work in progress.

In 2020, the Port's expenditures for capital construction projects totaled $542.3 million, of which $503.9 million, $23.1 million, and $8.2 million related to the Aviation Division, Maritime Division, and Economic Development Division, respectively. Aviation construction accounted for 92.9% of total spending for capital construction projects at the Port in 2020. Major Aviation project spending included $164.2 million for the North Satellite expansion and renovation; $158.2 million for construction of the new International Arrivals Facility; $45.5 million to Checked Baggage Optimization programs; $26.6 million on Airfield-related improvements for the taxiway and pavement, along with providing infrastructure and facility improvements, and increasing the fence heights of the airfield perimeter fence; $24.4 million on mechanical infrastructure, most of which related to the South Satellite HVAC system; and $12.5 million for Security projects in the terminals, checkpoint and airport fire department. Maritime construction included $10.8 million for construction of new service buildings at Shilshole Bay Marina.

During 2020, capital construction projects totaling $280.3 million were completed and placed in service as capital assets, of which $239.1 million, $17.4 million, and $11 million related to the Aviation, Maritime and Economic Development divisions respectively. The most significant project completions occurred in the Aviation division which accounted for 87.3% of total additions to new capital assets in 2020. Major Aviation projects included $85.7 million relating to Checked Baggage Optimization programs; $36.8 million relating to airport Service Tunnels; $32.4 million of interior improvements primarily relating to the North Satellite and Restroom Upgrades; $28.2 million of Airfield-related assets including taxiway and pavement betterments and perimeter fencing; and $21.9 million of mechanical, electrical and HVAC infrastructure in the Central Terminal. The Maritime Division completed projects mostly related to $15.4 million of new service buildings at Shilshole Bay Marina. The Economic Development Division completed projects mostly related to $10.9 million of interior modernization of Bell Harbor International Conference Center at Pier 66.

During 2020, the Port collected $75.8 million in property taxes through a King County ad valorem tax levy. The Port funds its capital assets from multiple sources, including but not limited to operating income, ad valorem tax levy, PFCs, federal and state grants, and bond proceeds. All capital assets are accounted for within the Enterprise Fund.

In February 2021, the Commission approved the acquisition of a 14.3-acre WSDOT-owned parcel in Des Moines, Washington. The purchase price was $2.9 million and related fees, including predevelopment costs, due diligence and feasibility studies, with closing expected in the second quarter of 2021. This property will support development of an adjacent Port-owned property and add value to the overall development of the Des Moines Creek Business Park.

Additional information on the Port's capital assets can be found in Note 4 in the accompanying Notes to Financial Statements.

Debt Administration

As of December 31, 2020, the Port had outstanding revenue bonds and commercial paper of $3.4 billion, a $149.3 million decrease from 2019, primarily due to principal payments on revenue bonds and commercial paper. The decrease was partially offset by the issuance of $30.8 million of commercial paper in 2020 to redeem or defease certain outstanding revenue bond debt service due in 2020 and 2021.

As of December 31, 2020, the Port had outstanding GO Bonds of $311.2 million, a $24.3 million decrease from 2019, due to scheduled principal payments.

As of December 31, 2020, the Port had outstanding PFC Revenue Bonds of $51.1 million, a $15.4 million decrease from 2019, due to a scheduled principal payment.

As of December 31, 2020, the Port had outstanding Fuel Hydrant Special Facility Revenue Bonds of $65.1 million, a $3.8 million decrease from 2019, due to a scheduled principal payment.

Below are the underlying Port credit ratings as of December 31, 2020. Certain Port bonds include bond insurance or bank letters of credit, and as such, those bonds may assume the credit rating of the associated bond insurer or letter of credit provider.

	Fitch	**Moody's**	**S&P**
General obligation bonds	AA-	Aaa	AAA
First lien revenue bonds	AA	Aa2	AA-
Intermediate lien revenue bonds	AA-	A1	A+
Subordinate lien revenue bonds	AA-	A2	A+
Passenger facility charge revenue bonds	A+	A1	A+
Fuel hydrant special facility revenue bonds		A1	A-

In February 2021, S&P lowered its long-term rating on the Port's PFC Revenue bonds from A+ to A. Based on the application of updated ratings criteria, S&P also lowered its long-term rating on the Port's GO bonds from AAA to AA-.

Additional information on the Port's debt and conduit debt activities can be found in Note 5 and Note 6, respectively, in the accompanying Notes to Financial Statements.

Port of Seattle—Enterprise Fund

Statement of Net Position as of December 31, 2020 and 2019 (in thousands)

Assets and Deferred Outflows of Resources	2020	2019
Current Assets:		
Cash and cash equivalents	$ 265,547	$ 157,590
Restricted cash and cash equivalents:		
Bond funds and other	193,707	220,853
Fuel hydrant assets held in trust	3,184	4,110
Short-term investments	147,997	172,906
Restricted short-term investments: bond funds and other	107,582	242,427
Accounts receivable, less allowance for doubtful accounts of $1,308 and $2,062	39,087	52,526
Related party receivable—joint venture	5,170	9,648
Grants-in-aid receivable	15,862	10,154
Taxes receivable	1,490	1,114
Materials and supplies	7,908	7,315
Prepayments and other current assets	9,708	7,847
Total current assets	797,242	886,490
Noncurrent Assets:		
Long-term investments	253,052	375,560
Restricted long-term investments:		
Bond funds and other	188,753	541,855
Fuel hydrant assets held in trust	6,769	5,796
Investment in joint venture	229,692	176,179
Net pension asset	23,667	26,390
Other long-term assets	3,358	1,655
Capital Assets:		
Land and air rights	1,987,185	2,006,216
Facilities and improvements	5,755,677	5,597,050
Equipment, furniture, and fixtures	591,793	561,030
Total capital assets	8,334,655	8,164,296
Less accumulated depreciation	(2,798,327)	(2,670,162)
Construction work in progress	1,347,447	1,085,412
Total capital assets—net	6,883,775	6,579,546
Total noncurrent assets	7,589,066	7,706,981
Total assets	8,386,308	8,593,471
Deferred Outflows of Resources:		
Deferred loss on refunding bonds	33,840	36,523
Deferred charges on net pension asset and liability	22,610	16,698
Deferred charges on total other postemployment benefits (OPEB) liability	2,393	1,445
Total deferred outflows of resources	58,843	54,666
Total	$ 8,445,151	$ 8,648,137

See Notes to Financial Statements.

(Continued)

Port of Seattle—Enterprise Fund
Statement of Net Position as of December 31, 2020 and 2019 (in thousands)

Liabilities, Deferred Inflows of Resources, and Net Position	2020	2019
Current Liabilities:		
Accounts payable and accrued expenses	$ 94,051	$ 119,110
Related party payable—joint venture	7,363	8,793
Payroll and taxes payable	52,947	50,774
Bonds interest payable	42,959	45,907
Customer advances and unearned revenues	21,202	41,586
Current maturities of long-term debt	241,395	211,760
Total current liabilities	459,917	477,930
Noncurrent Liabilities:		
Long-Term Liabilities:		
Net pension liability	51,124	50,626
Environmental remediation liability	61,270	59,906
Bonds interest payable	28,593	25,047
Total OPEB liability	20,436	18,878
Lease securities and other long-term liability	7,230	6,962
Total long-term liabilities	168,653	161,419
Long-Term Debt:		
Revenue and capital appreciation bonds	3,454,298	3,666,356
General obligation bonds	317,128	344,778
Passenger facility charge revenue bonds	35,838	52,662
Fuel hydrant special facility revenue bonds	64,657	69,244
Total long-term debt	3,871,921	4,133,040
Total noncurrent liabilities	4,040,574	4,294,459
Total liabilities	4,500,491	4,772,389
Deferred Inflows of Resources:		
Deferred gain on refunding bonds	6,635	7,063
Deferred credits on net pension asset and liability	18,509	34,233
Deferred credits on total OPEB liability	695	736
Total deferred inflows of resources	25,839	42,032
Net Position:		
Net investment in capital assets	3,266,254	3,212,698
Restricted for:		
Debt service reserves	222,662	264,546
Passenger facility charges	16,798	25,420
Customer facility charges	16,217	25,667
Grants and other	32,390	24,629
Unrestricted	364,500	280,756
Total net position	3,918,821	3,833,716
Total	$ 8,445,151	$ 8,648,137

See Notes to Financial Statements.

(Concluded)

Port of Seattle—Enterprise Fund

Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended December 31, 2020, 2019, and 2018 (in thousands)

	2020	2019	2018
Operating Revenues:			
Services	$ 186,488	$ 296,326	$ 274,174
Property rentals	284,768	400,235	339,304
Customer facility charge revenues		15,773	16,263
Operating grants and contract revenues	2,702	3,860	3,657
Joint venture income	36,869	47,979	55,992
Total operating revenues	510,827	764,173	689,390
Operating Expenses:			
Operations and maintenance	300,932	335,532	297,321
Administration	78,337	76,413	72,568
Law enforcement	29,411	31,143	27,749
Total operating expenses	408,680	443,088	397,638
Net Operating Income Before Depreciation	102,147	321,085	291,752
Depreciation	180,086	174,971	164,362
Operating (Loss) Income	(77,939)	146,114	127,390
Nonoperating Income (Expense):			
Ad valorem tax levy revenues	76,196	73,801	71,771
Passenger facility charge revenues	34,637	100,004	94,070
Customer facility charge revenues	15,429	22,355	21,802
Noncapital grants and donations	149,913	2,880	1,573
Fuel hydrant facility revenues	6,886	6,742	6,942
Investment income—net	41,406	54,078	26,287
Revenue and capital appreciation bonds interest expense	(133,149)	(105,601)	(100,432)
Passenger facility charge revenue bonds interest expense	(2,670)	(3,547)	(4,368)
General obligation bonds interest expense	(11,850)	(12,492)	(13,414)
Public expense	(6,658)	(12,986)	(5,269)
Environmental expense—net	(5,971)	(118)	(10,600)
Other (expense) income—net	(22,034)	(21,959)	(3,217)
Total nonoperating income—net	142,135	103,157	85,145
Income Before Capital Contributions and Special Items	64,196	249,271	212,535
Capital Contributions	20,909	17,736	43,650
Income Before Special Items	85,105	267,007	256,185
Special Items:			
Environmental expense			(34,923)
Increase in Net Position	85,105	267,007	221,262
Total Net Position:			
Beginning of year	3,833,716	3,566,709	3,345,447
End of year	$ 3,918,821	$ 3,833,716	$ 3,566,709

See Notes to Financial Statements.

Port of Seattle—Enterprise Fund
Statement of Cash Flows for the Years Ended December 31, 2020, 2019, and 2018 (in thousands)

	2020	2019	2018
Operating Activities:			
Cash received from customers	$ 451,007	$ 664,164	$ 619,205
Cash received from joint venture for support services provided	8,069	7,452	7,291
Customer facility charge receipts		15,773	16,263
Cash paid to suppliers for goods and services	(181,702)	(208,563)	(152,307)
Cash paid to employees for salaries, wages, and benefits	(273,089)	(256,359)	(240,674)
Operating grants and contract revenues receipts	2,702	3,860	3,657
Other	(3,180)	(2,232)	(2,577)
Net cash provided by operating activities	3,807	224,095	250,858
Noncapital and Related Financing Activities:			
Principal payments on GO bonds	(5,730)	(5,450)	(5,180)
Interest payments on GO bonds	(10,194)	(10,473)	(10,739)
Cash paid for environmental remediation liability	(5,730)	(7,719)	(6,215)
Cash paid for public expenses	(5,641)	(12,614)	(4,210)
Ad valorem tax levy receipts	75,819	73,857	71,822
Noncapital grants and donations receipts	149,913	2,880	1,573
Environmental recovery receipts	26,702	4,996	6,733
Net cash provided by noncapital and related financing activities	225,139	45,477	53,784
Capital and Related Financing Activities:			
Proceeds from issuance and sale of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper	30,815	545,016	720,461
Proceeds used for refunding of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and PFC bonds	(27,455)		
Principal payments on revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper	(190,635)	(286,545)	(169,210)
Interest payments on revenue bonds, GO bonds, PFC bonds, fuel hydrant special facility revenue bonds, and commercial paper	(173,189)	(165,760)	(149,615)
Acquisition and construction of capital assets	(542,202)	(588,715)	(633,835)
Deposits and proceeds from sale of capital assets	7,595	960	86
Receipts from capital contributions	14,436	18,210	44,542
Passenger facility charge receipts	43,589	93,936	98,041
Customer facility charge receipts	16,770	22,624	21,363
Fuel hydrant facility revenues	6,886	6,742	6,942
Net cash used in capital and related financing activities	$ (813,390)	$ (353,532)	$ (61,225)

See Notes to Financial Statements.

(Continued)

Port of Seattle—Enterprise Fund
Statement of Cash Flows for the Years Ended December 31, 2020, 2019, and 2018 (in thousands)

	2020	2019	2018
Investing Activities:			
Purchases of investment securities	$ (331,839)	$ (353,627)	$ (564,910)
Proceeds from sales and maturities of investments	975,532	579,125	398,578
Interest received on investments	28,812	34,528	24,840
Cash used to fund investment in joint venture	(76,509)	(40,737)	(42,359)
Cash distributions received from joint venture	65,043	52,250	60,700
Net cash provided by (used in) investing activities	661,039	(271,539)	(123,151)
Net Increase (Decrease) in Cash and Cash Equivalents:			
(including $0, $3,290, and $502 restricted cash and cash equivalents of fuel hydrant assets held in trust reported as restricted long-term investments, respectively)	76,595	187,579	120,266
Cash and Cash Equivalents:			
Beginning of year	385,843	198,264	77,998
End of year	$ 462,438	$ 385,843	$ 198,264
Reconciliation of Operating Income to Net Cash Flow from Operating Activities:			
Operating (loss) income	$ (77,939)	$ 146,114	$ 127,390
Miscellaneous nonoperating expense	(3,180)	(2,232)	(2,577)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation	180,086	174,971	164,362
(Increase) Decrease in assets:			
Investment in joint venture	(38,782)	(47,979)	(55,992)
Accounts receivable	2,038	(687)	811
Materials and supplies, prepayments, and other	3,291	8,327	4,918
Net pension asset	2,723	(4,157)	(6,036)
(Increase) Decrease in deferred outflows of resources	(6,860)	(3,680)	1,136
(Decrease) Increase in liabilities:			
Accounts payable and accrued expenses	(17,699)	(15,133)	17,994
Payroll and taxes payable	2,168	6,358	4,267
Customer advances, unearned revenues, and lease securities	(19,602)	(31,492)	4,191
Net pension liability	2,367	(13,640)	(20,614)
Environmental remediation liability	(10,243)	1,301	(167)
Total OPEB liability	1,558	2,140	(888)
(Decrease) Increase in deferred inflows of resources	(16,119)	3,884	12,063
Net cash provided by operating activities	$ 3,807	$ 224,095	$ 250,858
Supplemental Schedule of Noncash Investing, Capital, and Financing Activities:			
Net unrealized investment gain (loss)	$ 14,728	$ 17,204	$ (3,560)

See Notes to Financial Statements.

(Concluded)

Port of Seattle—Warehousemen's Pension Trust Fund

Statement of Fiduciary Net Position as of December 31, 2020 and 2019 (in thousands)

	2020	2019 (Restated)
Assets:		
Cash and cash equivalents	$ 129	$ 58
Investments in mutual funds—fair value:		
Fixed income	3,872	3,736
Domestic Equities	3,537	3,048
International equities	3,223	3,048
Total investments	10,632	9,832
Other assets	129	126
Total assets	10,890	10,016
Liabilities:		
Accounts payable	6	6
Net position restricted for pensions	$ 10,884	$ 10,010

See Notes to Financial Statements.

Port of Seattle—Warehousemen's Pension Trust Fund

Statement of Changes in Fiduciary Net Position for the Years Ended December 31, 2020, 2019, and 2018 (in thousands)

	2020	2019 (Restated)	2018 (Restated)
Additions:			
Employer contributions	$ 1,500	$ 1,500	$ 1,500
Investment income:			
Net appreciation (depreciation) in fair value of investments	995	1,308	(842)
Dividends	255	302	263
Less investment expenses	(35)	(35)	(32)
Net investment income (loss)	1,215	1,575	(611)
Total additions	2,715	3,075	889
Deductions:			
Benefits	1,760	1,791	1,863
Administrative expenses	51	49	49
Professional fees	30	48	28
Total deductions	1,841	1,888	1,940
Net increase (decrease) in net position	874	1,187	(1,051)
Net position restricted for pensions			
Beginning of year	10,010	8,823	9,874
End of year	$ 10,884	$ 10,010	$ 8,823

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Organization

The Port of Seattle (the Port) is a municipal corporation organized on September 5, 1911, through enabling legislation by consent of the voters within the Port district. In 1942, the local governments in King County selected the Port to operate the Seattle-Tacoma International Airport (SEA). The Port is considered a special purpose government with a separately elected commission of five members. The Port is legally separate and fiscally independent of other state or local governments. The Port has no stockholders or equity holders. All revenues or other receipts must be disbursed in accordance with provisions of various statutes, applicable grants, and agreements with the holders of the Port's bonds.

Reporting Entity

Enterprise Fund
The Enterprise Fund accounts for all activities and operations of the Port, except for the activities included as Fiduciary Fund. The Enterprise Fund is used to account for operations and activities that are financed at least in part by fees or charges to external users.

The Port and its Enterprise Fund are composed of three operating divisions, namely, Aviation, Maritime, and Economic Development. The Aviation Division manages SEA serving the predominant air travel needs of a five-county area. SEA has 12 U.S.-flag passenger air carriers (including regional and commuter air carriers) and 9 foreign-flag passenger air carriers providing nonstop service from SEA to 100 cities, including 13 foreign cities. The Maritime Division manages industrial property connected with maritime businesses, recreational marinas, Fishermen's Terminal, cruise, grain, and maritime operations. The Economic Development Division focuses on managing the Port's industrial and commercial properties including conference and event centers, encouraging tourism, developing minority and/or women-owned business opportunities, and providing for workforce development in the aviation, maritime, and construction industries.

Joint Venture
The home ports of Seattle and Tacoma joined forces in August 2015, to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region. On January 1, 2016, the Northwest Seaport Alliance (NWSA), a separate legal governmental entity, was formed. It is established as a Port Development Authority, similar to the Public Development Authorities formed by cities and counties. The commissions of each home port serve as the Managing Members of the NWSA. The NWSA is accounted for as a joint venture by the home ports.

Each home port remains a separate legal entity, independently governed by its own elected commissioners. The NWSA is governed by its Managing Members, with each Managing Member acting pursuant to the Charter through its elected commissioners. The Managing Members appoint a Chief Executive Officer who is responsible for hiring staff and entering into service agreements with the home ports as needed. In addition, both home ports may provide services through shared service agreements with a portion of staff time allocated to and paid by the NWSA. The NWSA has its own annual operating budget and five-year capital investment plan. The home ports contribute to capital construction projects subject to the Managing Members' approval. Capital funding does not come from working capital.

Each home port has granted the NWSA a license for the NWSA's exclusive use, operation, and management of certain facilities, including the collection of revenues. Accounting for revenues and expenses associated with licensed properties becomes the responsibility of the NWSA. The NWSA was designed to support the credit profiles of both ports, and its financial framework preserves both home ports' commitment to financial stewardship. The home ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. As the Charter prohibits the NWSA from issuing debt and to maintain the rights of each home port's existing bondholders, bonds outstanding will remain obligations of each home port.

Fiduciary Fund
The Fiduciary Fund accounts for the Warehousemen's Pension Trust Fund. The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity, with the Port as the sole administrator of the Plan. This Plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. As of May 25, 2004, the Plan is a governmental plan maintained and operated solely by the Port.

Blended Component Unit
For financial reporting purposes, component units are entities that are legally separate organizations for which the Port is financially accountable, and other organizations for which the nature and significance of their relationship with the Port are such that exclusion would cause the Port's financial statements to be misleading or incomplete. Based on these criteria, the following is considered a component unit of the Port's reporting entity.

The Industrial Development Corporation (IDC) is a blended component unit of the Port and is included within the accompanying financial statements. The IDC is a special purpose government with limited powers and is governed by a Board of Directors, which comprises the same members as the Commission. The Port's management has operational responsibility for the IDC. The IDC has issued tax-exempt nonrecourse revenue bonds to finance industrial development including acquiring, constructing, and renovating transshipment and manufacturing facilities within the corporate boundaries of the Port. These revenue bonds are solely payable and secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. The Port has not recorded these obligations, or the related assets, in the accompanying financial statements of the Port, as the Port has no obligation for the outstanding bonds.

A copy of the separate financial statements for the IDC may be obtained at:

Port of Seattle
Pier 69
P.O. Box 1209
Seattle, WA 98111

Basis of Accounting

The Port is accounted for on a flow of economic resources measurement focus. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant Port accounting policies are described below.

Use of Estimates

The preparation of the Port's financial statements in conformity with GAAP in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used to record environmental remediation liabilities, litigated and non-litigated loss contingencies, insurance recoveries, allowances for doubtful accounts, grants-in-aid receivable, arbitrage rebate liabilities, healthcare benefit claims liabilities, compensated absences liabilities, net pension assets, net pension liabilities, and total OPEB liabilities. Actual results could differ from those estimates.

Significant Risks and Uncertainties

The Port is subject to certain business and casualty risks that could have a material impact on future operations and financial performance. Business risks include economic conditions; collective bargaining disputes; security; litigation; federal, state, and local government regulations; changes in law; and unforeseen and unpredictable events such as the novel coronavirus (COVID-19) pandemic. Casualty risks include natural or man-made events that may cause injury or other damage at Port facilities. The Port has a comprehensive risk management program that protects the Port against loss from various adverse casualty events to its property, operations, third-party liabilities, and employees. The Port carries excess commercial insurance to provide financial means to recover from many of these potential events or losses. The excess commercial insurance coverage is above a self-insured retention that the Port maintains. The Port is a qualified workers compensation self-insurer in the state and administers its own workers compensation claims. Claims, litigation, and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

The Port is self-insured for the majority of its sponsored healthcare plans. Employees covered by these plans pay a portion of the premiums for their coverage. The Port purchased a stop-loss insurance policy for the self-insured healthcare plan to limit the Port's individual claims liability per year up to $250,000 and $200,000 in 2020 and 2019, respectively and to 200% and 125% of expected claims in aggregate for 2020 and 2019, respectively. The increase in the stop loss retention was based on claims analysis of past and projected future activities. Healthcare benefit claims liabilities are not discounted to present value as nearly all healthcare claims are current in nature. The estimated liability is based on actual claims that have been submitted and authorized for payment as well as actuarially determined claims incurred but not reported. The estimated liability is included in payroll and taxes payable in the Statement of Net Position.

The following table reflects the changes in the claim liabilities for the years ended December 31 (in thousands). Claim payments made during the current year include associated incremental costs such as administration expenses and stop-loss insurance policy premiums. Employees' cost sharing portion of the healthcare plan and retirees' payments for participating in the Port's healthcare plan made during the current year are included as "Other" in the following table. Retirees' participation in the Port's healthcare plan is not implicitly or explicitly subsidized. Effective January 1, 2019, retirees could no longer participate in the Port's healthcare plan.

Years ended December 31,	**2020**	**2019**	**2018**
Beginning balance	$ 1,253	$ 1,249	$ 579
Current year claims and changes in estimates	15,320	16,553	14,193
Claim payments	(17,276)	(18,090)	(15,091)
Other	1,697	1,541	1,568
Ending balance	$ 994	$ 1,253	$ 1,249

Compensated Absences

Eligible Port employees accrue paid time off and sick leave. The paid time off accrual rates increase based on length of service. A stipulated maximum of paid time off may be accumulated by employees while there is no maximum limit to the amount of sick leave accrual that can be accumulated. Terminated employees are entitled to be paid for unused paid time off. Under certain conditions, terminated employees are entitled to be paid for a portion of unused sick leave accrual. The following table reflects the changes in accrued paid time off and sick leave liabilities for the years ended December 31 (in thousands). The estimated liability is included in payroll and taxes payable in the Statement of Net Position.

Years ended December 31,	**2020**	**2019**	**2018**
Beginning balance	$ 28,257	$ 26,166	$ 24,459
Earned	25,483	23,266	21,402
Used and forfeiture	(20,204)	(21,175)	(19,695)
Ending balance	$ 33,536	$ 28,257	$ 26,166

Employee Benefits

The Port offers its eligible represented and non-represented employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The Port also sponsors three 401(a) defined contribution plans. Employees in the 457 and 401(a) plans are able to direct their funds to any investment options available in the respective plans, and the Port places the plans' assets in separate trusts as required under the Small Business Job Protection Act of 1996. As such, the related assets and liabilities are not included in the Port's financial statements.

The three 401(a) defined contribution plans are as follows:

- The Port offers a 401(a) Supplemental Savings Plan for non-represented employees. This plan establishes a 401(a) tax-deferred savings account for each eligible employee. The Port matches employee contributions to their deferred compensation plan under the 457 Plan with a dollar-for-dollar contribution to the 401(a) Plan up to a fixed maximum of $2,200 per participant, per year. The amount of the matching contribution is based on employee tenure.
- The Port contributes to the 401(a) Police Retirement Plan in lieu of Social Security contributions for represented uniformed law enforcement officers. The Port also contributes to the 401(a) Police Retirement Plan in lieu of pension contributions for uniformed law enforcement officers who are precluded by state law from participating in the statewide public employee retirement plans administered by the Department of Retirement Systems (DRS).
- The Port contributes to the 401(a) Fire Fighters Retirement Plan in lieu of Social Security contributions for represented fire fighters. The Port also contributes $1.15 per hour worked by each employee to the participant's 401(a) account as an additional payment.

By and large, all eligible Port employees participate in the statewide public employee retirement plans administered by the DRS. In addition, the Port is the sole administrator of the Warehousemen's Pension Plan and Trust for former eligible represented employees from the terminated warehousing operations at Terminal 106.

The following tables represent the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the years ended December 31 (in thousands):

	DRS	Warehousemen's Pension Trust	Total
2020			
Pension assets	$ 23,667	$	$ 23,667
Pension liabilities	45,946	5,178	51,124
Deferred outflows of resources	22,610		22,610
Deferred inflows of resources	17,778	731	18,509
Pension expense	3,727	(19)	3,708
2019			
Pension assets	$ 26,390	$	$ 26,390
Pension liabilities	43,579	7,047	50,626
Deferred outflows of resources	16,698		16,698
Deferred inflows of resources	33,856	377	34,233
Pension expense	1,709	674	2,383

Investments and Cash Equivalents

All short-term investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents except for the restricted portion of the fuel hydrant assets held in trust not used to pay the current maturities of Fuel Hydrant Special Revenue Bonds plus accrued interest that is reported as restricted long-term investments in the Statement of Net Position. Investments are carried at fair value plus accrued interest receivable. Investments are stated at fair value, which is the price that would be received in an orderly transaction between market participants at the measurement date. Unrealized gains or losses due to market valuation changes are recognized in investment income—net in the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded for invoices issued to customers in accordance with the contractual arrangements. Unbilled receivables are recorded when revenues are recognized upon service delivery and invoicing occurs at a later date. Finance charges and late fees are recognized on accounts receivable in accordance with contractual arrangements. Interest income on finance charges and late fees are minimal. The Port's policy defines delinquent receivables as 90 days or more past due. The allowance for doubtful accounts is based on specific identification of troubled accounts and delinquent receivables. Accrual of accounts receivable, related finance charges, and late fees are suspended once the accounts receivable is sent to a third-party collection agency, placed in dispute or litigation, or the customer has filed for bankruptcy. Accounts receivable are written-off against the allowance when deemed uncollectible. Recoveries of receivables previously written-off are recorded when received.

Grants-in-Aid Receivable

The Port receives federal and state grants-in-aid funds on a reimbursement basis for all divisions, mostly related to construction of SEA and Maritime facilities and other capital activities, along with operating and nonoperating grants to perform enhancements in both SEA and Maritime security as well as environmental prevention/remediation programs.

Materials and Supplies

Materials and supplies are recorded at cost. The Port's policy is to expense materials and supplies when used in operations and to capitalize amounts used in capital projects as construction work in progress.

Investments in Joint Venture

The Port adopted joint venture accounting beginning January 1, 2016, to account for its 50% share in the NWSA. The Port's investment in the NWSA is presented in the Statement of Net Position as investment in joint venture, which is increased by the Port's share in the NWSA's change in net position, additional cash funding, and decreased by the receipt of cash distributions from the NWSA. The Port's share of joint venture income is presented in the Statement of Revenues, Expenses, and Changes in Net Position. Additional information about the investment in joint venture can be found in Note 13 in the accompanying Notes to Financial Statements.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. Costs applicable to airport noise damage remedies, together with the cost of litigation, in exchange for air rights are generally recorded as intangible capital assets. The Port's policy is to capitalize all asset additions equal to or greater than $20,000 and with an estimated life of three years or more. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment three to 20 years, and furniture and fixtures five to 10 years. The Port periodically reviews its long-lived assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly.

Operating and Nonoperating Revenues

Fees for services, rents, charges for the use of Port facilities, airport landing fees, operating grants, a portion of Customer Facility Charges (CFC) revenues, and other revenues generated from operations as well as joint venture income are reported as operating revenues. Ad valorem tax levy revenues, noncapital grants and donations, Passenger Facility Charges (PFC) revenues, the remaining portion of CFC revenues for debt service payments, fuel hydrant facility revenues, and other income generated from nonoperating sources are classified as nonoperating revenues.

Operating and Nonoperating Expenses

Expenditures related to the Port's principal ongoing operations are reported as operating expenses. Operating expenses include operations and maintenance expenses, administrative expenses, and law enforcement expenses. All other expenses not meeting this definition are reported as nonoperating expenses. Nonoperating expenses include interest, environmental, and public expenses.

Nonexchange Transactions

GASB Statement No.33, *Accounting and Financial Reporting for Non-exchange Transactions*, establishes uniform revenue and expense recognition criteria and financial reporting standards regarding when (i.e., in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. When the Port receives value without directly giving equal value in return, these transactions, which include taxes, intergovernmental grants, entitlements, other financial assistance, and nongovernmental contractual agreements are reported as revenues.

- For derived revenue transactions, such as PFC and CFC, the Port recognizes receivables in the period when the exchange transaction on which the fee/charge is imposed occurs or records cash when received, whichever occurs first. Revenue is recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the receivables are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as unearned revenues until the period of the exchange.
- For imposed nonexchange revenue transactions, such as ad valorem tax levy revenues, the Port recognizes receivables in the period when an enforceable legal claim to the receivables arises, i.e. lien date, or records cash when received, whichever occurs first. Resources received in advance of the lien date are reported as deferred inflows of resources.
- For government-mandated nonexchange transactions and voluntary nonexchange transactions, such as grant programs, resources received before the eligibility requirements are met (excluding time requirements) are reported as unearned revenues. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.

When the Port gives value without directly receiving equal value in return, these transactions, which include expenses and infrastructure improvements to the state and region in conjunction with other agencies, are reported as public expense.

On March 27, 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which included $10 billion of funding to support U.S. airports that experienced severe economic disruption caused by the COVID-19 public health emergency. The funds were distributed to eligible airports to prevent, prepare for, and respond to the impacts of this emergency. The funds were provided directly from the U.S. Treasury's General Fund, and the Federal Aviation Administration (FAA) Office of Airports administered the grant funds to these airports. SEA was awarded a $192,133,000 federal grant to help lessen the significant economic stress affecting the airport. As of December 31, 2020, SEA applied and received $147,148,000 of the awarded federal grant and the remaining $45,000,000 is allocated to 2021.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act was signed into law. It included nearly $2 billion of economic relief for eligible U.S. airports and airport concessions. The FAA established the Airport Coronavirus Response Grant Program (ACRGP) to distribute this relief. SEA was awarded $37,365,000 ACRGP grant to lessen the economic stress affecting the airport. SEA was also awarded $5,355,000 of concession relief. It will provide tenant relief from rent and other minimum annual guarantee payments to on-airport car rental, on-airport parking, and in-terminal airport concessions.

On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law providing additional relief for the pandemic. The ARP Act included $8 billion of funding for U.S. airports to cover costs of operations, personnel, cleaning, and also included additional rent relief and mitigation for other costs incurred by airport concessionaires that are small businesses and minority-owned. At this time, the Port is awaiting guidance from the FAA on the allocation and eligibility requirements for this relief.

Passenger Facility Charges

As determined by applicable federal legislation, which is based upon passenger enplanements, PFC generated revenues are expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines at $4.5 per passenger are recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

Customer Facility Charges

CFC-generated revenues received from rental car companies at $6 per transaction day are expended by the Port for eligible capital projects, the payment of principal and interest on specific revenue bonds funding the Rental Car Facility (RCF) at SEA, and certain related operating expenses. A portion of CFC revenues is recorded as operating revenues as it is associated with the operation of the RCF. The remaining portion of CFC revenues is recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

Ad Valorem Tax Levy

Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, payment of principal and interest on GO Bonds issued for the acquisition or construction of facilities, contributions to regional freight mobility improvement, environmental expenses, certain operating and nonoperating expenses, and public expenses. The Port includes ad valorem tax levy revenues as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every two years. Taxes are due in two equal installments on April 30 and October 31. Collections are distributed daily to the Port by the County Treasurer.

Airline Rates and Charges

On February 27, 2018, the Commission approved Signatory Lease and Operating Agreement (SLOA IV), which is materially similar to SLOA III. SLOA IV is in effect for the period of January 1, 2018, through December 31, 2022. SLOA IV is a hybrid-compensatory rate setting methodology. Under SLOA IV, aeronautical rates are set to recover both operating and capital costs by cost center. Key provisions include: (1) cash-funded assets included in capital recovery formulas extending back to 1992, (2) SEA does not recover costs relating to vacant publicly accessible office space (costs associated with all other airline space are fully recovered), (3) cost recovery formulas permit the Port to charge the airlines 100% of annual debt service allocated to the airlines (unless the Port determines in its sole discretion that a charge above 100% of annual airline debt service is necessary to maintain the total SEA revenue bond coverage at 1.25 times the sum of the annual debt service), and (4) revenue sharing of the cash flow available for debt service above 125% of annual debt service is credited to the signatory airlines as follows: 40% for 2018, 20% for 2019, and no revenue sharing for 2020–2022. Settlement calculations comparing 2020 revenue requirements and invoices billed in 2020 for each cost center and for all airlines have been reflected in the 2020 financial statements.

Lease Securities

Under the terms of certain lease agreements, the Port requires or allows its customers or tenants to provide security to satisfy contractual obligations. The Port classifies these amounts as lease securities that are included in noncurrent liability in the Statement of Net Position. The Port is allowed to draw from the lease securities in certain events as defined in these agreements, such as for defaults or delinquencies in rent payment. The balance is determined by the lease terms and is recalculated according to the provisions of the agreements.

Environmental Remediation Liability

The Port's policy requires accrual of an environmental remediation liability when (a) one of the following specific obligating events is met, and (b) the amount can be reasonably estimated. Obligating events include imminent endangerment to the public, permit violation, named as a party responsible for sharing costs, named in a lawsuit to compel participation in pollution remediation, or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's environmental remediation liability. Costs incurred for environmental remediation liability are typically recorded as nonoperating environmental expenses unless the expenditure relates to the Port's principal ongoing operations, in which case it is recorded as operating expense. Costs incurred for environmental cleanups can be capitalized if they meet specific criteria. Capitalization criteria include: preparation of property in anticipation of a sale, preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated, performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment, or acquisition of property, plant, and equipment that has a future alternative use not associated with pollution remediation efforts.

Debt Discount and Premium

Debt discounts and premiums relating to the issuance of bonds are amortized over the lives of the related bonds using the effective interest method.

Refunding and Defeasance of Debt

The Port has legally defeased certain bonds by placing proceeds, either in the form of new bond proceeds or existing Port cash, in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not recorded on the accompanying financial statements. As of December 31, 2020 and 2019, the total defeased, but unredeemed, bonds outstanding totaled $15,910,000 and $1,185,000, respectively.

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Special Items

From the settlement negotiations with the Elliot Bay Trustee Council (EBTC) in 2018, the Port recorded, as a special item, a $34,923,000 environmental expense reflecting the cost to construct a habitat restoration project. The Port is in continued negotiation with EBTC.

Net Position

Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net position is displayed in the Statement of Net Position in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position subject to externally imposed stipulations on their use.
- Unrestricted: All remaining net position not meeting the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for the same purpose, restricted net position is considered to be used first over unrestricted net position.

Recently Adopted Accounting Standards and Adjustments

In 2020, the Port adopted the following new accounting standards.

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources statement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The statement is effective for periods beginning after December 15, 2019. The Port applied this Statement on a prospective basis, and interest costs capitalized prior to implementation will continue to be recognized as those assets are depreciated. As of December 31, 2020 and 2019, interest expense costs capitalized were $0 and $28,293,000, respectively. The related disclosure was removed from Note 5 in the accompanying Notes to Financial Statements.
- In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for the periods beginning after June 15, 2018, and later. This statement is effective upon issuance. As a result, the Port will postpone implementation of Statement No. 87.
- In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement provides guidance to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Some requirements of this statement related to defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans are effective upon issuance. The remaining requirements are effective for periods beginning after June 15, 2021. The Port adopted this statement and concluded that the three 401(a) defined contribution plans and the 457 Plan no longer meet the criteria to be reported as fiduciary activities and to be presented as fiduciary funds. As a result, the Port restated the 2019 and 2018 financial statements by removing the three 401(a) defined contribution plans from the Statement of Fiduciary Net Position as of December 31, 2019, the Statement of Changes in Fiduciary Net Position for the years ended December 31, 2019 and 2018 and the related accompanying Notes to Financial Statements. The additional disclosure information was implemented when the Port adopted GASB Statement No. 84, *Fiduciary Activities* in 2019.

In 2019, the Port adopted the following new accounting standards:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement is effective for periods beginning after June 15, 2018. The adoption of this standard did not have a material impact to the Port's financial statements.
- In April 2018, the GASB issued Statement No. 88, *Certain Disclosure Related to Debt*, including Direct Borrowings and Direct Placement. This statement establishes new guidance designed to enhance debt-related disclosures in notes to the financial statements, including those addressing direct borrowing and direct placement. It also clarifies which liabilities governments should include in their note disclosures related to debt. The new standard defines debt for purposes of disclosure in notes to the financial statements as a

liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The statement is effective for periods beginning after June 15, 2018. Additional disclosure information can be found in Note 5 in the accompanying Notes to Financial Statements.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of a contractual right to use another entity's nonfinancial assets (the underlying asset) for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, except for certain regulated leases, such as SLOA IV, and a lessee is required to recognize a lease liability and an intangible right-to-use leased assets, thereby enhancing the relevance and consistency of information about the government's leasing activities. The statement is effective for periods beginning after June 15, 2021, as amended by GASB Statement No. 95. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This statement provides guidance clarifying the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves required note disclosures. The statement is effective for periods beginning after December 15, 2021, as amended by GASB Statement No. 95. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses a variety of topics, including specific provisions related to leases, certain intra-entity transfers between a primary government and a component unit's defined benefit pension plan or defined benefit OPEB plan, reporting of OPEB plan assets accumulated outside of a qualified trust, certain requirements related to fiduciary activities' postemployment benefit arrangements, measurement of asset retirement obligations resulting from a government acquisition, public entity risk pools, fair value measurements, and derivative instrument terminology. The statement is effective for periods beginning after June 15, 2021, as amended by GASB Statement No. 95. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* This Statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for periods ending after December 31, 2022, as amended by GASB Statement No. 95. All other requirements of this Statement are effective for periods beginning after June 15, 2021, as amended by GASB Statement No. 95. This statement did not apply to the Port.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement provides guidance to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The statement is effective for periods beginning after June 15, 2022. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement defines an SBITA, establishes that an SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments (including implementation costs of an SBITA), and requires note disclosures regarding an SBITA. The statement is effective for periods beginning after June 15, 2022. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications and Presentation

Certain reclassifications of prior years' balances have been made to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities.

Note 2. Deposits with Financial Institutions and Investments

Deposits

All deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), and deposits in excess of FDIC coverage are protected under the Public Deposit Protection Commission (PDPC) of the State of Washington collateral pool program. The PDPC is a statutory authority under Chapter 39.58 Revised Code of Washington (RCW). It constitutes a multiple financial institution collateral pool that can make pro rata assessments from all qualified public depositories within the state. Per State statute, all uninsured public deposits are collateralized at no less than 50%. Therefore, in accordance with GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Section 150.110, PDPC protection is of the nature of collateral, not of insurance. Pledged securities under the PDPC collateral pool are held under the control of the PDPC for the protection of the pool.

Investments

Statutes authorize the Port to invest in savings or time accounts in designated qualified public depositories or in certificates, notes, or bonds of the U.S. government. The Port is also authorized to invest in other obligations of the U.S. or its agencies or of any corporation wholly owned by the government of the U.S., or U.S. dollar denominated bonds, notes, or other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment, the institution has the U.S. government as its largest shareholder. Statutes also authorize the Port to invest in bankers' acceptances purchased on the secondary market, in Federal Home Loan Bank notes and bonds, Federal Farm Credit Banks consolidated notes and bonds, Federal Home Loan Mortgage Corporation bonds and notes, and Federal National Mortgage Association notes, bonds, debentures, and guaranteed certificates of participation or the obligations of any other U.S. government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System. The Port can also invest in commercial paper and corporate notes, provided both adhere to the investment policies, procedures, and guidelines established by the Washington State Investment Board (WSIB), certificates of deposit with qualified public depositories, local and state general obligations, and revenue bonds issued by Washington State governments that are rated at least "A" by a nationally recognized rating agency.

The Port's investment policy limits the maximum maturity of any investment security purchased to 10 years from the settlement date. The Port's investment policy allows for 100% of the portfolio to be invested in U.S. government Treasury bills, certificates, notes, and bonds. The Port's investment policy limits investments in U.S. government agency securities to 60%, agency mortgage-backed securities to 10%, certificates of deposit to 15% but no more than 5% per issuer, bankers' acceptances to 20% but no more than 5% per bank, commercial paper to 20% but no more than 3% per issuer, overnight repurchase agreements to 15%, term-only repurchase agreements to 25%, reverse repurchase agreements to 5%, agency discount notes to 20%, and municipal securities to 20% of the portfolio with no more than 5% per issuer. Bankers' acceptances can only be purchased on the secondary market and are limited to the largest 50 world banks listed each July in the American Banker. These banks must meet tier one and tier two capital standards. Commercial paper must be purchased on the secondary market, rated no lower than A1/P1, and meet WSIB guidelines. Additionally, the Port is allowed to purchase the following agency mortgage-backed securities: (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the Port's investment policy, and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities and having a stated final maturity not exceeding the maturity limits of the Port's investment policy.

The Port's investment policy allows for repurchase and reverse repurchase agreements with maturities of 60 days or less. The investment policy requires that securities collateralizing repurchase agreements must be marked to market daily and have a market value of at least 102% of the cost of the repurchase agreements having maturities less than 30 days and 105% for those having maturities that exceed 30 days. For reverse repurchase agreements, when used for yield enhancement rather than cash management purposes, only "matched book" transactions will be utilized. This means that the maturity date of the acquired security is identical to the end date of the reverse repurchase transaction. Reverse repurchase agreements will only be executed with Primary Government Bond Dealers.

In May 2018, the Port's investment policy was amended to add the Washington State Local Government Investment Pool (LGIP), an unrated 2a-7 like pool, to the list of authorized investments.

The LGIP is an external investment pool operated by the Office of the State Treasurer (OST). The LGIP is managed in a manner generally consistent with Rule 2a-7 money market funds, as currently recognized by the Securities and Exchange Commission. Investments are stated at amortized cost, which approximates fair value. The State Treasurer establishes and reviews (at least annually) the LGIP's investment policy, and proposed changes to the policy are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

Fair Value Measurement and Application

The Port categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Port used the following valuation techniques in its fair value measurement. Investment securities classified in Level 1 were valued using prices quoted in active markets for identical securities, and Level 2 were valued using quoted market prices for similar assets or liabilities in active markets. The Port did not have any Level 3 investments.

The Port's investment portfolio in LGIP, managed similarly as a 2a-7 money market fund, or Wells Fargo Government Institutional Money Market Fund (WFGMMF), were not subject to fair value application and were measured at amortized cost.

Investment Portfolio

As of December 31, 2020 and 2019, restricted investments—bond funds and other were $490,042,000 and $1,005,135,000, respectively. These are primarily unspent bond proceeds designated for capital improvements to the Port's facilities and for debt service reserve fund requirements. Others include cash receipts from PFCs, CFCs, and lease securities.

The following tables identify the types and concentration of investments by issuer, and maturities of the Port's investment pool (in thousands). As of December 31, 2020 and 2019, the LGIP investment was 39.8% and 22.2% of the Port's total investment pool, respectively.

		Maturities (in Years)			
Investment type	**Fair value**	**Less than 1**	**1–3**	**More than 3**	**Percentage of total portfolio**
2020					
Washington State Local Government Investment Pool *	$ 459,254	$ 459,254	$	$	39.8%
Level 1					
U.S. Treasury Notes	122,892	70,098		52,794	10.7
Level 2					
Federal agencies securities:					
Federal Farm Credit Banks	216,193	80,812	20,824	114,557	18.7
Federal Home Loan Bank	218,743	52,482	6,862	159,399	19.0
Federal Home Loan Mortgage Corporation	103,240	20,123	83,117		9.0
Federal National Mortgage Association	32,142	25,182	6,960		2.8
Total portfolio	$ 1,152,464	$ 707,951	$ 117,763	$ 326,750	100.0%
Accrued interest receivable	4,174				
Total cash, cash equivalents, and investments	$ 1,156,638				
Percentage of total portfolio	100.0%	61.4%	10.2%	28.4%	
2019					
Washington State Local Government Investment Pool *	$ 378,443	$ 378,443	$	$	22.2%
Level 1					
U.S. Treasury Notes	269,794	200,098	69,695		15.8
Level 2					
Federal agencies securities:					
Federal Farm Credit Banks	444,449	90,395	126,490	227,564	26.1
Federal Home Loan Bank	381,572	50,611	77,293	253,669	22.4
Federal Home Loan Mortgage Corporation	167,856	60,044	53,847	53,965	9.9
Federal National Mortgage Association	60,885	4,997	34,985	20,903	3.6
Total portfolio	$ 1,702,999	$ 784,588	$ 362,310	$ 556,101	100.0%
Accrued interest receivable	8,192				
Total cash, cash equivalents, and investments	$ 1,711,191				
Percentage of total portfolio	100.0%	46.1%	21.3%	32.6%	

* Includes $2,984,000 and $2,746,000 of cash as of December 31, 2020 and 2019, respectively.

Investment Authorized by Debt Agreements

Investment from Fuel Hydrant debt proceeds held by bond trustees are governed by provisions of the debt agreements and subject to compliance with state law. In May 2003, the Port issued Fuel Hydrant Special Facility Revenue Bonds in the amount of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at SEA. These bonds were fully refunded by the Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds in June 2013. The fuel hydrant facility financing is administered by Wells Fargo Trust Company, National Association (Trustee).

The following tables identify the types and concentration of investments by issuer and maturities of the Fuel Hydrant Investment Pool (in thousands). As of December 31, 2020 and 2019, 32% and 74.8%, respectively, of the Fuel Hydrant Investment Pool were invested in the WFGMMF with security holdings having maturity limits no longer than 13 months. The WFGMMF holds securities authorized by the statutes, which means at least 80% of the investments are invested in U.S. government obligations, including repurchase agreements collateralized by U.S. government obligations. The remainder of the WFGMMF was invested in AAA rated high-quality, short-term money market instruments. Current credit ratings of the WFGMMF are AAAm from S&P and Aaa-mf from Moody's. S&P rates the creditworthiness of money market funds from AAAm (highest) to Dm (lowest). Moody's rates the creditworthiness of money market funds from Aaa-mf (highest) to C-mf (lowest). The balance of the Fuel Hydrant Investment Pool was invested in U.S. Treasury Notes and AAA and AA+ rated U.S. government agency securities. A portion of the proceeds from the Fuel Hydrant bonds, along with monthly facilities rent, are held by the Trustee to satisfy the debt service reserve fund requirement, to make debt service payments, and to pay Trustee and other bond-related fees.

		Maturities (in Years)			
Investment type	**Fair value**	**Less than 1**	**1–3**	**More than 3**	**Percentage of total portfolio**
2020					
Wells Fargo Government Institutional Money Market Fund	$ 3,184	$ 3,184	$	$	32.0%
Level 1					
U.S. Treasury Notes	507		507		5.1
Level 2					
Federal agencies securities:					
Federal Home Loan Bank	1,005	1,005			10.1
Federal National Mortgage Association	5,241			5,241	52.8
Total portfolio	$ 9,937	$ 4,189	$ 507	$ 5,241	100.0%
Accrued interest receivable	16				
Total cash, cash equivalents, and investments	$ 9,953				
Percentage of total portfolio	100.0%	42.2%	5.1%	52.7%	

(Continued)

Investment type		Fair value		Maturities (in Years) Less than 1		1–3		More than 3	Percentage of total portfolio
2019									
Wells Fargo Government Institutional Money Market Fund	$	7,400	$	7,400	$		$		74.8%
Level 1									
U.S. Treasury Notes									
Level 2									
Federal agencies securities:									
Federal Home Loan Bank		993				993			10.0
Federal National Mortgage Association		1,499		1,499					15.2
Total portfolio	$	9,892	$	8,899	$	993	$		100.0%
Accrued interest receivable		14							
Total cash, cash equivalents, and investments	$	9,906							
Percentage of total portfolio		100.0%		90.0%		10.0%			

(Concluded)

Interest Rate Risk

Interest rate risk is the risk that an investment's fair value decreases as market interest rates rise. The Port manages its exposure to this risk by setting maturity limits and duration targets in its investment policy. The investment pool is managed similarly to a short-term fixed income fund. The modified duration of the portfolio, by policy, has a 2 target plus or minus 50 basis points (2 is an approximate average life of 27 months). For 2020 and 2019, the modified duration of the portfolio was approximately 2.3 and 2.5, respectively. Securities in the portfolio cannot have a maturity longer than 10 years from the settlement date. The LGIP is limited to high-quality obligations with limited maximum (in general, final maturity will not exceed 397 days) and average maturities [weighted average maturity (WAM) will not exceed 60 days], the effect of which is to minimize both market and credit risk. High-quality, highly liquid securities, with relatively short average maturities reduce the LGIP's price sensitivity to market interest rate fluctuations. As of December 31, 2020 and 2019, the LGIP WAM was 49 days and 51 days, respectively.

As of December 31, 2020 and 2019, the modified duration of the Fuel Hydrant Investment Pool was approximately 2.5 and 0.2, respectively. As of December 31, 2020 and 2019, $3,184,000 and $7,400,000, respectively, of the Fuel Hydrant Investment Pool was invested in the WFGMMF, was uninsured, and was registered in the name of the Trustee.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter-party, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, the Port's investment policy requires that all security transactions, including repurchase agreements, are settled on a delivery versus payment basis. This means that payment is made simultaneously with the receipt of the securities. The securities are delivered to the Port's safekeeping bank, with the exception of the LGIP. The LGIP investment policy requires that both purchased and collateral securities be held by the master custodian, currently Northern Trust, acting as an independent third party, in its safekeeping or trust department. LGIP participants may contribute and withdraw funds on a daily basis. Participants must inform the OST of any contribution or withdrawal over $1 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1 million or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1 million when notification is made between 9 a.m. and 10 a.m., at the sole discretion of the OST. All participants are required to file with the OST documentation containing the names and titles of the officials authorized to contribute or withdraw funds.

Note 3. Accounting for Leases

The Port enters into operating leases with tenants for the use of properties, including Maritime Division cruise terminals and maritime industrial properties, Aviation Division space and land rentals with minimum annual guarantees, and Economic Development Division commercial and industrial properties. As the leased properties involved are in part used by internal Port operations, it is not reasonably determinable to segregate the value of the assets associated with producing minimum rental income from the value of the assets associated with an entire facility. For the years ended December 31, 2020, 2019, and 2018, the Port recognized contingent rent revenue of $304,094,000, $430,335,000 and $348,763,000, respectively. Under certain lease agreements, contingent rent, which comes primarily from concessions and airline agreements, provides for an additional payment to the Port beyond the fixed rent. Contingent rent is based on the tenant's operations, including but not limited to usage, revenues, or volumes.

Minimum future rental income on noncancelable operating leases on Maritime terminals, SEA facilities, and Economic Development properties are as follows (in thousands):

Years ended December 31,		
2021	$	74,955
2022		62,562
2023		44,957
2024		36,543
2025		32,437
Thereafter		352,565
Total	$	604,019

In 2020, the Commission authorized short-term economic relief to customers, airlines, concessionaires and tenants located at various Port properties to address impacts of the economic crisis resulting from the COVID-19 pandemic. Therefore, the Port established a Deferral Payment Program with its customers for the financial sustainability of the Port's operations given the public health measures imposed on the Port and its customers. For the year ended December 31, 2020, the amount of operating revenues, mainly related to property rentals, included in the Deferral Payment Program was $61,122,000. As of December 31, 2020, the outstanding amount included in current accounts receivable was $10,860,000. The majority of the repayment periods for the outstanding balances range from six months to thirty months.

Effective June 2003, the Port entered into a fuel system lease with SeaTac Fuel Facilities LLC, whereby the members are some of the commercial air carriers currently operating at SEA. The lessee payments of facilities rent are made directly to a trustee in the amounts and at the times required to pay the principal and premium, if any, and interest on the Special Facility Revenue Bonds issued to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at SEA. The fuel system is intended to be the exclusive system for storage and delivery to commercial air carriers of jet aircraft fuel at SEA. The lease, which represents an unconditional obligation of the lessee, extends until the later of July 31, 2033, or the repayment of the bonds. SeaTac Fuel Facilities LLC was created by a consortium of airlines operating at SEA for the purpose of entering the lease and managing the fuel hydrant system. The future rental income is based on debt service requirements which are as follows: $7,022,000 for 2021, $7,023,000 for 2022, $7,023,000 for 2023, $6,996,000 for 2024, $6,985,000 for 2025, and $47,878,000 for the years thereafter; these amounts are not included in the table above. All special facility lease revenues are restricted and are to be used solely for debt service on the bonds and not for Port operations.

Note 4. Capital Assets

Capital assets consist of the following at December 31 (in thousands):

	Beginning balance	Additions/ transfers	Retirements/ transfers	Ending balance
2020				
Capital assets, not being depreciated:				
Land and air rights	$ 2,006,216	$ 168	$ (19,199)	$ 1,987,185
Art collections and others	9,017			9,017
Total	2,015,233	168	(19,199)	1,996,202
Capital assets being depreciated:				
Facilities and improvements	5,596,821	228,683	(70,056)	5,755,448
Equipment, furniture, and fixtures	552,242	45,054	(14,291)	583,005
Total	6,149,063	273,737	(84,347)	6,338,453
Total capital assets	8,164,296	273,905	(103,546)	8,334,655
Less accumulated depreciation for:				
Facilities and improvements	(2,364,754)	(145,908)	38,973	(2,471,689)
Equipment, furniture, and fixtures	(305,408)	(34,178)	12,948	(326,638)
Total	(2,670,162)	(180,086)	51,921	(2,798,327)
Construction work in progress	1,085,412	542,327	(280,292)	1,347,447
Total capital assets—net	$ 6,579,546	$ 634,146	$ (331,917)	$ 6,883,775
2019				
Capital assets, not being depreciated:				
Land and air rights	$ 2,002,045	$ 4,272	$ (101)	$ 2,006,216
Art collections and others	9,017			9,017
Total	2,011,062	4,272	(101)	2,015,233
Capital assets being depreciated:				
Facilities and improvements	5,333,675	310,996	(47,850)	5,596,821
Equipment, furniture, and fixtures	477,768	85,428	(10,954)	552,242
Total	5,811,443	396,424	(58,804)	6,149,063
Total capital assets	7,822,505	400,696	(58,905)	8,164,296
Less accumulated depreciation for:				
Facilities and improvements	(2,247,668)	(143,490)	26,404	(2,364,754)
Equipment, furniture, and fixtures	(283,898)	(31,481)	9,971	(305,408)
Total	(2,531,566)	(174,971)	36,375	(2,670,162)
Construction work in progress	867,395	617,178	(399,161)	1,085,412
Total capital assets—net	$ 6,158,334	$ 842,903	$ (421,691)	$ 6,579,546

For the years ended December 31, 2020 and 2019, net loss on sale and disposition of capital assets of $44,029,000 and $21,572,000, respectively, was recorded in nonoperating other (expense) income—net in the Statement of Revenues, Expenses, and Changes in Net Position. In 2020, the Aviation Division recognized losses of $43,368,000 from demolitions, retirement, and sale of capital assets. The most significant losses of 2020 were due to retirements related to construction of a new baggage handling system at SEA resulting in a loss of $22,668,000. In February 2020, the Port completed the sale of land to the Washington State Department of Transportation (WSDOT) for use in construction of the State's future State Route 509 and proposed south access to SEA. The Port received proceeds of $7,410,000 from the WSDOT, resulting in a loss on the sale of $11,789,000. Ongoing construction of North Satellite Modernization Project at SEA resulted in the retirement of infrastructure assets yielding a loss of $2,085,000 while renovation of an aircraft sewage facility generated a loss on retirement of $3,634,000.

In 2019, the Aviation Division recognized losses of $19,717,000 from demolitions, retirement, and sale of capital assets. The most significant losses were retirements of $13,954,000 related to the first phase of the North Satellite Modernization Project to complete the expansion and renovation of a 46-year-old terminal at SEA, opened in 2019. An additional $2,035,000 loss of retirements were related to the Baggage System from the Checked Baggage Optimization programs at SEA. In 2019, the Port also recorded losses of $2,058,000 from retirement of capital assets related to the Terminal 5 Modernization Project on facilities licensed to the NWSA. Modernization of Terminal 5 would allow container vessels up to 18,000 Twenty-Foot Equivalent Unit (TEU) to call at this terminal.

In February 2021, the Commission approved the acquisition of a 14.3-acre WSDOT-owned parcel in Des Moines, Washington. The purchase price was $2,900,000 and related fees, including predevelopment costs, due diligence and feasibility studies, with closing expected in the second quarter of 2021. This property will support development of an adjacent Port-owned property and add value to the overall development of the Des Moines Creek Business Park.

Note 5. Long-Term Debt

The Port's long-term debt outstanding as of December 31, 2020, consists of the following (in thousands):

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
Revenue bonds:						
First lien:						
Series 2003 A	5.25	2021	$ 25,020	$ 12,190	$	$ 12,830
Series 2009 B-2	0 *	2025–2031	22,000			22,000
Series 2011 B	5	2021–2026	64,965	7,175		57,790
Series 2016 B	5	2021–2032	122,820	6,935		115,885
Series 2016 C	1.65–3.32	2021–2032	5,870	395		5,475
Total			240,675	26,695		213,980
Intermediate lien:						
Series 2010 B	4.25–5	2022–2040	196,130	11,135		184,995
Series 2010 C	5	2022–2024	77,135	28,735		48,400
Series 2012 A	3–5	2021–2033	302,555			302,555
Series 2012 B	5	2021–2024	83,305	15,090		68,215
Series 2013	4.5–5	2022–2029	127,155			127,155
Series 2015 A	3–5	2021–2040	68,370	1,950		66,420
Series 2015 B	5	2021–2035	211,945	23,295		188,650
Series 2015 C	5	2021–2040	212,695	6,885		205,810
Series 2016	4–5	2025–2030	99,095			99,095
Series 2017 A	5	2027–2028	16,705			16,705
Series 2017 B	2.23–3.76	2021–2036	248,565	15,295		233,270
Series 2017 C	5–5.25	2021–2042	312,245	7,410		304,835
Series 2017 D	5	2021–2027	82,550	8,615		73,935
Series 2018 A	3.85–5	2021–2043	470,430	3,910		466,520
Series 2018 B	5	2021–2028	83,855	7,560		76,295
Series 2019	4–5	2021–2044	457,390			457,390
Total			3,050,125	129,880		2,920,245
Subordinate lien:						
Series 1997	0.12 **	2022	28,430	9,195		19,235
Series 1999 A	5.5	2020	14,380	14,380		
Series 2008	0.12 **	2033	158,300			158,300
Commercial paper	0.18	2021	17,655		30,815	48,470
Total			218,765	23,575	30,815	226,005
Revenue bond totals			$ 3,509,565	$ 180,150	$ 30,815	$ 3,360,230

(Continued)

* Capital Appreciation Bonds have a zero coupon rate. The approximate maximum yield to maturity is 7.4%.

** Variable interest rates as of December 31, 2020.

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
General obligation bonds:						
Series 2011	5.25–5.75	2021–2025	$ 35,270	$ 5,305	$	$ 29,965
Series 2013 A	4–5	2021–2023	27,630			27,630
Series 2013 B	2.17–2.77	2021–2025	14,295	10,240		4,055
Series 2015	4–5	2021–2040	136,300	5,850		130,450
Series 2017	5	2021–2042	121,975	2,900		119,075
Total			335,470	24,295		311,175
Passenger facility charge revenue bonds:						
Series 2010 A	5	2021–2023	66,550	15,440		51,110
Total			66,550	15,440		51,110
Fuel Hydrant special facility revenue bonds:						
Series 2013	3.45–5	2021–2033	68,980	3,845		65,135
Total			68,980	3,845		65,135
Bond totals			3,980,565	223,730	30,815	3,787,650
Unamortized bond premium—net			364,235			325,666
Total debt			4,344,800			4,113,316
Less current maturities of long-term debt:						
First lien revenue bonds			(26,695)			(28,915)
Intermediate lien revenue bonds			(109,450)			(119,820)
Subordinate lien revenue bonds			(32,035)			(48,470)
General obligation bonds			(24,295)			(23,940)
Passenger facility charge revenue bonds			(15,440)			(16,210)
Fuel Hydrant special facility revenue bonds			(3,845)			(4,040)
Total current maturities of long-term debt			(211,760)			(241,395)
Long-term debt			$ 4,133,040			$ 3,871,921

(Concluded)

The Port’s long-term debt outstanding as of December 31, 2019, consists of the following (in thousands):

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
Revenue bonds:						
First lien:						
Series 2003 A	5.25	2020–2021	$ 36,600	$ 11,580	$	$ 25,020
Series 2009 B-1	5.74	2019	7,355	7,355		
Series 2009 B-2	0 *	2025–2031	22,000			22,000
Series 2011 B	5	2020–2026	71,800	6,835		64,965
Series 2016 A	5	2019	4,935	4,935		
Series 2016 B	5	2020–2032	124,380	1,560		122,820
Series 2016 C	1.4–3.32	2020–2032	6,050	180		5,870
Total			273,120	32,445		240,675
Intermediate lien:						
Series 2010 B	4.25–5	2020–2040	201,290	5,160		196,130
Series 2010 C	5	2020–2024	90,460	13,325		77,135
Series 2012 A	3–5	2021–2033	302,555			302,555
Series 2012 B	5	2020–2024	97,810	14,505		83,305
Series 2013	4.5–5	2022–2029	127,155			127,155
Series 2015 A	3–5	2020–2040	72,230	1,860		68,370
Series 2015 B	5	2020–2035	234,110	22,165		211,945
Series 2015 C	5	2020–2040	218,295	5,600		212,695
Series 2016	4–5	2025–2030	99,095			99,095
Series 2017 A	5	2027–2028	16,705			16,705
Series 2017 B	2.01–3.76	2020–2036	255,835	7,270		248,565
Series 2017 C	5–5.25	2020–2042	313,305	1,060		312,245
Series 2017 D	5	2020–2027	90,740	8,190		82,550
Series 2018 A	3.85–5	2020–2043	470,495	65		470,430
Series 2018 B	5	2020–2028	85,145	1,290		83,855
Series 2019	4–5	2021–2044			457,390	457,390
Total			2,673,225	80,490	457,390	3,050,125
Subordinate lien:						
Series 1997	1.58 **	2022	37,360	8,930		28,430
Series 1999 A	5.5	2020	28,010	13,630		14,380
Series 2008	1.58 **	2033	167,290	8,990		158,300
Commercial paper	1.21	2020	118,655	101,000		17,655
Total			351,315	132,550		218,765
Revenue bond totals			$ 3,297,660	$ 245,485	$ 457,390	$ 3,509,565

(Continued)

* Capital Appreciation Bonds have a zero coupon rate. The approximate maximum yield to maturity is 7.4%.

** Variable interest rates as of December 31, 2019.

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
General obligation bonds:						
Series 2004 C	5.25	2019	$ 3,405	$ 3,405	$	$
Series 2011	5.25–5.75	2020–2025	40,315	5,045		35,270
Series 2013 A	4–5	2021–2023	27,630			27,630
Series 2013 B	1.91–2.77	2020–2025	24,445	10,150		14,295
Series 2015	4–5	2020–2040	141,865	5,565		136,300
Series 2017	5	2020–2042	124,730	2,755		121,975
Total			362,390	26,920		335,470
Passenger facility charge revenue bonds:						
Series 1998 A	5.5	2019	15,925	15,925		
Series 2010 A	5	2020–2023	66,550			66,550
Total			82,475	15,925		66,550
Fuel Hydrant special facility revenue bonds:						
Series 2013	3.45–5	2020–2033	72,645	3,665		68,980
Total			72,645	3,665		68,980
Bond totals			3,815,170	291,995	457,390	3,980,565
Unamortized bond premium—net			310,056			364,235
Total debt			4,125,226			4,344,800
Less current maturities of long-term debt:						
First lien revenue bonds			(32,445)			(26,695)
Intermediate lien revenue bonds			(80,490)			(109,450)
Subordinate lien revenue bonds			(132,285)			(32,035)
General obligation bonds			(26,920)			(24,295)
Passenger facility charge revenue bonds			(15,925)			(15,440)
Fuel Hydrant special facility revenue bonds			(3,665)			(3,845)
Total current maturities of long-term debt			(291,730)			(211,760)
Long-term debt			$ 3,833,496			$ 4,133,040

(Concluded)

Revenue Bonds

Revenue Bonds are payable from and secured solely by a pledge of net revenues of the Port as defined in the Port's bond resolutions. The pledge of net revenues is broadly applied but certain revenues that are separately pledged or restricted from availability to pay revenue bond debt service are excluded; examples include PFCs, CFCs, SeaTac fuel facility rent, and Stormwater Utility revenue. The Port has established a lien upon net revenues, consisting of a First Lien, Intermediate Lien, and Subordinate Lien. By Washington State law, the Port cannot use its tax levy to pay debt service on Revenue Bonds, but can use it to pay operating expenses, thereby increasing revenues available to pay revenue bond debt service.

In August 2019, the Port issued $457,390,000 in Series 2019 Intermediate Lien Revenue Bonds, which are being used to pay for or reimburse costs of capital improvements to SEA facilities, to pay a portion of the interest on the 2019 bonds during construction, to pay the costs of issuing the bonds, and to contribute to the Intermediate Lien Common Reserve Fund. The bonds have coupon rates ranging from 4% to 5%, with maturities ranging from 2021 to 2044. The interest on the Series 2019 Bonds is payable on April 1 and October 1 of each year, commencing on October 1, 2019. Certain maturities of Series 2019 Bonds are subject to optional redemption by the Port prior to their scheduled maturities and certain maturities are also subject to mandatory sinking fund redemption.

Capital Appreciation Revenue Bonds

During July 2009, the Port issued $22,000,000 in Series 2009B-2 Taxable Capital Appreciation Revenue Bonds. Interest on the 2009B-2 Bonds is compounded semiannually but is payable only upon maturity. As of December 31, 2020 and 2019, the accreted value of the Series 2009B-2 Taxable Capital Appreciation Revenue Bonds was $50,594,000 and $47,048,000 respectively, and the ultimate accreted value of $83,600,000 will be reached at final maturity in 2031.

Subordinate Lien Variable Rate Demand Bonds

Included in long-term debt are two Subordinate Lien Variable Rate Demand Bonds (VRDB), Series 1997 and Series 2008. These bonds bear interest at a weekly rate determined through a remarketing process in which the remarketing agent, currently Morgan Stanley, resets the rate based on market supply and demand for the bonds. The bonds are subject to mandatory tender for purchase and to optional redemption prior to their scheduled maturities. The bonds also contain a "put" feature that, in their current mode, gives bondholders the option to demand payment before the bonds mature, with seven days' notice delivered to the Port's remarketing and fiscal agents. These bonds are both backed by letters of credit (LOC).

- *Series 1997 VRDB*—In 1997, the Port issued $108,830,000 in Series 1997 Subordinate Lien Revenue Bonds that have a final maturity date of September 1, 2022. The proceeds were used toward the cost of acquiring certain marine facilities and to pay costs of issuing the Series 1997 Bonds.

  On January 14, 2011, the Port entered into a LOC reimbursement agreement with Bank of America in the amount of $110,082,000. In October 2018, the Port extended the LOC with Bank of America from October 30, 2018 through September 1, 2022, when the bonds mature. As of December 31, 2020, the stated amount on the LOC was $19,456,000. If the remarketing agent is unable to resell any bonds that are "put" within six months of the "put" date and the Port has not replaced the LOC or converted the bonds, the Port has a reimbursement agreement with Bank of America to convert the bonds to an installment loan payable in 10 equal semiannual installments bearing an interest rate of no less than 8.5%. The Port made early principal payments of $9,195,000 and $8,930,000 in 2020 and 2019, respectively, to outstanding Series 1997 VRDB.

- *Series 2008 VRDB*—In 2008, the Port issued $200,715,000 in Series 2008 Subordinate Lien Revenue Refunding Bonds that have a final maturity date of July 1, 2033. The proceeds were used to fully refund Series 2003C Subordinate Lien Revenue Bonds and to pay the costs of issuing the Series 2008 Bonds.

  On June 1, 2013, the Port entered into a LOC agreement with MUFG Bank, Ltd., f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd in the amount of $204,212,000. In April 2020 the Port and MUFG Bank, Ltd. entered into a second amendment to the agreement, which extended the scheduled expiration date from June 2, 2020 to June 2, 2021 and modified other terms. As of December 31, 2020, the stated amount on the LOC was

$161,058,000. If the remarketing agent is unable to resell any bonds that are "put" within six months of the "put" date, the Port has a reimbursement agreement with MUFG Bank, Ltd. to convert the bonds to an installment loan payable in equal quarterly installments over a five-year period bearing an interest rate no less than 8.5%. The Port made an early principal payment of $8,990,000 in 2019 to outstanding Series 2008 VRDB. No principal payment was made in 2020.

There were no borrowings drawn against either LOC during 2020 and 2019; therefore, there were no outstanding obligations to either LOC provider at December 31, 2020 or 2019.

Commercial Paper

In September 2020, the Commission approved amendments to the Port's Subordinate Lien Revenue Notes (commercial paper) program authorizing resolution to extend the expiration until June 1, 2041 and to increase the aggregate authorized principal amount from $250 million to $400 million for the purpose of financing and refinancing capital improvements within the Port, for working capital, and for paying maturing revenue notes of the same series and/or reimbursing the credit providers for advances made. Commercial paper is to have a maturity of no longer than 270 days; upon maturity, the notes are either paid down by the Port or remarketed by Barclays Capital, Inc.

The Port's commercial paper program is backed by two direct pay LOC's.

- On October 29, 2010, the Port entered into a LOC reimbursement agreement with Bank of America in the amount of $108,000,000, amended in 2015 to $130,000,000. In October 2018, the Port amended the LOC with Bank of America and extended the expiration date to June 1, 2021.

  If the Port were to draw liquidity under the reimbursement agreement and the remarketing agent is unable to resell any notes within six months, and if the Port has not replaced the LOC or converted the bonds, the Port is able to convert the commercial paper to an installment loan payable to Bank of America in 10 equal, semiannual installments bearing an interest rate of no less than 8.5%.

- On November 20, 2015, the Port entered into a LOC reimbursement agreement with Sumitomo Mitsui Banking Corporation (Sumitomo) in the amount of $125,000,000, with an expiration date of November 19, 2020. In October 2020, the Port and Sumitomo entered into a first amendment to the agreement to extend the expiration date to October 27, 2023 and to modify other terms.

  If the Port were to draw liquidity under the reimbursement agreement and the remarketing agent is unable to resell any notes within six months, and if the Port has not replaced the LOC or converted the bonds, the Port is able to convert the commercial paper to an installment loan payable to Sumitomo in 10 equal, semiannual installments bearing an interest rate of no less than 9.5%.

There were no outstanding obligations to either LOC provider at December 31, 2020 and 2019.

In 2020, the Port issued $30,815,000 of commercial paper to redeem or defease certain outstanding revenue bond debt service due in 2020 and 2021. On September 25, 2020, the Port issued $10,010,000 of taxable commercial paper to defease a portion of the outstanding 2016B First Lien Revenue Refunding Bonds due on October 1, 2020. On December 16, 2020, the Port issued $20,805,000 of tax-exempt commercial paper to redeem a portion of the 2010B Intermediate Lien Revenue and Refunding Bonds due on June 1, 2021, and to defease a portion of the 2010C Intermediate Lien Revenue Refunding Bonds due on February 1, 2021. The purpose of the commercial paper issuance in 2020 was to restructure a portion of Port's debt in order to preserve cash and decrease airline costs during the pandemic. The Port will continue to monitor this commercial paper and assess different options for repayment depending on the path of the economic recovery. Options for paying off the commercial paper include, but are not limited to, paying down the commercial paper with existing Port resources as feasible or refunding the commercial paper as part of a future bond issuance.

In 2019, the Port paid down $100 million of commercial paper that was issued in 2018 to provide working capital liquidity, as well as to help finance capital improvements at SEA.

Commercial paper advances outstanding totaled $48,470,000 and $17,655,000 at December 31, 2020 and 2019, respectively. Commercial paper advances are included in current maturities of long-term debt on the Statement of Net Position.

General Obligation Bonds

GO Bonds are limited tax general obligations of the Port. The Port has statutory authority to levy non-voted property taxes for general purposes and to pay debt service on its limited tax general obligation bonds. The Port has covenanted to make annual levies of ad valorem taxes in amounts sufficient, together with other legally available funds, to pay the principal of and interest on GO Bonds as they shall become due. GO Bond holders do not have a security interest in specific revenues or assets of the Port.

On April 28, 2020, the Commission provided approval for the Port to obtain a bank facility in the form of a line of credit or a term loan. In June 2020 the Port entered into an agreement with JP Morgan Chase Bank, National Association to obtain a revolving credit facility up to a maximum amount of $150,000,000 for a term of three years, for the purpose of providing liquidity in response to the global pandemic. The facility is a general obligation of the Port, backed by the full faith and credit of the Port including revenues and tax receipts, and the variable rate of interest is based on the LIBOR plus a spread based on the Port's GO bond ratings. As of December 31, 2020, no borrowing on this facility has occurred.

PFC Revenue Bonds

In 1998, the Port issued $262,500,000 of PFC Revenue Bonds, Series 1998 pursuant to a PFC Master Resolution. During December 2010, the Port issued $146,465,000 of PFC Revenue Refunding Bonds, Series 2010 to refund certain outstanding Series 1998 PFC Bonds. PFC Bonds are special fund obligations of the Port payable solely from, and secured by, a pledge of PFC revenues imposed by SEA. The Port, as authorized by the FAA, has the authority to use PFC revenues to: pay PFC issued debt; pay eligible projects costs (definitions, terms, and conditions are set by the FAA); and pay revenue bond debt service related to PFC eligible projects at SEA. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged for the payment of the principal of or interest on PFC Bonds. PFC Bonds are not secured by a lien on properties or improvements at SEA, nor by a pledge of other revenues derived by the Port.

PFC Revenue Bonds in the amount of $51,110,000 and $66,550,000 were outstanding as of December 31, 2020 and 2019, respectively.

Fuel Hydrant Special Facility Revenue Bonds

In May 2003, the Port issued Fuel Hydrant Special Facility Revenue Bonds in the amount of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at SEA. In June 2013, the Port issued $88,660,000 in Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds, which were used to fully refund the outstanding Series 2003 Fuel Hydrant Special Facility Revenue Bonds, and to pay the costs of issuing the bonds.

The Port undertook the development of the fuel system to lower the cost of fuel service at SEA, improve SEA safety by reducing the need for fuel trucks to operate on the airfield, and address environmental concerns created by the original fuel system. This fuel hydrant facility was fully operational in 2006. The fuel facility is leased for 40 years (including two five-year option periods) to the Lessee, a limited liability company formed by a consortium of airlines for the purpose of providing jet fuel storage and distribution at SEA. The Port owns the system and the Lessee will oversee day-to-day management. The Lessee is obligated to collect the fuel system fees and to make monthly rent payments including a base rent for the land to the Port and facilities rent to the Trustee. Facilities rent is established at an amount sufficient to pay semiannual debt service, replenish any deficiency in the debt service reserve fund, and pay other fees associated with the bonds, including the Trustee fee.

In addition, the Lessee has provided a guaranty and a security agreement to the Trustee, securing the Lessee's obligation to pay principal and interest on the bonds. Proceeds from the bonds are held by the Trustee. At December 31, 2020 and 2019, there were $9,937,000 and $9,892,000, respectively, of Fuel Hydrant Special

Facility Revenue Bonds proceeds and rent payments held for debt service reserve fund and debt service payments. The unspent bond proceeds were reported as current restricted cash and cash equivalents and restricted long-term investments.

Additional information on the investment of the unspent bond proceeds of the Fuel Hydrant Special Facility Revenue Bonds can be found in Note 2 in the accompanying Notes to Financial Statements.

Fuel Hydrant Special Facility Revenue Bonds in the amount of $65,135,000 and $68,980,000 were outstanding as of December 31, 2020 and 2019, respectively.

Events of Default, Termination, and Acceleration Clauses

In the event of a default, owners of Port bonds may pursue remedies available under the terms of respective bond resolutions but are limited to such actions that may be taken at law or in equity. No mortgage or security interest has been granted or lien created in any real property of the Port to secure the payment of any of the Port's bonds. Port bonds are not subject to acceleration upon an event of default.

Arbitrage Rebate

The Port monitors the existence of any rebatable arbitrage interest income associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of the bond proceeds and the interest expense associated with the respective bonds. Each outstanding bond issue has potential arbitrage rebatable earnings; however, management estimates indicated that no arbitrage rebate liability existed as of December 31, 2020 and 2019.

Schedule of Debt Service

Aggregate annual payments on Revenue Bonds, GO Bonds, PFC Bonds, Fuel Hydrant Special Facility Revenue Bonds, and commercial paper outstanding at December 31, 2020, are as follows (in thousands):

	Principal	Interest	Total
2021	$ 241,395	$ 168,735	$ 410,130
2022	241,935	158,992	400,927
2023	223,280	148,412	371,692
2024	203,635	137,648	341,283
2025	184,278	137,913	322,191
2026–2030	908,532	553,859	1,462,391
2031–2035	918,260	302,007	1,220,267
2036–2040	592,125	137,800	729,925
2041–2045	274,210	21,545	295,755
Total	$3,787,650	$1,766,911	$5,554,561

Note 6. Conduit Debt

The Port has conduit debt obligations totaling $74,725,000 at December 31, 2020 and 2019, which are not a liability or contingent liability of the Port. The Port has not recorded these obligations, or the related assets, on the accompanying financial statements, as the Port has no obligation for the outstanding bonds beyond what is provided in the leasing arrangements.

Since 1982, the Port, through its blended component unit, the IDC, has issued tax-exempt nonrecourse revenue bonds to finance industrial development of transshipment and manufacturing facilities within the corporate boundaries of the Port. These revenue bonds are secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. No ad valorem tax levy revenues or other revenues of the Port (other than the IDC lease revenues) are pledged to pay the debt service on the bonds, and no liens (other than the IDC properties) are pledged as collateral for the debt.

Note 7. Long-Term Liabilities

The following is a summary of the net pension liability, environmental remediation liability, bonds interest payable, total OPEB liability, as well as lease securities and other activities that make up the Port's long-term liabilities for the years ended December 31 (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Current portion	Long-term portion
2020						
Net pension liability	$ 50,626	$ 13,434	$ (12,936)	$ 51,124	$	$ 51,124
Environmental remediation liability [(a)]	90,716	6,983	(13,745)	83,954	22,684	61,270
Bonds interest payable	25,047	3,546		28,593		28,593
Total OPEB liability	18,878	2,689	(1,131)	20,436		20,436
Lease securities and other	6,962	870	(602)	7,230		7,230
Total	$192,229	$ 27,522	$ (28,414)	$191,337		
2019						
Net pension liability	$ 66,152	$ 6,750	$ (22,276)	$ 50,626	$	$ 50,626
Environmental remediation liability [(a)]	93,288	32,219	(34,791)	90,716	30,810	59,906
Bonds interest payable	21,750	3,297		25,047		25,047
Total OPEB liability	16,739	3,308	(1,169)	18,878		18,878
Lease securities and other	6,231	1,903	(1,172)	6,962		6,962
Total	$204,160	$ 47,477	$ (59,408)	$192,229		

(a) The current portion of the environmental remediation liability is included in the accounts payable and accrued expenses in the Statement of Net Position.

Note 8. Enterprise Fund Pension Plans

Substantially, all of the Port's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the DRS. The State Legislature establishes and amends laws pertaining to the creation and administration of all public employee retirement systems.

Public Employees' Retirement System (PERS)

Plan Description

PERS retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans. PERS Plan 3 is a defined benefit plan with a defined contribution component. Participants who joined PERS by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those joining thereafter are enrolled in Plan 2 or Plan 3.

PERS is composed of and reported as three separate plans for accounting purposes. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only belong to either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

Retirement benefits are financed by employee and employer contributions and investment earnings. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS plans, annual cost-of-living allowances are linked to the Seattle Consumer Price Index (CPI) to a maximum of 3% annually.

Vesting
Both PERS Plan 1 and Plan 2 members are vested after the completion of five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service, or after five years of service if 12 months of that service are earned after age 44.

Benefits Provided
PERS Plan 1 retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service, capped at 60%. AFC is the average of the member's 24 consecutive highest-paid service credit months. Plan 1 members are eligible for retirement from active status at any age after 30 years of service, at age 55 with at least 25 years of service, or at age 60 with five years of service. Members retiring from inactive status prior to the age of 65 may receive actuarially-reduced benefits.

PERS Plan 2/3 retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of the member's AFC for Plan 3. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65.

Contributions
Each biennium, the Washington State Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. The PERS Plan 1 member contribution rate is established by statute. The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability. PERS Plan 3 members can choose their contribution from six contribution rate options ranging from 5% to 15%. Once an option has been selected, the employee contribution rate choice is irrevocable unless the employee changes employers. All employers are required to contribute at the level established by the legislature.

The PERS Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.18% from the employer contribution rate, for the years ended December 31, were as follows:

	Effective date	PERS Plan 1	PERS Plan 2	PERS Plan 3
2020				
Port	Jan 1 to Aug 31	12.68%	12.68%	12.68%
	Sep 1 to Dec 31	12.79	12.79	12.79
Plan member	Jan 1 to Dec 31	6.00	7.90	varies
2019				
Port	Jan 1 to Jun 30	12.65%	12.65%	12.65%
	Jul 1 to Dec 31	12.68	12.68	12.68
Plan member	Jan 1 to Jun 30	6.00	7.41	varies
	Jul 1 to Dec 31	6.00	7.90	varies

For the years ended December 31, the Port's employer contributions, excluding administrative expense, made to the PERS Plan 1 and PERS Plan 2/3 were as follows (in thousands):

	PERS Plan 1	PERS Plan 2/3
2020	$ 127	$ 18,653
2019	149	15,993
2018	173	13,920

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

Plan Description

LEOFF's retirement benefit provisions are contained in Chapters 41.26 and 41.45 RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprising two separate defined benefit pension plans for both membership and accounting purposes. Participants who joined LEOFF by September 30, 1977, are Plan 1 members. LEOFF Plan 1 was closed to new entrants. Those joining thereafter are enrolled in LEOFF Plan 2. Membership includes all full-time local law enforcement officers and fire fighters.

Retirement benefits are financed from employee and employer contributions, investment earnings, and legislative appropriation. The legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the State constitution and could be changed by statute.

Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under LEOFF Plan 2, annual cost-of-living allowances are linked to the Seattle CPI to a maximum of 3% annually.

Vesting

Both LEOFF Plans' members are vested after completion of five years of eligible service.

Benefits Provided

LEOFF Plan 1 retirement benefits are determined per year of service and are calculated as a percentage of Final Average Salary (FAS) as follows:

Terms of service	Percentage of FAS
5 to 9 years	1.0%
10 to 19 years	1.5
20 or more years	2.0

FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the consecutive highest-paid 24 months' salary within the last 10 years of service. Members are eligible for retirement with five years of service at age 50.

LEOFF Plan 2 retirement benefits are calculated using 2% of the member's FAS times the member's years of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire before age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced for each year before age 53.

Contributions

LEOFF Plan 1 is fully funded, and no further employer or employee contributions have been required since June 2000. Each biennium, the LEOFF Plan 2 Retirement Board has a statutory duty to set the employer and employee contribution rates for LEOFF Plan 2, based on the recommendations by the OSA, to fully fund LEOFF Plan 2. All employers are required to contribute at the level established by the legislature.

The LEOFF Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.18% from the employer contribution rate, for the years ended December 31, were as follows:

	Effective date	LEOFF Plan 2 (Fire fighters)	LEOFF Plan 2 (Police officers)
2020			
Port	Jan 1 to Dec 31	5.15%	8.59%
Plan member	Jan 1 to Dec 31	8.59	8.59
2019			
Port	Jan 1 to Jun 30	5.25%	8.75%
	Jul 1 to Dec 31	5.15	8.59
Plan member	Jan 1 to Jun 30	8.75	8.75
	Jul 1 to Dec 31	8.59	8.59

For the years ended December 31, 2020, 2019, and 2018, the Port's employer contributions, excluding administrative expenses, made to LEOFF Plan 2 were $2,170,000, $2,107,000, and $1,837,000, respectively.

Pension Asset/Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, the amount recognized by the Port as its proportionate share of the net pension asset (liability), the related State support for LEOFF Plan 2 only, and the total portion of the net pension asset (liability) that was associated with the Port, were as follows (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2020				
Port's proportionate share of the net pension (liability) asset	$ (31,506)	$ (14,440)	$ 1,464	$ 22,203
State's proportionate share of the net pension asset associated with the Port				14,197
Total	$ (31,506)	$ (14,440)	$ 1,464	$ 36,400
2019				
Port's proportionate share of the net pension (liability) asset	$ (33,048)	$ (10,531)	$ 1,529	$ 24,861
State's proportionate share of the net pension asset associated with the Port				16,281
Total	$ (33,048)	$ (10,531)	$ 1,529	$ 41,142

For the years ended December 31, 2020 and 2019, the net pension asset (liability) was measured as of June 30, 2020, and June 30, 2019, respectively, and the total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation as of June 30, 2019, and June 30, 2018, respectively.

The Port's proportion of the net pension asset (liability) was based on a projection of the Port's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, and the state support for LEOFF Plan 2 only, actuarially determined.

The Port's proportionate shares of contributions were measured at June 30 as follows:

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2020	0.89%	1.13%	0.08%	1.09%
2019	0.86	1.08	0.08	1.07
Change between years	0.03%	0.05%	0.00%	0.02%

For the years ended December 31, 2020, 2019, and 2018, the Port's total operating revenues included $(323,000), $(525,000), and $(1,234,000), respectively, for support provided by the State for LEOFF Plan 2, along with the following pension expenses (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2020	$ 2,893	$ 1,797	$ (78)	$ (885)
2019	1,126	2,116	(101)	(1,432)
2018	3,890	(138)	(232)	(3,144)

At December 31, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2020				
Deferred Outflows of Resources				
Differences between expected and actual experience	$	$ 5,169	$	$ 3,072
Changes of assumptions		206		32
Changes in proportion and differences between Port contributions and proportionate share of contributions		2,269		582
Port contributions subsequent to the measurement date	3,888	6,282		1,110
Total deferred outflows of resources	$ 3,888	$ 13,926	$	$ 4,796
Deferred Inflows of Resources				
Differences between expected and actual experience	$	$ 1,810	$	$ 393
Changes of assumptions		9,864		3,438
Net difference between projected and actual earnings on pension plan investments	175	733	15	247
Changes in proportion and differences between Port contributions and proportionate share of contributions				1,103
Total deferred inflows of resources	$ 175	$ 12,407	$ 15	$ 5,181

(Continued)

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2019				
Deferred Outflows of Resources				
Differences between expected and actual experience	$	$ 3,017	$	$ 1,789
Changes of assumptions		270		41
Changes in proportion and differences between Port contributions and proportionate share of contributions		1,573		680
Port contributions subsequent to the measurement date	3,195	5,063		1,070
Total deferred outflows of resources	$ 3,195	$ 9,923	$	$ 3,580
Deferred Inflows of Resources				
Differences between expected and actual experience	$	$ 2,264	$	$ 447
Changes of assumptions		4,419		2,798
Net difference between projected and actual earnings on pension plan investments	2,208	15,329	158	5,097
Changes in proportion and differences between Port contributions and proportionate share of contributions		123		1,013
Total deferred inflows of resources	$ 2,208	$ 22,135	$ 158	$ 9,355

(Concluded)

Deferred outflows of resources related to Port contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as pension expense as follows (in thousands):

Years ended December 31,	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2021	$ (796)	$ (5,476)	$ (54)	$ (1,683)
2022	(25)	(917)	(3)	(316)
2023	243	772	16	232
2024	403	1630	26	646
2025		(327)		(246)
Thereafter		(445)		(128)
Total	$ (175)	$ (4,763)	$ (15)	$ (1,495)

Actuarial Assumptions

The total pension asset (liability) was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of OSA's 2013 - 2018 Demographic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

- *Inflation*—A 2.75% total economic inflation and a 3.5% salary inflation were used.
- *Salary increases*—In addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- *Mortality*—Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates. OSA applied offsets to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates after the 2010 base table. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.
- *Investment rate of return*—The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by WSIB. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in: (1) expected annual return, (2) standard deviation of the annual return, and (3) correlations between the annual returns of each asset class with every other asset class.
- WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The OSA selected a 7.4% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs and simulated expected returns the WSIB provided.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20%	2.2%
Tangible assets	7	5.1
Real estate	18	5.8
Global equity	32	6.3
Private equity	23	9.3
Total	100%	

The inflation component used to create the above table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

- *Discount rate*—The discount rate used to measure the total pension asset (liability) was 7.4% for all plans. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 unfunded actuarial accrued liability), and contributions from the State are made at current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of 7.4% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

Change in Assumptions and Methods

Actuarial results that OSA provided within the June 30, 2019, valuation reflect the following changes in assumptions and methods:

- OSA updated their demographic assumptions based on the results of their latest demographic experience study. The study is completed every six years and includes updates to a wide range of behavior and demographic assumptions.
- OSA updated the Early Retirement Factors and Joint-and-Survivor Factors used in their model. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.

- OSA simplified their modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed their method to updating certain data items that change annually. Examples include the public safety duty-related death lump sum and Washington state average wage. OSA has set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025.

Sensitivity of the Port's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the Port's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.4%, as well as what the Port's proportionate share of the net pension asset (liability) would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

	1% Decrease (6.4%)	Current discount rate (7.4%)	1% Increase (8.4%)
PERS Plan 1	$ (39,463)	$ (31,506)	$ (24,566)
PERS Plans 2/3	(89,847)	(14,440)	47,659
LEOFF Plan 1	1,191	1,464	1,699
LEOFF Plan 2	440	22,203	40,024

Payables to the PERS and LEOFF Plans

At December 31, the Port reported payables for the outstanding amount of the required contributions to PERS Plan 1, PERS Plan 2/3, and LEOFF Plan 2 under payroll and taxes payable in the Statement of Net Position as follows (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 2
2020	$ 243	$ 397	$ 102
2019	670	1,116	222

Pension Plan Fiduciary Net Position

The pension plans' fiduciary net positions are determined on the same basis used by the pension plans. DRS financial statements have been prepared in conformity with GAAP. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which contributions are earned. Employer contributions are recognized when they are due. Benefits and refunds are recognized when due and payable according to the terms of the plans. The WSIB has been authorized by statute (Chapter 43.33A RCW) as having the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position of the DRS Annual Financial Report. Interest and dividend income are recognized when earned, and capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis.

Detailed information about PERS' and LEOFF's fiduciary net position is available in the separately issued DRS financial report. A copy of this report may be obtained at:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

Note 9. Postemployment Benefits Other than Pensions

In addition to pension benefits as described in Note 8, the Port provides OPEB.

Plan Descriptions

The Port administers and contributes to two single-employer defined OPEB plans: (1) LEOFF Plan 1 Members' Medical Services Plan and (2) Retirees Life Insurance Plan. Under State statute RCW 41.26.150, the Port is required to pay for retired LEOFF Plan 1 members' medical services expenses. Under the Port's life insurance contract, eligible retired employees are provided with life insurance coverage for a death benefit up to $25,000. The Port can establish and amend benefit provisions of the life insurance OPEB plan. There are no separate OPEB plan-related financial reports issued. Neither plan has assets accumulated in a trust or equivalent arrangement.

At December 31, 2020, the following employees were covered by the plans:

	LEOFF Plan 1 Members' Medical Services Plan	Retirees Life Insurance Plan
Inactive employees or beneficiaries currently receiving benefit payments	28	
Inactive employees entitled to but not yet receiving benefit payments		440
Active employees		1,089
Total	28	1,529

Contributions

For the LEOFF Plan 1 Members' Medical Services Plan, the State establishes and may amend the contribution requirements of plan members and the Port. The LEOFF Plan 1 was closed on September 30, 1977, to new entrants. The contribution requirements of the Retirees Life Insurance Plan are established and may be amended by the Port. For both plans, the Port is required to contribute on a pay-as-you-go basis. The Port's contributions to the LEOFF Plan 1 Members' Medical Services Plan and Retirees Life Insurance Plan were $668,000 and $356,000, respectively, for the year ended December 31, 2020. The Port's contributions to the LEOFF Plan 1 Members' Medical Services Plan and Retirees Life Insurance Plan were $824,000 and $345,000, respectively, for the year ended December 31, 2019. Plan participants are not required to contribute to either plan.

Total OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB liability for the LEOFF Plan 1 Members' Medical Services Plan was calculated as of December 31, 2020, using the Alternative Measurement Method. Total OPEB liability for the Retirees Life Insurance Plan was determined by an actuarial valuation as of January 1, 2020, and update procedures were used to roll forward the total OPEB liability to December 31, 2020. As of December 31, 2020 and 2019, the Port's total OPEB liability for the two plans was $20,436,000 and $18,878,000, respectively. For the years ended December 31, 2020 and 2019, total OPEB expense for the two plans was $1,593,000, and $1,730,000, respectively.

No deferred outflows or inflows of resources were reported for the LEOFF Plan 1 Members' Medical Services Plan due to the Alternative Measurement Method being used for a closed plan.

At December 31, the Port reported deferred outflows of resources and deferred inflows of resources related to the Retirees Life Insurance Plan from the following sources (in thousands):

	2020		2019	
Deferred Outflows of Resources				
Differences between expected and actual experience	$		$	
Changes of assumptions		2,393		1,445
Total deferred outflows of resources	$	2,393	$	1,445
Deferred Inflows of Resources				
Differences between expected and actual experience	$	93	$	
Changes of assumptions		602		736
Total deferred inflows of resources	$	695	$	736

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retirees Life Insurance Plan will be amortized as OPEB expense as follows (in thousands):

Years ended December 31,		
2021	$	252
2022		252
2023		252
2024		252
2025		318
Thereafter		372
Total	$	1,698

Actuarial Methods and Assumptions

For the LEOFF Plan 1 Members' Medical Services Plan, the following simplified assumptions were made when the Alternative Measurement Method was used:

- *Mortality*—Life expectancies were based on mortality tables from the National Vital Statistics Reports, Volume 69, No. 12, November 17, 2020. The Life Table for Males: U.S. 2018 was used.
- *Healthcare cost trend rate*—The expected rate of increase in healthcare expenditure was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 5.7% was used initially but was changed slightly to an average rate of 5.6% after seven years.
- *Health insurance premiums*—2018 health insurance premiums for retirees, adjusted by the 2019-2021 rates from the National Health Expenditures Projections 2012–2028 Table 1, were used as the basis for calculation of the present value of total benefits to be paid.
- *Discount rate*—An average index rate of 2% as of December 31, 2020, for 20-year general obligation municipal bonds with an average rating of AA was used.
- *Inflation rate*—No explicit inflation rate assumption was used as this underlying assumption was already included in the healthcare cost trend rate.

For the Retirees Life Insurance Plan, an actuarial valuation was performed as of January 1, 2020, and update procedures were used to roll forward total OPEB liability to December 31, 2020, by using the Entry Age Normal Cost Method. The valuation is prepared on the projected benefit basis. The present value of each participant's expected benefit payable at retirement or termination is determined based on age, gender, compensation, and the interest rate assumed to be earned in the future. The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants is added to the present value of the expected future payments to retired participants to obtain the present value of all expected benefits payable from the Plan on account of the present group of participants.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach and consist of a normal cost contribution and an accrued liability contribution.

The following actuarial assumptions applied to all periods included in the measurement:

- *Post -retirement mortality*—Fully generational mortality based on the Headcount Weighted Pub-2010 General Healthy Annuitant tables for all PERS plans. Fully generational mortality based on the Headcount Weighted Pub-2010 Safety Annuitant tables for LEOFF Plan 2 with a one year setback for males. Mortality rates are improved with the Long-Term MP-2017 Scale.
- *Disabled mortality*—Fully generational mortality based on the Pub-2010 General Disabled tables for all PERS plans. Fully generational mortality based on the Pub-2010 Safety Disabled tables for LEOFF Plan 2. Mortality rates are improved with the Long-Term MP-2017 Scale.
- *Pre-retirement mortality*—Fully generational mortality based on the Headcount Weighted Pub-2010 General Employee tables for all PERS plans. Fully generational mortality based on the Headcount Weighted Pub-2010 Safety Employee tables for LEOFF Plan 2. Mortality rates are improved with the Long-Term MP-2017 Scale.
- *Salary increases*—An estimated payroll growth of 3.5% per year was used.
- *Discount rate*—An average index rate of 2% as of December 31, 2020, for 20-year general obligation municipal bonds with an average rating of AA was used.

Change in Total OPEB Liability

Changes in the Port's total OPEB liability for both plans for the current year were as follows (in thousands):

	LEOFF Plan 1 Members' Medical Services Plan	Retirees Life Insurance Plan
Service cost	$	$ 349
Interest expense	200	316
Difference between expected and actual experience		(107)
Changes of assumptions	476	1,348
Employer contributions	(668)	(356)
Net changes	8	1,550
Total OPEB liability beginning of year	7,264	11,614
Total OPEB liability end of year	$ 7,272	$ 13,164

For the LEOFF Plan 1 Members' Medical Services Plan, changes in assumptions reflect a change in the discount rate to 2% as of December 31, 2020, and a slight change in expected healthcare cost as of December 31, 2020.

For the Retirees Life Insurance Plan, changes of assumptions reflect a change in the discount rate to 2% as of December 31, 2020 and updating the demographic assumptions to reflect the current State of Washington actuarial assumptions.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the plans, calculated using the discount rate of 2%, as well as what the total OPEB liability would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

	1% Decrease (1%)	Current discount rate (2%)	1% Increase (3%)
LEOFF Plan 1 Members' Medical Services Plan	$ 7,838	$ 7,272	$ 6,766
Retirees Life Insurance Plan	15,727	13,164	11,151

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the plans, calculated using the healthcare cost trend rates of 5.7%, as well as what the total OPEB liability would be if it were calculated using plus or minus 1% of the current cost trend (in thousands):

	1% Decrease (4.7%)	Healthcare cost trend rate (5.7%)	1% Increase (6.7%)
LEOFF Plan 1 Members' Medical Services Plan	$ 6,843	$ 7,272	$ 7,739

Note 10. Environmental Remediation Liability

The Port has identified a number of contaminated sites on Aviation, Maritime, and Economic Development properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with federal and state environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, and/or groundwater. In some cases, the Port has been designated by the federal government as a Potentially Responsible Party (PRP), and/or by the state government as a Potentially Liable Person (PLP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination. Although the Port may not ultimately bear all liability for the contamination, under federal and state law, the Port is presumptively liable as the property owner or as a party that contributed contamination to a site, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup. In some cases, the Port may also be liable for natural resource damages (NRD) associated with contaminated properties. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other parties to investigate and remediate environmental damage or contamination. Currently, it is not possible to determine the full extent of the Port's liability in these matters.

East Waterway Superfund Site (the East Waterway Site)

The Port is one of many PRPs at the East Waterway Site and is a member of the East Waterway Group, along with King County and the City of Seattle. Among other remedial actions, the East Waterway Group funded the Supplemental Remedial Investigation and Feasibility Study (SRI/FS), which was finalized in 2019. The Port's share of SRI/FS accumulated costs through 2020 was $9,422,000. The Environmental Protection Agency (EPA) has not yet released a Record of Decision (ROD) for the East Waterway Site cleanup remedy. The Feasibility Study bracketed range of cost estimates, excluding the no action alternative, was between $256 million and $411 million (based on current value in 2016 dollars); the study was completed in 2019. The EPA acknowledged there is significant uncertainty as to the accuracy of this estimate. A more accurate estimate will not be available until after selection of a remedy, completion of an extensive sampling and design effort, and allocation of costs between PRPs. As of December 31, 2020 and 2019, the Port's outstanding environmental remediation liability recorded was $1,480,000 and $786,000, respectively.

Lower Duwamish Waterway Superfund Site (the Duwamish Site)

The Port is one of many PRPs at the Duwamish Site and is a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle, and the Boeing Company, that, among other remedial actions, funded the Remedial Investigation and Feasibility Study (RI/FS). The RI/FS study was substantially completed and the Port's share of RI/FS costs through 2020 was $20,012,000. In November 2014, the EPA released a ROD for the Duwamish Site cleanup remedy. The ROD included a cleanup cost estimate of $342 million (present value discounted at 2.3% based on a study completed in 2012); the undiscounted cost estimate calculated at the time was $395 million. The EPA also estimated the range of potential remedy costs from $277 million to $593 million. The EPA acknowledged there is significant uncertainty as to the accuracy of its cost estimates. A more accurate estimate will not be available until after completion of an extensive sampling and design effort. This project will result in additional cleanup efforts related to implementation of the EPA's Site ROD.

In November 2012, the EPA issued general notification letters to over 200 parties informing them of their potential liability for the Lower Duwamish Waterway cleanup. The Lower Duwamish Waterway Group, who were the parties to the RI/FS Administrative Order on Consent, invited some of those parties to participate in a confidential alternative dispute resolution process led by a neutral allocator (the allocation process) to resolve their respective shares of past and future costs. As of December 31, 2020, the allocation process is ongoing. Parties participating in the allocation process will share the cost of the allocator and the process. The estimated recoveries to reduce the amount of liability are unknown at this time. As of December 31, 2020 and 2019, the Port's outstanding environmental remediation liability recorded for the Duwamish Site was $7,390,000 and $7,363,000 respectively.

The Port has in place a procedure consistent with current accounting rules to recognize liability for environmental cleanups, to the extent that such liability can be reasonably estimated. As of December 31, 2020 and 2019, the Port's environmental remediation liability was $83,954,000 and $90,716,000 respectively, based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The Port is in ongoing settlement negotiations regarding NRD and in 2018 recorded, as a special item, a $34,923,000 environmental expense reflecting the cost to construct a habitat restoration project. The Port anticipates recovering some or all of this cost from other PRPs following its settlement, though the timing of such recovery is unknown. The Port's environmental remediation liability does not include cost components that are not yet reasonably measurable, and the liability will change over time due to changes in costs of goods and services, changes in remediation technology, and changes in governing laws and regulations.

In many cases, the Port has successfully recovered Port-incurred investigation and cleanup costs from other responsible parties. The Port will continue to seek appropriate recoveries in the future. As of December 31, 2020 and 2019, the environmental remediation liability was reduced by $24,483,000 and $36,431,000 respectively, for estimated unrealized recoveries. During 1964—1985, the Port had primary insurance coverage through predecessors of Great American Insurance Company (GAIC), which provides defense and indemnity coverage to the Port for environmental investigation and cleanup costs associated with the Lower Duwamish Waterway, Harbor Island/East Waterway, and Terminal 91 (Contaminated Sites). In August 2020, the Port and GAIC entered into a Settlement Agreement and Release (Settlement). As a result, the Port received a payment of $24,939,000 from GAIC for certain past and future costs associated with the Contaminated Sites. The Port recorded $22,819,000 related to past costs in nonoperating other (expense) income—net in the Statement of Revenues, Expenses, and Changes in Net Position. The remaining amount of $2,120,000 related to future costs was included in environmental remediation liability in the Statement of Net Position. The Settlement requires the Port to reimburse GAIC for certain costs that are recovered from other responsible parties on an annual basis, starting in 2021.

Note 11. Contingencies

The Port is a defendant in various legal actions and claims. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable, and in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or results of operations of the Port. In some cases, the Port has provided adequate contingent liability.

Amounts received or receivable under grants-in-aid programs are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already received, may constitute a liability of the Port. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the Port expects such amounts, if any, to be insignificant.

Note 12. Commitments

The Port has made commitments for acquisition and construction as of December 31, as follows (in thousands):

	2020	2019
Funds committed:		
Aviation	$ 550,209	$ 399,425
Maritime	10,227	15,679
Economic Development	3,708	8,247
Stormwater Utility	293	241
Total	$ 564,437	$ 423,592

As of December 31, 2020 and 2019, the Port also made commitments of $95,362,000 and $189,107,000, respectively, for acquisition and construction for the NWSA. However, this amount was not included in the schedule above as the Port expects to be reimbursed by the NWSA once the construction expenditure is incurred for the NWSA.

In addition, as of December 31, 2020 and 2019, funds authorized by the Port but not yet committed for all divisions amounted to $1,574,153,000 and $1,437,177,000, respectively.

Note 13. Joint Venture

A summarized Statement of Net Position of the NWSA as of December 31, and its Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, are as follows (in thousands):

	2020	2019
Total assets	$ 503,628	$ 427,820
Deferred outflows of resources	1,377	1,488
Total liabilities	54,845	74,537
Deferred inflows of resources	758	1,395
Total net position	$ 449,402	$ 353,376

	2020	2019	2018
Operating revenues	$ 184,327	$ 195,022	$ 192,574
Operating expenses	93,795	89,229	82,827
Operating income before depreciation	90,532	105,793	109,747
Depreciation	13,810	11,272	6,305
Nonoperating income—net	842	1,437	8,543
Increase in net position	$ 77,564	$ 95,958	$ 111,985

A copy of the NWSA financial report may be obtained at:

The Northwest Seaport Alliance
P.O. Box 2985
Tacoma, WA 98401-2985

In 2019, both the Managing Members and the Commission approved an Interlocal Agreement between the Port and the NWSA to facilitate development by the Port of a new cruise terminal at Terminal 46 as part of a flexible marine transportation facility. The Port's cruise facility was planned to occupy the northern 29 acres of the overall 86.5-acre terminal. The remainder of the site will be maintained by the NWSA as a marine cargo facility and for administrative use. This new cruise terminal project was postponed in 2020 due to the pandemic's uncertain impact on the Alaskan cruise market. The Port agreed to pay the NWSA monthly for the use of Terminal 46 starting January 1, 2020, for 23 years, with four options to extend for 5-year terms. In 2020, the Port's payment to the NWSA was $3,826,000. After 2020, the annual payment is subject to a 2% annual increase. In 2020, the Port's 50% share of the NWSA's change in net position, joint venture income, was reduced by $1,913,000, 50% of the $3,826,000, due to the elimination of profit on the intra-entity transaction.

The home ports share the NWSA's change in net position and distribution of operating cash equally. In 2020 and 2019, the Port's 50% share of the NWSA's change in net position before the elimination of profit on the intra-entity transaction was $38,782,000 and $47,979,000, respectively, presented in the Port's Statement of Revenues, Expenses, and Changes in Net Position as joint venture income.

Distribution of operating cash from the NWSA is generally received in the following month. The Port's receivable for cash distributions earned through December 31, 2020 and 2019, was $5,170,000 and $9,135,000, respectively. As of December 31, 2020 and 2019, disbursements paid by the Port on behalf of the NWSA was $0 and $513,000, respectively. These amounts are presented in the Port's Statement of Net Position as related party receivable—joint venture.

On April 2, 2019, the Managing Members and the Commission authorized the completion of the one-time Membership Interest Affirmation of 50/50 for each home port in satisfaction of the NWSA Charter. In lieu of completing a required reevaluation of Membership Interest, the Port agreed to pay up to $32,000,000 additional contribution to the NWSA. This additional contribution was in recognition that certain forecast revenue streams, not secured by long-term contractual agreements in the initial valuation, would not have been achieved without the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first and second installment of $11,000,000 was made in March 2020 and 2021, respectively. The final installment will be made in 2024, and may be adjusted downward if the actual Terminal 5 redevelopment costs are less than the program authorization. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA receives the funds from the Port.

The Port's investment in joint venture as of December 31 is as follows (in thousands):

	2020	2019
Working capital	$ 25,500	$ 25,500
Membership interest affirmation	11,000	
Capital construction	213,407	148,598
Construction work in progress	7,887	7,887
50% share of the NWSA's changes in net position	259,263	220,481
Distribution of operating cash	(281,865)	(226,287)
Distribution of membership interest affirmation	(5,500)	
Total investment in joint venture	$ 229,692	$ 176,179

As of December 31, 2020 and 2019, land, facilities, and equipment—net of accumulated depreciation licensed to the NWSA by the Port were $773,162,000 and $787,605,000, with related depreciation expenses of $14,764,000 and $15,831,000, respectively. As of December 31, 2020 and 2019, the Port's total debt on licensed assets was $282,891,000 and $315,454,000, respectively.

During 2020 and 2019, the Port's 50% share of capital construction expenditures were $64,809,000 and $44,305,000, of which $6,327,000 and $7,027,000 were unpaid and included in the Port's Statement of Net Position as related party payable—joint venture as of December 31, 2020 and 2019, respectively. Additionally, $1,036,000 and $1,766,000 of pass-through National Infrastructure Investments grants, reimbursable expenditures from the Port to the NWSA relating to capital modernization improvements spent on Terminal 46, were unpaid by the Department of Transportation as of December 31, 2020 and 2019, respectively. This amount was included in related party payable—joint venture.

A broad spectrum of support services such as maintenance, security, public affairs, project delivery, procurement, labor relations, environmental planning, information technology, finance, and accounting are provided by service agreements between the NWSA and the home ports. Costs for these services are charged by the home ports to the NWSA based on agreed-upon methodologies including direct charge and allocation. In 2020 and 2019, support services provided by the Port to the NWSA were $8,018,000 and $7,456,000, respectively.

Note 14. Business Information

The Enterprise Fund's major business activities and operations consist of SEA facilities, Maritime terminals, Economic Development properties, and the Stormwater Utility established and effective on January 1, 2015, for Port-owned properties located within the City of Seattle. Indirect costs have been allocated to SEA facilities, Maritime terminals, and Economic Development properties using various methods based on estimated hours of work, expenses, full-time equivalent positions, and other factors. The Port's operating revenues are derived from various sources. Aviation's operating revenues are derived primarily from its airline agreements, concession agreements, and other business arrangements. Maritime's operating revenues are principally derived from cruise terminals along with the leasing of Maritime terminal facilities, recreational marinas, and industrial fishing terminals. Economic Development's operating revenues are primarily derived from the conference and event centers as well as the leasing of commercial and industrial real estate. The Stormwater Utility's operating revenues are primarily derived from collecting stormwater utility fees from tenants.

A summarized comparison of changes in Stormwater Utility operating revenues, operating expenses, and depreciation expenses for the years ended December 31, is as follows (in thousands):

	2020	2019	2018
Operating revenues	$ 6,374	$ 5,839	$ 5,285
Operating expenses	4,742	5,233	5,214
Operating income before depreciation	1,632	606	71
Depreciation	1,240	1,209	1,117
Operating income (loss)	$ 392	$ (603)	$ (1,046)

Internal stormwater utility charges on vacant properties owned by the Port's Maritime and Economic Development divisions included in operating revenues for the years ended December 31, are as follows (in thousands):

	2020	2019	2018
Maritime Division	$ 1,177	$ 805	$ 760
Economic Development Division	604	535	330
Total operating revenues from internal charges	$ 1,781	$ 1,340	$ 1,090

Operating revenues for the Stormwater Utility and the associated operating expenses from the Maritime and Economic Development divisions were eliminated in the Statement of Revenues, Expenses, and Changes in Net Position.

Operating revenues, excluding the Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major customers for the years ended December 31, are as follows (in thousands):

	2020	2019	2018
Aviation Division:			
Revenues	$ 194,958	$ 232,984	$ 205,028
Number of major customers	2	2	2
Maritime Division:			
Revenues	$ 5,032	$ 21,964	$ 13,710
Number of major customers	1	2	1
Economic Development Division:			
Revenues	$ 1,054	$	$
Number of major customers	1		
Total:			
Revenues	$ 201,044	$ 254,948	$ 218,738
Number of major customers	4	4	3

Two major customers represented 38.2%, 30.5%, and 29.7% of total Port operating revenues in 2020, 2019, and 2018, respectively. For Aviation, revenues from its two major customers accounted for 47%, 37.2%, and 37.4% of total Aviation operating revenues in 2020, 2019, and 2018, respectively. For Maritime, revenues from one major customer accounted for 12% and 23.8% of total Maritime operating revenues in 2020 and 2018, respectively. Revenues from two major customers accounted for 37.1% of total Maritime operating revenues in 2019. Revenues from one major customer accounted for 11.1% of total Economic Development operating revenues in 2020. No single major customer represented more than 10% of total Economic Development operating revenues in 2019 and 2018.

Operating revenues, excluding the Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major sources for the years ended December 31, are as follows (in thousands):

	2020	2019	2018
Aviation Division:			
Terminal	$ 179,249	$ 206,958	$ 163,758
Airfield	88,537	129,157	109,749
Public parking	34,502	82,125	80,212
Airport dining and retail/Terminal leased space	31,234	68,013	64,323
Rental car	16,637	36,793	37,306
Ground transportation	6,557	20,765	18,772
Customer facility charges		15,773	16,263
Commercial properties	10,766	15,773	13,801
Utilities	5,672	7,431	7,206
Operating grants and contract revenues			1,634
Other	41,228	43,847	35,950
Total Aviation Division operating revenues	$ 414,382	$ 626,635	$ 548,974

(Continued)

	2020	2019	2018
Maritime Division:			
Cruise operations	$ 3,824	$ 22,410	$ 18,880
Recreational boating	13,483	13,369	12,529
Maritime portfolio	10,074	10,108	11,305
Fishing and operations	9,583	9,139	9,763
Grain terminal	5,142	4,266	5,167
Other	4	(3)	(69)
Total Maritime Division operating revenues	$ 42,110	$ 59,289	$ 57,575
Economic Development Division:			
Conference and event centers	$ 1,662	$ 12,239	$ 11,703
Other	7,808	8,912	9,002
Total Economic Development Division operating revenues	$ 9,470	$ 21,151	$ 20,705

(Concluded)

Operating expenses, excluding the Stormwater Utility's operating expenses but including internal charges from the Stormwater Utility on vacant properties owned by the Port for the Maritime and Economic Development divisions, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major functions by Division for the years ended December 31, are as follows (in thousands):

	2020	2019	2018
Aviation Division:			
Operations and maintenance	$ 243,972	$ 270,821	$ 238,676
Administration	60,548	59,898	57,438
Law enforcement	25,159	25,915	22,734
Operating expenses before depreciation	329,679	356,634	318,848
Depreciation	142,412	136,234	124,203
Total Aviation Division operating expenses	$ 472,091	$ 492,868	$ 443,051
Maritime Division:			
Operations and maintenance	$ 37,816	$ 34,322	$ 29,494
Administration	9,168	9,712	9,117
Law enforcement	3,244	4,610	4,641
Operating expenses before depreciation	50,228	48,644	43,252
Depreciation	17,624	17,627	18,022
Total Maritime Division operating expenses	$ 67,852	$ 66,271	$ 61,274
Economic Development Division:			
Operations and maintenance	$ 15,815	$ 22,465	$ 22,459
Administration	4,573	4,962	5,018
Law enforcement	223	236	174
Operating expenses before depreciation	20,611	27,663	27,651
Depreciation	3,611	3,698	3,992
Total Economic Development Division operating expenses	$ 24,222	$ 31,361	$ 31,643

As reflected in the Statement of Net Position, total assets, excluding the Stormwater Utility assets and total debt, excluding Series 2015 and Series 2017 GO Bonds related to the State Route 99 Alaskan Way Viaduct Replacement Program payments, as of December 31, by Division are as follows (in thousands):

	2020	2019
Aviation Division:		
Current, long-term, and other assets	$ 874,207	$ 1,409,608
Land, facilities, and equipment—net	4,179,996	4,127,896
Construction work in progress	1,321,605	1,058,974
Total Aviation Division assets	$ 6,375,808	$ 6,596,478
Total Aviation Division debt	$ 3,507,038	$ 3,692,845
Maritime Division:		
Current, long-term, and other assets	$ 182,368	$ 160,743
Land, facilities, and equipment—net	421,910	420,664
Construction work in progress	11,479	9,726
Total Maritime Division assets	$ 615,757	$ 591,133
Total Maritime Division debt	$ 50,242	$ 55,348
Economic Development Division:		
Current, long-term, and other assets	$ 60,978	$ 41,418
Land, facilities, and equipment—net	117,132	111,115
Construction work in progress	2,468	5,298
Total Economic Development Division assets	$ 180,578	$ 157,831
Total Economic Development Division debt	$ 12,531	$ 12,787

Note 15. Warehousemen's Pension Trust Fund

In late 2002, the Port terminated all warehousing operations at Terminal 106 following the departure of the principal customer who operated the facility. Prior to closing the warehouse, the Port had provided pension and health benefits to represented employees under a collective bargaining agreement with Local #9 of the International Longshore and Warehouse Union. The benefits were administered by two separate trusts, the Warehousemen's Pension Trust and the Local #9 Health and Welfare Trust. The Port made quarterly contributions to each trust in an amount sufficient to provide the required contractual benefits and the trusts were jointly administered by trustees appointed by both Local #9 and the Port.

Upon expiration of the contract with Local #9, the Port ceased making contributions to the Health and Welfare Trust and provided employees with the ability to maintain their health coverage by self-paying premiums through the Port's health care plan. The Port also ceased making contributions to the Warehousemen's Pension Trust.

On May 25, 2004, the Port became the sole administrator for the Plan and commenced contributions to the Plan. The Plan is a governmental plan maintained and operated solely by the Port as a single-employer defined benefit plan.

Since its closing in 2002, the Warehouseman's Pension Plan became a frozen plan, where no new members are accepted. The only members of the Plan are retirees and beneficiaries receiving benefits, as well as terminated members who have a vested right to a future benefit under the Plan.

Summary of Significant Accounting Policies

Basis of Accounting
The financial statements are prepared using the accrual basis of accounting. Port contributions are recognized in the period in which the contributions are made. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Investments
Investments, 100% in mutual funds, are reported at fair value and classified as Level 1, using inputs from quoted prices in active markets for identical assets. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

Plan Description

Plan Administration
The administration and operation of the Plan is vested in a three-member Board of Trustees from the Port. The Board of Trustees has the authority to amend this Plan as they may determine. However, an amendment may not decrease a Plan member's accrued benefit.

The Plan provides that only service credited and compensation earned prior to April 1, 2004, shall be utilized to calculate benefits under the Plan. There are no separate financial statements of the Plan issued.

Membership in the Plan consisted of the following at December 31:

	2020	2019
Retirees and beneficiaries receiving benefits	124	133
Terminated plan members entitled to but not yet receiving benefits	31	35
Total	155	168

Vesting and Benefits Provided
The Plan provides normal, early, and disability retirement benefits, as well as a preretirement death benefit or survivor annuity for a surviving spouse. The Plan provides a single life annuity and a 50% or 75% joint and survivor benefit for married participants. Retirement benefit amounts are calculated based on the number of years of credited service multiplied by a tiered monthly benefit rate established in the Plan document within a range of $20 to $100. For Plan members who terminated employment prior to January 1, 1992, normal retirement age with full benefit is 65 with at least five years of credited service. Effective January 1, 1992, normal retirement age with full benefit is 62 after completing five years or more of credited service. Plan members who are age 55 and have completed 10 years of credited service may elect an early retirement, with benefits reduced by a quarter of one percentage for each month the early retirement date precedes the normal retirement date. However, a Plan member with 30 years of credited service may retire at age 55 without a reduction in benefits. A Plan member who is disabled with 15 years of credited service is eligible for disability retirement. If the disabled Plan member is age 55, the disability retirement benefit shall be the normal retirement benefit, or the benefit shall be the normal retirement benefit earned to the disability retirement date, reduced by 5/12 of one percentage for each month the disability retirement date precedes the month the Plan member attains the age of 55.

Contributions
The Port agrees to maintain and contribute funds to the Plan in an amount sufficient to pay the vested accrued benefits of participating members and the beneficiaries when the benefits become due. Members do not make contributions. The Board of Trustees establishes the employer's contribution amount based on an actuarially determined contribution recommended by an independent actuary.

Investments

Investment Policy

The Plan's investment policy in regard to the allocation of the invested assets is established and may be amended by the Board of Trustees. The policy allows the Plan to invest in contracts with insurance companies that are rated no lower than A by at least two major rating agencies. The Plan is allowed to invest in commercial paper with A1/P1 rating. Certificates of deposit or banker's acceptances can only be purchased from domestic banks with net worth in excess of $2 billion and that satisfy tier 1 and tier 2 capital requirements. Bank deposits or short-term investment accounts must be maintained by the Plan's custodian. Repurchase agreements can only be entered with Federal Reserve reporting dealers and maintained in accordance with Federal Reserve guidelines. Only U.S. registered mutual funds or ERISA-qualified commingled funds whose investment strategies and governing documents have been reviewed and approved by the Board of Trustees can be purchased. The Plan's investment policy allows for 30% plus or minus 5% of the portfolio to be invested in domestic equities securities, 30% plus or minus 5% of the portfolio to be invested in international equities securities, and 40% plus or minus 5% of the portfolio to be invested in fixed income securities.

Interest Rate Risk

Interest rate risk is the risk that an investment's fair value decreases as market interest rate increases. In general, the longer the duration of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Through its investment policy, the Plan manages its exposure to fair value losses from increasing interest rates by investing in a diversified portfolio of index fund and professionally managed mutual funds. For the fixed income mutual funds, the Plan manages its exposure to change in interest rates by investing in intermediate-term bonds. As of December 31, 2020 and 2019, the average duration for PIMCO Income Fund was 1.9 and 0.4 years, respectively. As of December 31, 2020 and 2019, the average duration for Dodge and Cox Fixed Income Fund was 4.9 and 4.3 years, respectively.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the assignment of ratings by nationally recognized rating agencies. As of December 31, 2020 and 2019, the Plan's investment in the PIMCO Income Fund had an average credit quality rating of A- and A, respectively, and Dodge and Cox Fixed Income Fund had an average credit quality rating of AA as of December 31, 2020 and 2019.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan had $3,223,000 and $3,048,000 in international equity mutual funds that were invested in foreign securities as of December 31, 2020 and 2019, respectively.

Rate of Return

For the year ended December 31, 2020 and 2019, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 12.4% and 18.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

The Port's net pension liability related to the Warehousemen's Pension Trust was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, and update procedures were used to roll forward the total pension liability to the measurement date. As of December 31, 2020 and 2019, the Port's net pension liability for this Plan was $5,178,000 and $7,047,000, respectively. For the year ended December 31, 2020, 2019, and 2018, the Port recognized pension (credit) expense of $(19,000), $674,000, and $(635,000), respectively. As of December 31, 2020 and 2019, the total deferred inflows of resources resulting from the net difference between projected and actual earnings on pension plan investments was $731,000 and $377,000, respectively. The Plan will recognize $(226,000) for 2021, $(70,000) for 2022, $(320,000) for 2023 and $(115,000) for 2024, as future pension credit.

The components of the net pension liability at December 31, were as follows (in thousands):

	2020	2019
Total pension liability	$ 16,062	$ 17,057
Plan fiduciary net position	(10,884)	(10,010)
Net pension liability	$ 5,178	$ 7,047
Plan fiduciary net position as a percentage of total pension liability	67.8%	58.7%

Changes in Net Pension Liability

The following table identifies changes in the Port's net pension liability for the Warehousemen's Pension Trust for the current year (in thousands).

	Total pension liability	Plan fiduciary net position	Net pension liability
Interest expense	$ 1,055	$	$ 1,055
Employer contributions		1,500	(1,500)
Net investment income		1,215	(1,215)
Difference between expected and actual experience	(290)		(290)
Benefit payments	(1,760)	(1,760)	
Administrative expenses		(51)	51
Professional fees		(30)	30
Net changes	(995)	874	(1,869)
Balances at beginning of year	17,057	10,010	7,047
Balances at end of year	$ 16,062	$ 10,884	$ 5,178

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the Entry Age Normal Cost Method and the following actuarial assumptions, applied to all periods included in the measurement:

- *Mortality*—Life expectancies were based on the RP-2014 Combined Mortality Table for Males and Females with blue collar adjustment. Margin for future mortality improvement is accounted for by projecting mortality rates using Scale MP-2016.
- *Investment rate of return*—A rate of 6.5% was used, which is the long-term expected rate of return on the Plan's investment, net of plan investment expenses and including inflation. This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the Plan's Board of Trustees after considering input from the Plan's investment consultant and actuary.

For each major asset class that is included in the Plan's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equities mutual fund	30%	6.1%
International equities mutual fund	30	6.9
Domestic fixed income mutual fund	40	3.2
Total	100%	

- *Discount rate*—A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on the Plan's investments at 6.5% and the tax-exempt municipal bond rate on an index of 20-year GO Bonds with an average AA credit rating at 2%. The projection of cash flows used to determine this single discount rate assumed the employer contributions will be made at the actuarially determined contribution rates in accordance with the Port's long-term funding policy. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using plus or minus 1% of the current discount rate (in thousands):

	1% Decrease (5.5%)	Current discount rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 6,502	$ 5,178	$ 4,036

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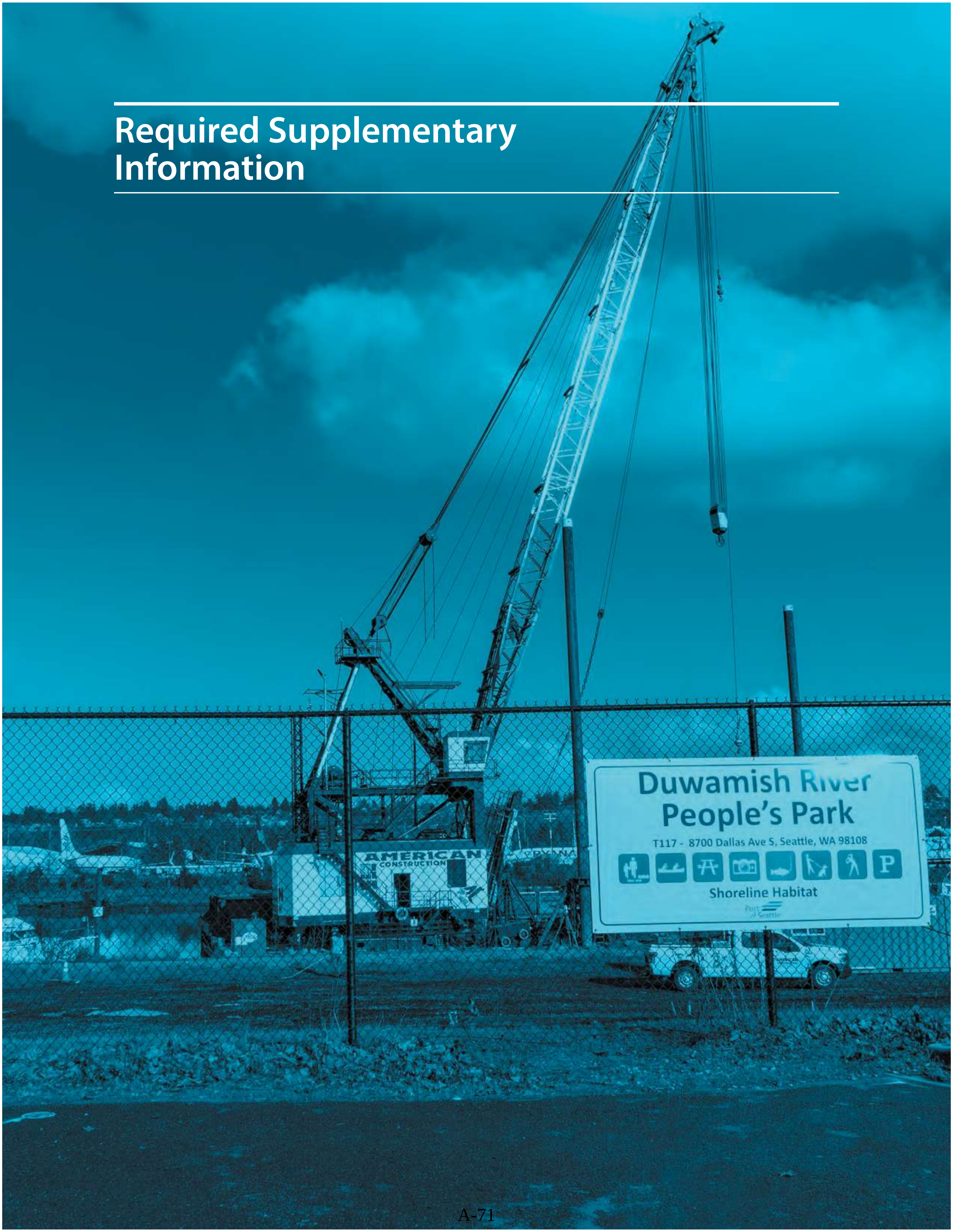
Required Supplementary Information



Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Seven Fiscal Years[a] (in thousands)	2020	2019
PERS Plan 1		
Port's proportion of the NPL	0.89%	0.86%
Port's proportionate share of the NPL	$ 31,506	$ 33,048
Port's covered payroll	$ 1,067	$ 1,141
Port's proportionate share of the NPL as a percentage of its covered payroll	2952.76%	2896.14%
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%
PERS Plan 2/3		
Port's proportion of the NPL	1.13%	1.08%
Port's proportionate share of the NPL	$ 14,440	$ 10,531
Port's covered payroll	$ 131,998	$ 117,866
Port's proportionate share of the NPL as a percentage of its covered payroll	10.94%	8.93%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%
LEOFF Plan 1		
Port's proportion of the NPA	0.08%	0.08%
Port's proportionate share of the NPA	$ 1,464	$ 1,529
Port's covered payroll	n/a	n/a
Port's proportionate share of the NPA as a percentage of its covered payroll	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	146.88%	148.78%
LEOFF Plan 2		
Port's proportion of the NPA	1.09%	1.07%
Port's proportionate share of the NPA	$ 22,203	$ 24,861
State's proportionate share of the NPA associated with the Port	14,197	16,281
Total	$ 36,400	$ 41,142
Port's covered payroll	$ 29,767	$ 27,404
Port's proportionate share of the NPA as a percentage of its covered payroll	122.28%	150.13%
Plan fiduciary net position as a percentage of the total pension asset	115.83%	119.43%

(Continued)

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation and restatement of GASB Statement No. 68.

Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Seven Fiscal Years[a] (in thousands)	2018	2017	2016	2015	2014
PERS Plan 1					
Port's proportion of the NPL	0.87%	0.86%	0.83%	0.87%	0.84%
Port's proportionate share of the NPL	$ 38,752	$ 40,683	$ 44,426	$ 45,557	$ 42,385
Port's covered payroll	$ 1,450	$ 1,451	$ 1,440	$ 1,504	$ 1,606
Port's proportionate share of the NPL as a percentage of its covered payroll	2672.55%	2803.79%	3085.14%	3029.06%	2639.17%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%	61.19%
PERS Plan 2/3					
Port's proportion of the NPL	1.08%	1.07%	1.02%	1.09%	1.04%
Port's proportionate share of the NPL	$ 18,467	$ 37,149	$ 51,569	$ 38,826	$ 21,060
Port's covered payroll	$ 111,910	$ 104,804	$ 95,817	$ 96,416	$ 89,966
Port's proportionate share of the NPL as a percentage of its covered payroll	16.50%	35.45%	53.82%	40.27%	23.41%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	90.97%	85.82%	89.20%	93.29%
LEOFF Plan 1					
Port's proportion of the NPA	0.08%	0.08%	0.07%	0.07%	0.07%
Port's proportionate share of the NPA	$ 1,382	$ 1,144	$ 761	$ 883	$ 881
Port's covered payroll	n/a	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA as a percentage of its covered payroll	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	144.42%	135.96%	123.74%	127.36%	126.91%
LEOFF Plan 2					
Port's proportion of the NPA	1.03%	1.08%	1.03%	1.07%	1.04%
Port's proportionate share of the NPA	$ 20,851	$ 15,053	$ 5,967	$ 11,018	$ 13,815
State's proportionate share of the NPA associated with the Port	13,501	9,765	3,890	7,285	9,026
Total	$ 34,352	$ 24,818	$ 9,857	$ 18,303	$ 22,841
Port's covered payroll	$ 24,512	$ 24,778	$ 22,343	$ 22,322	$ 20,753
Port's proportionate share of the NPA as a percentage of its covered payroll	140.14%	100.16%	44.12%	82.00%	110.06%
Plan fiduciary net position as a percentage of the total pension asset	118.50%	113.36%	106.04%	111.67%	116.75%

(Concluded)

Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[(a)]

Last Seven Fiscal Years[(b)] (in thousands)		2020		2019
PERS Plan 1				
Contractually required contribution	$	131	$	149
Contributions in relation to the contractually required contribution		(131)		(149)
Contribution deficiency (excess)	$		$	
Port's covered payroll	$	1,029	$	1,174
Contributions as a percentage of covered payroll		12.73%		12.69%
PERS Plan 2/3				
Contractually required contribution	$	17,293	$	15,993
Contributions in relation to the contractually required contribution		(17,293)		(15,993)
Contribution deficiency (excess)	$		$	
Port's covered payroll	$	136,206	$	126,312
Contributions as a percentage of covered payroll		12.70%		12.66%
LEOFF Plan 2				
Contractually required contribution	$	2,015	$	2,107
Contributions in relation to the contractually required contribution		(2,015)		(2,107)
Contribution deficiency (excess)	$		$	
Port's covered payroll	$	28,456	$	29,274
Contributions as a percentage of covered payroll		7.08%		7.20%

(Continued)

(a) LEOFF Plan 1 is fully funded and no further employer or employee contributions have been required since June 2000.

(b) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation and restatement of GASB Statement No. 68.

Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[a]

Last Seven Fiscal Years[b] (in thousands)	2018	2017	2016	2013	2014
PERS Plan 1					
Contractually required contribution	$ 173	$ 151	$ 164	$ 146	$ 137
Contributions in relation to the contractually required contribution	(173)	(151)	(164)	(146)	(137)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 1,398	$ 1,289	$ 1,490	$ 1,474	$ 1,515
Contributions as a percentage of covered payroll	12.37%	11.71%	11.01%	9.91%	9.04%
PERS Plan 2/3					
Contractually required contribution	$ 13,920	$ 12,882	$ 10,979	$ 9,761	$ 8,243
Contributions in relation to the contractually required contribution	(13,920)	(12,882)	(10,979)	(9,761)	(8,243)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 110,897	$ 109,605	$ 99,808	$ 98,556	$ 91,306
Contributions as a percentage of covered payroll	12.55%	11.75%	11.00%	9.90%	9.03%
LEOFF Plan 2					
Contractually required contribution	$ 1,837	$ 1,723	$ 1,663	$ 1,596	$ 1,478
Contributions in relation to the contractually required contribution	(1,837)	(1,723)	(1,663)	(1,596)	(1,478)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 25,389	$ 24,355	$ 23,911	$ 22,624	$ 21,022
Contributions as a percentage of covered payroll	7.24%	7.07%	6.95%	7.05%	7.03%

(Concluded)

Schedule of Changes in Total OPEB Liability and Related Ratios LEOFF Plan 1 Members' Medical Services Plan

Last Three Fiscal Years[(a)] (in thousands)	2020	2019	2018
Interest expense	$ 200	$ 262	$ 240
Changes of assumptions	476	772	107
Contributions	(668)	(824)	(525)
Net change in total OPEB liability	8	210	(178)
Total OPEB liability—beginning	7,264	7,054	7,232
Total OPEB liability—ending	$ 7,272	$ 7,264	$ 7,054
Covered payroll[(b)]	n/a	n/a	n/a
Total OPEB liability as a % of covered payroll	n/a	n/a	n/a

(a) This schedule is presented prospectively starting fiscal year ended 2018, coinciding with the implementation of GASB No. 75 in fiscal year 2018.

(b) Annual covered payroll was not applicable as LEOFF Plan 1 has no active employees.

Schedule of Changes in Total OPEB Liability and Related Ratios Retirees Life Insurance Plan

Last Three Fiscal Years[(a)] (in thousands)	2020	2019	2018
Service cost	$ 349	$ 250	$ 286
Interest expense	316	357	343
Difference between expected and actual experience	(107)		
Changes of assumptions	1,348	1,667	(1,003)
Benefit payments	(356)	(345)	(336)
Net change in total OPEB liability	1,550	1,929	(710)
Total OPEB liability—beginning	11,614	9,685	10,395
Total OPEB liability—ending	$ 13,164	$ 11,614	$ 9,685
Covered payroll	$ 126,040	$ 103,868	$ 100,356
Total OPEB liability as a % of covered payroll	10.4%	11.2%	9.7%

(a) This schedule is presented prospectively starting fiscal year ended 2018, coinciding with the implementation of GASB No. 75 in fiscal year 2018.

Schedule of Changes in Net Pension Liability and Related Ratios Warehousemen's Pension Trust Fund

Last Seven Fiscal Years[a] (in thousands)	2020	2019
Total pension liability		
Interest expense	$ 1,055	$ 1,092
Difference between expected and actual experience	(290)	
Changes of assumptions		
Benefit payments	(1,760)	(1,791)
Net change in total pension liability	(995)	(699)
Total pension liability—beginning	17,057	17,756
Total pension liability—ending	$ 16,062	$ 17,057
Plan fiduciary net position		
Employer contributions	$ 1,500	$ 1,500
Net investment income (loss)	1,215	1,575
Benefit payments	(1,760)	(1,791)
Administrative expenses	(51)	(49)
Professional fees	(30)	(48)
Net change in plan fiduciary net position	874	1,187
Plan fiduciary net position—beginning	10,010	8,823
Plan fiduciary net position—ending	$ 10,884	$ 10,010
Net pension liability		
Total pension liability—ending	$ 16,062	$ 17,057
Plan fiduciary net position—ending	(10,884)	(10,010)
Net pension liability—ending	$ 5,178	$ 7,047
Plan fiduciary net position as a percentage of total pension liability	67.8%	58.7%
Covered payroll[b]	n/a	n/a

(Continued)

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation of GASB Statement No. 67 in fiscal year 2014.

(b) Annual covered payroll was not applicable as the operation was terminated in 2002.

Schedule of Changes in Net Pension Liability and Related Ratios Warehousemen's Pension Trust Fund

Last Seven Fiscal Years[(a)] (in thousands)	2018	2017	2016	2015	2014
Total pension liability					
Interest expense	$ 1,239	$ 1,280	$ 1,255	$ 1,306	$ 1,384
Difference between expected and actual experience	(1,616)		105		(512)
Changes of assumptions			1,044		
Benefit payments	(1,863)	(1,946)	(2,093)	(2,079)	(2,091)
Net change in total pension liability	(2,240)	(666)	311	(773)	(1,219)
Total pension liability—beginning	19,996	20,662	20,351	21,124	22,343
Total pension liability—ending	$ 17,756	$ 19,996	$ 20,662	$ 20,351	$ 21,124
Plan fiduciary net position					
Employer contributions	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Net investment income (loss)	(611)	1,352	554	(116)	408
Benefit payments	(1,863)	(1,946)	(2,093)	(2,079)	(2,091)
Administrative expenses	(49)	(46)	(45)	(46)	(45)
Professional fees	(28)	(47)	(41)	(57)	(66)
Net change in plan fiduciary net position	(1,051)	813	(125)	(798)	(294)
Plan fiduciary net position—beginning	9,874	9,061	9,186	9,984	10,278
Plan fiduciary net position—ending	$ 8,823	$ 9,874	$ 9,061	$ 9,186	$ 9,984
Net pension liability					
Total pension liability—ending	$ 17,756	$ 19,996	$ 20,662	$ 20,351	$ 21,124
Plan fiduciary net position—ending	(8,823)	(9,874)	(9,061)	(9,186)	(9,984)
Net pension liability—ending	$ 8,933	$ 10,122	$ 11,601	$ 11,165	$ 11,140
Plan fiduciary net position as a percentage of total pension liability	49.7%	49.4%	43.9%	45.1%	47.3%
Covered payroll[(b)]	n/a	n/a	n/a	n/a	n/a

(Concluded)

Schedule of Employer Contributions Warehousemen's Pension Trust Fund[a]

Last Ten Fiscal Years (in thousands)

Years ended December 31,	Actuarially determined contribution[b]	Actual contribution	Contribution (excess)
2020	$ 856	$ 1,500	$ (644)
2019	1,021	1,500	(479)
2018	1,108	1,500	(392)
2017	1,218	1,500	(282)
2016	1,147	1,500	(353)
2015	1,118	1,500	(382)
2014	1,201	1,500	(299)
2013	1,304	1,500	(196)
2012	1,456	1,500	(44)
2011	1,412	1,500	(88)

(a) Annual covered payroll was not applicable as the operation was terminated in 2002.

(b) Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Schedule of Investment Returns Warehousemen's Pension Trust Fund

Last Seven Fiscal Years[a]

Years ended December 31,	Annual money-weighted rate of return, net of investment expense
2020	12.4%
2019	18.3
2018	(6.4)
2017	15.4
2016	6.3
2015	(1.2)
2014	4.1

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation of GASB Statement No. 67 in fiscal year 2014.

Notes to Required Supplementary Information Warehousemen's Pension Trust Fund for the Year Ended December 31, 2020

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions
The actuarially determined contribution rates in the schedule are calculated as of December 31, 2019, for the year of 2020. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years as of January 1, 2020
Asset valuation method	Market value
Investment rate of return	6.5%
Discount rate	6.5%
Retirement age	100% assumed retirement at earliest eligibility age—age 55 for members with at least 10 years of service and age 62 for members with less than 10 years of service.
Mortality	RP-2014 Blue Collar Combined Healthy Mortality Table with blue collar adjustments projected with Scale MP-2016.
Other information	There were no benefit changes during the year.
	Employer contributions are determined such that contributions will fund the projected benefits over a closed, 14-year funding period as of January 1, 2021.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE NORTHWEST SEAPORT ALLIANCE

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The Northwest Seaport Alliance

Financial Report

For The Year Ended

December 31, 2020

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RSM US LLP

Independent Auditor's Report

Managing Members
The Northwest Seaport Alliance
Tacoma, Washington

Report on the Financial Statements
We have audited the accompanying financial statements of The Northwest Seaport Alliance (the NWSA) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which, collectively, comprise the NWSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NWSA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of NWSA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NWSA as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of NWSA's share of net pension asset/liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2021, on our consideration of the NWSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NWSA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NWSA's internal control over financial reporting and compliance.

RSM US LLP

Tacoma, Washington
April 12, 2021

The Northwest Seaport Alliance
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2020 and 2019

INTRODUCTION

The Northwest Seaport Alliance (NWSA) Management Discussion and Analysis (MD&A) of financial activities and performance introduces the 2020 and 2019 financial statements of the NWSA, a Port Development Authority. NWSA management prepared this MD&A and readers should consider it in conjunction with the financial statements and the notes thereto.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents information about the formation of the NWSA and certain required supplementary financial information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: MD&A, the basic financial statements and the notes to the financial statements. The financial statements include: the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows.

The statements of net position present information on the NWSA's assets and deferred outflows and liabilities and deferred inflows, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the NWSA is improving or deteriorating. The statements of revenues, expenses and changes in net position show how the NWSA's net position changed during the year. These changes are reported in the period in which the underlying event occurs, regardless of the timing of related cash flows.

Formation of The Northwest Seaport Alliance
The ports of Seattle and Tacoma (the home ports) joined forces in August 2015, forming the NWSA to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region.

The NWSA is a special purpose governmental entity established as a Port Development Authority (PDA), similar to Public Development Authorities formed by cities and counties. The PDA is governed by the home ports as equal members (each a "Managing Member" and collectively, "Managing Members") with each home port acting through its elected commissioners. As approved, the charter for the NWSA ("Charter") may be amended only by mutual agreement of the Managing Members. Each home port will remain a separate legal entity, independently governed by its own elected commissioners. Each home port has granted to the NWSA a license for the NWSA's exclusive use, operation and management of certain facilities, but ownership of the licensed facilities remains with the home ports, not with the NWSA.

Membership Interests
The home ports made an initial contribution of certain cargo terminals and related marine cargo business activities to the NWSA through license agreements ("Licensed Properties"). Under these agreements, the NWSA is charged with managing the properties as an agent on behalf of the Managing Members.

The initial contribution of each home port to the NWSA was 50% (based on the value of the contributed facilities using cash flow forecasts for each parcel that went to the NWSA) with a revaluation review that was settled during 2019 by the Managing Members.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The revaluation review was conducted to determine if material changes in cash flows from the Licensed Properties have occurred since the initial valuation. A change in the valuation of the cash flow forecasts of these facilities could result in a change in Membership Interests. The Managing Members must approve any change in Membership Interest by vote, to include provision for addressing any change to distributions and allocations as a result of the change in Membership Interest. Changes in Membership Interest do not affect a Managing Member’s voting rights under the Charter, as votes are not weighted by or otherwise determined by Membership Interest.

In April 2019, the Managing Members and the Port of Seattle commission authorized the completion of the one-time Membership Interest Affirmation of the 50% share for each home port in satisfaction of the NWSA Charter. In lieu of completing the required reevaluation of Membership Interest, the Port of Seattle agreed to pay up to $32 million additional contribution to the NWSA. This additional contribution was in recognition that certain forecasted revenue streams not secured by long-term contractual agreements in the initial valuation may not be achieved without the redevelopment of Terminal 5. This additional contribution by the Port of Seattle will be made to the NWSA in three installments. The first installment of $11 million was made in March 2020, the second installment will be made on or around March 31, 2021 and the final installment will be made in 2024 and may be adjusted if the actual redevelopment costs are less than the Terminal 5 redevelopment program authorization.

The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA receives the funds from the Port of Seattle, hence there is no impact on NWSA’s net position and the NWSA will record the transactions in the periods they occur.

Financial Framework

The NWSA intends to support the credit profiles of both home ports, and its financial framework will preserve both ports’ commitment to financial strength and fiscal stewardship. The NWSA distributes cash to each home port based on cash flow from operations, calculated pursuant to generally accepted accounting principles (GAAP). Cash distributions based on cash flow from operations and capital grant contributions are made no less than quarterly based on each Managing Member’s Membership Interest and interest income is distributed annually. Cash flow from operations will be distributed to home ports and not retained by the NWSA for funding capital investments.

The NWSA is responsible for capital investments, including renewal and replacement projects and new development. Such capital investments, or post-formation assets, will be treated as tenant improvements owned by the NWSA. Both home ports work cooperatively with the NWSA to develop an annual capital investment plan for approval by each Managing Member. Capital funding will be provided by joint contributions from the home ports. Each Managing Member must approve its capital contributions.

The Charter recognizes that each home port’s respective share of revenues received by the NWSA with respect to the Licensed Properties has been or may be pledged in connection with the home port’s bond obligations. Under the Charter, the Managing Members instruct the Chief Executive Officer (CEO) to manage the PDA in a prudent and reasonable manner in support of the home ports’ respective bond covenants. The home ports shall keep the CEO and the NWSA management informed of their respective bond obligations and shall each notify the other home port of any proposed change to such home port’s governing bond resolutions as soon as practical before adoption. The Charter does not modify or alter the obligations of each home port with respect to its own bond obligations. The NWSA does not assume any obligations to the home ports’ bondholders.

With respect to bonds of each home port that were outstanding at the time of the formation of the NWSA, the Managing Members shall establish and maintain a requirement for the NWSA to calculate and establish a minimum level of net income from the NWSA equal to the amount required for the home ports to meet their bond rate covenants in effect at the time of formation of the NWSA ("Bond Income Calculation," initially calculated to be $90 million). The Managing Members shall require the Bond Income Calculation to be reviewed annually as part of the NWSA budget process and the Managing Members may adjust the Bond Income Calculation so long as it does not cause either home port to fail to comply with its rate covenant in effect at the time of formation of the NWSA. The NWSA may not take any action that reasonably would reduce NWSA income below the minimum level established by the Bond Income Calculation unless each Managing Member separately votes to approve that action. Such a vote by each Managing Member must occur even if the action is within the CEO's delegated authority. The Bond Income Calculation is subject to adjustment, including reductions resulting from payment or refunding of bonds outstanding at the time of the formation of the NWSA.

Funding

Working capital cannot be redirected to fund capital construction as defined in the Charter. Future funding needs are evaluated during the annual budget process or if the working capital reserve should decline below a target minimum established by the Managing Members. Managing Members each must vote affirmatively to approve additional working capital contributions. The NWSA has generated enough cash from operations to cover its working capital requirements through 2020 and the 2021 NWSA budget does not anticipate additional funding needs.

Capital funding are provided by joint contributions from the home ports and are typically received from the home ports in the month following NWSA's spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Position Summary

The statements of net position present the financial position of the NWSA. The statements include the NWSA's assets and deferred outflows, and liabilities and deferred inflows. Net position serves as an indicator of the NWSA's financial position. The NWSA's current assets consist primarily of cash and cash equivalents, investments and accounts receivable.

Statements of Net Position (dollars in thousands):

	2020	2019	2018
Current assets	$ 67,826	$ 100,046	$ 91,948
Capital assets, net	434,496	313,948	234,235
Long-term investments	1,196	13,725	13,369
Other assets	110	101	2,600
Total assets	$ 503,628	$ 427,820	$ 342,152
Deferred outflows of resources	$ 1,377	$ 1,488	$ 1,652
Current liabilities	$ 48,499	$ 54,111	$ 36,837
Noncurrent liabilities	6,346	20,426	21,710
Total liabilities	$ 54,845	$ 74,537	$ 58,547
Deferred inflows of resources	$ 758	$ 1,395	$ 1,258
Investment in capital assets	$ 434,496	$ 313,948	$ 234,235
Restricted	1,196	13,725	13,369
Unrestricted	13,710	25,703	36,395
Total net position	$ 449,402	$ 353,376	$ 283,999

The NWSA's total net position was $449.4 million at December 31, 2020. Of this amount, $434.5 million was the investment in capital assets, $1.2 million was restricted, and $13.7 million was unrestricted and available to finance operating activities. Investment in capital assets increased by $120.5 million over the prior year from terminal development expenditures at Terminal 5 and Husky Terminal, see capital asset section below for additional information. During 2020, $13.2 million of customer restricted investments (customer deposit) was returned to the customer and replaced with a surety bond, which is reflected in the decrease in restricted net position.

The NWSA's total net position was $353.4 million at December 31, 2019. Of this amount, $313.9 million was the investment in capital assets, $13.7 million was restricted, and $25.7 million was unrestricted and available to finance operating activities. Investment in capital assets increased by $79.7 million over the prior year primarily from capital improvements at Terminal 5, Husky Terminal and Terminal 46, see capital asset section below for additional information.

The NWSA's total net position was $284.0 million at December 31, 2018. Of this amount, $234.2 million was the investment in capital assets, $13.4 million was restricted, and $36.4 million was unrestricted and available to finance operating activities. The NWSA's investment in capital assets represents capital assets for the NWSA's terminal and real estate facilities.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The change in net position is an indicator of whether the overall fiscal condition of the NWSA has improved or worsened during the year. The following summary compares operating results for 2020, 2019 and 2018.

Statements of Revenues, Expenses and Changes in Net Position (dollars in thousands):

	2020	2019	2018
Operating revenues	$ 184,327	$ 195,022	$ 192,574
Operating expenses	107,605	100,501	89,132
Operating income	76,722	94,521	103,442
Non-operating revenues (expenses):			
Interest income	1,405	1,608	1,254
Net increase in the fair value of investments	200	405	23
Other non-operating income (expense), net	(2,892)	(4,444)	3,361
Total non-operating revenues, net	(1,287)	(2,431)	4,638
Capital grant contributions	2,129	3,868	3,905
Increase in net position before Managing Members contributions (distributions), net	$ 77,564	$ 95,958	$ 111,985
Increase in net position before Managing Members investments, net	$ 77,564	$ 95,958	$ 111,985
Managing Members investments, net	18,462	(26,581)	(35,514)
Increase in net position	96,026	69,377	76,471
Net position, beginning of year	353,376	283,999	207,528
Net position, end of year	$ 449,402	$ 353,376	$ 283,999

The NWSA operates three major business lines:

Container business: International and domestic container cargo is a core business for the NWSA. As one of the northernmost gateways on the U.S. West Coast, the Pacific Northwest has long been the primary hub for waterborne trade with Alaska, as well as a major gateway for trans-pacific trade. The gateway’s on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are an integral part of the container business. The NWSA also has on-dock intermodal yards that generate revenue from loading containers to and from rail cars.

Non-container business: This line of business is comprised of breakbulk (roll-on and roll-off, also known as RoRo), bulk and auto cargoes. Aside from handling agricultural and mining equipment and other rolling stock, the NWSA’s South Harbor serves as a strategic military port for transport of military cargoes. Auto customers include Kia, Mazda, Mitsubishi and GM. Auto Warehousing Company (AWC), a tenant, is the largest auto processor on the U.S. West Coast.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Real estate business: This line of business is focused on non-terminal industrial and commercial properties and facilities that complement the container and non-container businesses and offer a broad range of services for the NWSA's international and domestic customers, including warehousing, distribution, manufacturing and marine services.

A summary of operating revenue and operating expenses for the years ended December 31, are presented in the following table (dollars in thousands):

	2020	2019	2018
Revenue:			
Container	$ 152,528	$ 160,566	$ 159,667
Non-container	18,948	21,550	20,745
Real estate	12,851	12,906	12,162
Total revenue	184,327	195,022	192,574
Operating expenses	107,605	100,501	89,132
Operating income	$ 76,722	$ 94,521	$ 103,442

2020 Revenues, Expenses and Changes in Net Position versus the Prior Year

NWSA net operating income of $76.7 million was $17.8 million and 19% lower when compared to the prior year as the pandemic interrupted cargo operations throughout the supply chain decreasing cargo volume and total operating revenues in the container and non-container businesses. Container volume decreased by 12%, non-container volume also declined with breakbulk tonnage falling 20% and auto units dropping 13%.

Container business revenue declined by $8.0 million compared to the prior year, driven by container volume of 3.3 million TEUs (twenty-foot equivalent units) that was 12% less than the prior year. The prior year's TEU volume was inflated by unusually high shipping activity as shippers moved cargo ahead of tariffs on Chinese goods. Current year container volume has been negatively impacted by the decline in consumer demand resulting from the Covid-19 pandemic, the subsequent economic downturn, and the shipping lines' response of removing capacity from the global container trades by collectively cancelling 63 scheduled sailings to consolidate volumes on fewer ships to reduce operating costs. Intermodal lift and equipment rental revenues were most severely impacted by the decline in volume, decreasing $5.6 million over the prior year.

Non-container business revenues decreased $2.6 million over the prior year. Auto volumes were negatively impacted by auto manufacturing and retail closures early in the year followed by the downturn in the economy, and declined by 13% and revenue declined by $1.0 million. Breakbulk tonnage volume was also negatively impacted by both the trade war and Covid-19 pandemic with volume and revenue down 20% and $1.6 million, respectively.

Industrial real estate business were comparable to the prior year with a new lease at Terminal 25 that increased revenue by $0.3 million, offset by $0.2 million for terminated leases at Terminal 115.

Operating expenses increased by 7% and $7.1 million from the prior year to $107.6 million, primarily from costs to modernize container terminals for ultra-large ships that require larger cranes and associated terminal infrastructure improvements which included costs for the disposition of old cranes at two terminals, paving repairs and costs related to the expected restructuring of a long-term agreement for the development of the second phase of Terminal 5. The modernization effort also increased depreciation by $2.5 million. Of significance were four super-post-Panamax cranes that went into service in 2019 at Husky terminal (in addition to the four cranes that arrived in 2018), which increased depreciation by $1.2 million over the prior year. Offsetting these variances were cost saving measures implemented early in the year to offset revenue declines and lower revenue related operating costs.

Non-operating revenues for 2020 was $1.1 million less than the prior year as spending on public expenses related to the Terminal 5 modernization project decreased by $1.6 million, offset by lower interest income of $0.4 million due to lower interest rates.

Capital grant contributions from the TIGER grant were $2.1 million in 2020 and $3.9 million in 2019.

2019 Revenues, Expenses and Changes in Net Position versus the Prior Year

Container business revenue were relatively flat versus the prior year, increasing $0.9 million as volumes were strong early in 2019 while importers moved orders forward to stay ahead of tariffs, but tapered off later in the year, ending slightly down (0.6%) compared to the prior year. Lease expirations and terminations along with effects of the new carrier alliances that shifted cargo between terminals resulted in offsetting revenue variances over the prior year at several terminals. Annual lease escalations netted $2.7 million, the completion of Husky terminal with eight new super-post-Panamax cranes increased rental revenue by $2.4 million, the redevelopment of Terminal 5 which relocated customers in the North Harbor increased revenue by $1.0 million, and intermodal revenues were up $0.9 million due to increased volumes. These positive variances were offset by lease terminations at the East Sitcum Terminal and Terminal 46 totaling $6.0 million.

Non-container business revenues increased $0.8 million over the prior year, driven by auto volumes that were up 12%, which generated $0.6 million in additional revenues. Total breakbulk tonnage was slightly down, however due to a higher concentration of bulk cargoes, which produce more revenues than RoRo cargoes, revenues were $0.2 million more than the prior year.

Real estate revenue was up $0.7 million compared with the prior year, including $0.4 million at Terminal 25 and $0.1 million at Terminal 104 due to several new leases (Kiewit Infrastructure West, United Parcel Service and Pacific Coast Container) and annual escalations on existing agreements.

Operating expense of $100.5 million increased $11.4 million over the prior year. Depreciation expense increased by $5.0 million as a result of new asset additions, primarily for new cranes and improvements at Husky Terminal. Operations expenses were up by $3.7 million, primarily for the costs of removing old cranes that were no longer in service in the North Harbor, customer incentive programs, and additional cargo volume related operating expenses. Maintenance expense was up $2.7 million, driven by increased crane maintenance costs on the four new super-post-Panamax cranes at Husky Terminal, pavement repairs at several locations, and environmental cap repairs.

Non-operating expense for 2019 of $2.4 million was $7.1 million more than the prior year due to current year costs of $3.7 million for sound mitigation barriers related to the Terminal 5 modernization project and prior year income from the receipt of $3.1 million in stormwater improvement assets at Terminal 18. Interest income and an adjustment in fair value of investments of $2.0 million was up $0.7 million versus 2018 due to the rising interest rate environment.

Capital grant contributions from the TIGER grant were $3.9 million in 2019 and $3.9 million in 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Net Position

The net position reflects the investments received from the home ports, and the NWSA's earnings and distributions to Managing Members. The net position is presented as follows (dollars in thousands):

Description	2019	2020 Activity	2020
Working capital contributions	$ 51,000	$ -	$ 51,000
Capital construction contributions	297,195	129,618	426,813
Non-cash capital work-in-process contributions	16,793	-	16,793
Affirmation contribution	-	11,000	11,000
Total contributions	364,988	140,618	505,606
Affirmation Distribution	-	(11,000)	(11,000)
Increase in net position before Managing Members contributions and distributions	440,962	77,564	518,526
Distributions to Managing Members	(452,574)	(111,156)	(563,730)
Net position, end of year	$ 353,376	$ 96,026	$ 449,402

Description	2018	2019 Activity	2019
Working capital contributions	$ 51,000	$ -	$ 51,000
Capital construction contributions	208,586	88,609	297,195
Non-cash capital work-in-process contributions	16,793	-	16,793
Total contributions	276,379	88,609	364,988
Increase in net position before Managing Members contributions and distributions	345,004	95,958	440,962
Distributions to Managing Members	(337,384)	(115,190)	(452,574)
Net position, end of year	$ 283,999	$ 69,377	$ 353,376

MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)

Capital Assets

The home ports fund the NWSA's capital investment plan through capital construction contributions, which are reviewed at least annually as part of the budget process or may occur during the year when major projects are authorized by the Managing Members. The investments in capital assets, also referred to as post-formation assets, may include buildings, improvements, machinery and equipment, and construction in process. The Charter does not contain a provision for NWSA to purchase land.

Major capital spending for the years ended December 31 is summarized by major project/category in the table below (dollars in thousands):

	2020	2019	2018
Terminal 5 modernization	$ 105,920	$ 22,616	$ 529
Husky Terminal redevelopment and container cranes	9,328	39,953	51,211
N. and S. Harbor terminal stormwater improvements	6,391	6,992	15,041
Facility and building improvements	5,251	6,264	726
Machinery and equipment	1,052	-	-
Terminal 46 dock rehabilitation	857	10,479	8,028
Rail improvements	-	1,016	-
Marine terminal dock fender replacements	555	603	1,657
Air quality systems infrastructure	225	481	1,389
Container straddle carriers	-	179	3,080
Information technology infrastructure	39	27	-
	$ 129,618	$ 88,610	$ 81,661

The NWSA's capital assets, net of depreciation, for its business activities as of December 31, 2020, 2019 and 2018, amounted to $434.5 million, $313.9 million and $234.2 million, respectively. These investments in capital assets include building and land improvements, machinery and equipment, and construction in process. See Note 3 for additional information.

Covid-19: On March 11, 2020, the World Health Organization characterized Covid-19 as a global pandemic. A significant portion of the cargo that moves through our gateway is to and from Asia, specifically China. In 2020, the NWSA experienced a decline in cargo as a result of economic shutdowns around the world to limit the spread of the virus that fueled global unemployment and stifled both production and consumer spending. Many retailers postponed or cancelled consumer goods orders with overseas suppliers in the spring in response to the Covid-19 outbreak. The latter half of 2020 saw a significant rebound in consumer demand as the US economy re-opened. Inventory replenishment and a surge in e-commerce orders have contributed to the stabilization of container cargo. We believe that until the pandemic is under control, it has the potential to continue to have a negative impact on our operating results and financial condition. The extent of the impact of Covid-19 on our operational and financial performance will depend on the distribution and efficacy of the new vaccines which at this time are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our business, operating results and financial condition.

REQUEST FOR INFORMATION

The Northwest Seaport Alliance designed this financial report to provide our citizens, customers, investors and creditors with an overview of the NWSA's finances. If you have questions or need additional information please visit our website at http://www.nwseaportalliance.com or contact: Chief Financial Officer, P.O. Box 2985, Tacoma, Washington, 98401-2985, Telephone 800-657-9808.

Financial Statements

The Northwest Seaport Alliance

Statements of Net Position
December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 5,295	$ 1,083
Investments, at fair value	39,144	62,521
Trade accounts receivable, net of allowance for doubtful accounts	8,649	18,844
Grants receivable	1,035	1,786
Related-party receivable - Managing Members	12,654	14,781
Prepayments and other current assets	1,049	1,031
Total current assets	67,826	100,046
Noncurrent assets:		
Long-term investments:		
Restricted investments, at fair value	1,196	13,725
Long-term investments	1,196	13,725
Capital assets:		
Buildings	16,889	15,525
Improvements	174,763	166,699
Machinery and equipment	101,457	101,968
Construction in process	173,957	50,016
Total cost	467,066	334,208
Less accumulated depreciation	32,570	20,260
Net capital assets	434,496	313,948
Other assets	110	101
Total noncurrent assets	435,802	327,774
Total assets	$ 503,628	$ 427,820
Deferred outflows of resources:		
Pension deferred outflows	$ 1,377	$ 1,488

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Net Position
December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	$ 34,950	$ 26,627
Related-party payable - Managing Members	11,922	25,956
Payroll and taxes payable	1,627	1,528
Total current liabilities	48,499	54,111
Noncurrent liabilities:		
Security deposits	1,276	14,676
Net pension liability	2,232	2,316
Noncurrent liabilities	2,838	3,434
Total noncurrent liabilities	6,346	20,426
Total liabilities	$ 54,845	$ 74,537
Deferred inflows of resources:		
Pension deferred inflows	$ 758	$ 1,395
Net position:		
Investment in capital assets	$ 434,496	$ 313,948
Restricted	1,196	13,725
Unrestricted	13,710	25,703
Total net position	$ 449,402	$ 353,376

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Revenues, Expenses and Changes in Net Position
December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Operating revenues	$ 184,327	$ 195,022
Operating expenses:		
Operations	53,091	45,024
Maintenance	15,938	18,460
Administration	18,214	19,684
Security	5,142	4,774
Environmental	1,410	1,287
Total before depreciation	93,795	89,229
Depreciation	13,810	11,272
Total operating expenses	107,605	100,501
Operating income	76,722	94,521
Nonoperating revenues (expenses):		
Interest income	1,405	1,608
Net increase in the fair value of investments	200	405
Other non-operating income (expense), net	(2,892)	(4,444)
Total nonoperating revenues (expenses), net	(1,287)	(2,431)
Increase in net position, before capital contributions	75,435	92,090
Capital grant contributions	2,129	3,868
Increase in net position before Managing Members contributions and distributions	77,564	95,958
Capital construction contributions	129,618	88,609
Distributions to Managing Members	(111,156)	(115,190)
Total Managing Members investment, net	18,462	(26,581)
Net position, beginning of year	353,376	283,999
Net position, end of year	$ 449,402	$ 353,376

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Cash flows from operating activities:		
Cash received from customers	$ 182,700	$ 187,535
Cash paid to suppliers, longshore labor and employees	(47,045)	(35,140)
Cash paid to home ports for support services	(37,607)	(37,342)
Cash received from federal grants	661	139
Cash paid out for customer deposits	(12,733)	(6)
Net cash provided by operating activities	85,976	115,186
Cash flows from noncapital financing activities:		
Membership interest affirmation payment	11,000	-
Cash distributions to Managing Members	(130,086)	(104,500)
Net cash used in noncapital financing activities	(119,086)	(104,500)
Cash flows from capital and related financing activities:		
Cash received from Managing Members for capital construction	131,018	80,748
Acquisition and construction of capital assets	(133,427)	(99,271)
Cash received from federal grants	2,219	5,719
Net cash used in capital and related financing activities	(190)	(12,804)
Cash flows from investing activities:		
Purchases of investments	(177,492)	(173,462)
Proceeds from sales and maturities of investment securities	213,610	164,750
Interest received on investments	1,394	1,652
Net cash provided by (used in) investing activities	37,512	(7,060)
Net increase (decrease) in cash	4,212	(9,178)
Cash and cash equivalents:		
Beginning of year	1,083	10,261
End of year	$ 5,295	$ 1,083

(Continued)

The Northwest Seaport Alliance

Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 76,722	$ 94,521
Adjustments to reconcile operating income to net cash provided by operating activities:		
Nonoperating expense	(638)	(222)
Depreciation	13,810	11,272
Changes in assets and liabilities:		
Decrease (increase) in trade accounts receivable	4,690	(4,290)
(Increase) decrease in prepayments and other current assets	(28)	1,282
Increase (decrease) in accounts payable and accrued liabilities	7,421	(7,316)
(Decrease) increase in related-party payable - Managing Members	(8,816)	20,544
Decrease in security deposits	(12,733)	(250)
Increase in payroll and taxes payable	109	80
Decrease in interest receivable	194	8
Increase (decrease) in pension related accounts	5,245	(443)
Total adjustments and changes	9,254	20,665
Net cash provided by operating activities	$ 85,976	$ 115,186
Noncash investing and financing activities:		
Capital asset additions and other purchases financed with accounts payable	$ 931	$ 3,181
Contributions receivable from Managing Members for capital construction	$ 12,654	$ 14,054
Distributions payable to Managing Members	$ (10,340)	$ (18,270)
Increase in fair value of investments	$ 200	$ 405

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The ports of Seattle and Tacoma (the home ports) formed The Northwest Seaport Alliance (NWSA), a special purpose governmental entity established as a Port Development Authority (PDA), with an effective date of August 4, 2015 (the Effective Date). The PDA was formed pursuant to a provision in Title 53 Revised Code of Washington (RCW) that grants ports that meet certain criteria the authority to create a separate PDA, similar to public development authorities created by Washington cities and counties. Each Port Commission is a Managing Member of the NWSA. Each port will remain a separate legal entity, independently governed by its own elected commissioners. As formed, the NWSA is to continue for an indefinite term until dissolution. As approved, the Charter for the NWSA may be amended only by mutual agreement of both ports as the NWSA's Managing Members. On January 1, 2016, the NWSA became a separate legal entity.

The State Legislature granted qualifying ports the authority to create a PDA for the management of maritime activities and to allow ports to act cooperatively and use financial resources strategically, while remaining separate entities and complying with federal regulations. Pursuant to the PDA statute, if a PDA is created jointly by more than one port district, the PDA must be managed by each port district as a member, in accordance with the terms of the statute and the Charter. Any port district that creates a PDA must oversee the affairs, operations, and funds of the PDA to correct any deficiency, and ensure the purposes of each program undertaken are reasonably accomplished. The statute permits a PDA, in managing maritime activities of a port district or districts, to own and sell real and personal property; to enter into contracts; to sue and be sued; to loan and borrow funds; to issue bonds, notes, and other evidences of indebtedness; to transfer funds, real or personal property, property interests, or services; and to perform community services related to maritime activities managed by the PDA. As previously discussed, the statute allows, but the Charter prohibits, the NWSA to issue bonds, borrow funds, or enter into other debt instruments. By statute, PDAs do not have the power of eminent domain or the power to levy taxes or special assessments. In transferring real property to a PDA, the port district or districts creating the PDA must impose appropriate deed restrictions necessary to ensure the continued use of the property for the public purpose for which the property is transferred.

The NWSA is governed by its Managing Members, with each Managing Member acting pursuant to the Charter through its elected commissioners. The Managing Members appointed a Chief Executive Officer who is responsible for hiring staff and entering into service agreements with the Managing Members as needed. Staff is comprised of certain Port of Tacoma and former Port of Seattle employees. In addition, both Managing Members provide services through support service agreements with a portion of staff time allocated to and reimbursed by the NWSA.

Effective January 1, 2016, the revenues and expenses associated with Licensed Properties were accounted for and reported by the NWSA. The initial funding of working capital and capital construction and subsequent earnings and distributions are presented on the statements of net position. Additional information about the formation of the NWSA is presented in the MD&A.

The home ports agreed to share investments, earnings and distributions on a 50/50 basis. The home ports' initial contribution of Licensed Properties to the NWSA was 50% (based on the value of the contributed facilities using cash flow forecasts for each parcel that went to the NWSA). The initial cash investments totaling $78.0 million, of which $51.0 million funded working capital and $27.0 million funded capital construction projects, were shared equally. The home ports contributed an additional $16.8 million of noncash work-in-process capital projects that started in the home port and will be completed by the NWSA for an opening investment of $94.8 million.

Note 1. Summary of Significant Accounting Policies (Continued)

The NWSA distributes cash to each home port based on cash flow from operations, calculated pursuant to generally accepted accounting principles (GAAP), capital grant contributions and interest income. Distributions of cash flow from operations and capital grant contributions are to be made no less than quarterly based on each Managing Member's percentage of total shares; however, distributions have generally been made in the following month after the amount due was determined. Interest income is distributed annually.

Nature of business: The PDA is used to account for the general operations of the NWSA as more fully described below.

The NWSA is authorized by Washington law to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities, for waterborne commerce. The NWSA may also provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles.

Measurement focus, basis of accounting and presentation: The financial statements of the NWSA have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The NWSA is accounted for on a flow of economic resources measurement focus and the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

The accounting records of the NWSA are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, RCW. The NWSA also follows the Uniform System of Accounts for Port Districts in the State of Washington.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Significant estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the NWSA include estimates associated with pensions. Actual results could differ from those estimates.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. COVID-19 has disrupted economic markets and the impact has been widespread across all industries. The pandemic represents a potential market risk factor due to the uncertainties in operations and therefore values. In response to the pandemic, management has considered whether its estimates should be re-evaluated. The NWSA has determined that no changes were necessary at this time. The NWSA will continue to monitor the economic environment and evaluate potential impacts on the financial statements.

Significant risks and uncertainties: The NWSA is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, collective bargaining disputes, federal, state and local government regulations, and changes in law.

Note 1. Summary of Significant Accounting Policies (Continued)

The formation of the NWSA is intended to reduce pricing competition between the home ports by creating a unified gateway, to allow for coordination regarding customer relationships, to improve capacity utilization between the home ports, and to rationalize strategic capital investments. The formation of the NWSA may or may not successfully address these risks, and may create new risks, including the risks associated with a new joint venture funded by the Managing Members with equal Membership Interests, and reliance on the financial strength of the home ports to fund future capital expenditures and shortfall in working capital. The Charter requires that the NWSA maintain the Bond Income Calculation and not to take any action that would reasonably reduce its income below this minimum net operating income level unless each Managing Member votes separately to approve that action. This minimum net operating level was established based on the amount required at formation of the NWSA for the Managing Members to meet their then current bond rate covenants, and may not always reflect the amount required to meet bond rate covenants on a go-forward basis.

If net operating income before depreciation of the NWSA is not sufficient for either home port to be in compliance with a rate covenant (as described in each Managing Member’s governing bond resolutions in effect as of the Effective Date), then: (i) upon that Managing Member’s request, the NWSA shall hire an independent third-party consultant to perform analysis and make recommendations for actions needed to achieve bond covenant compliance; (ii) if the consultant recommends an action that the NWSA is unwilling, unable or refuses to undertake, either Managing Member can require dissolution of the NWSA following the dispute resolution process even if within the “Initial Period” (as defined in the Charter, “the expiration of 20 years following the NWSA’s formation”); and (iii) the NWSA shall have at least four months to respond, act and or dissolve following its receipt of the consultant’s recommended action, unless a shorter time is required by the applicable bond covenants.

Cash and cash equivalents: Cash and cash equivalents represents cash and demand deposits. The NWSA maintains its cash in bank deposit accounts, which are covered by the Public Deposit Protection Commission (PDPC) of the State of Washington.

Trade accounts receivable: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts at December 31, 2020 and 2019, was $10.9 million and $4.4 million, respectively.

Investments: Investments are stated at fair value which is the price that would be received in an orderly transaction between market participants at the measurement date. The NWSA also has investments in the state Local Government Investment Pool (LGIP). The LGIP is similar to a money market fund recognized by the Securities and Exchange Commission. The investments are limited to high-quality obligations with limited maximum and average maturities. These investments are valued at amortized cost. Interest income on investments is recognized as earned. Interest income and changes in the fair value of investments are recognized on the statements of revenues, expenses and changes in net position. The NWSA’s general policy is to not hold more than 20% of its holdings in any one investment. See Note 2 for further information.

Capital assets and depreciation: Capital assets are recorded at cost. Donated assets are recorded at acquisition value on the date donated.

Note 1. Summary of Significant Accounting Policies (Continued)

The NWSA's policy is to capitalize all asset additions greater than $20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The following lives are used:

	Years
Buildings and improvements	10-75
Machinery and equipment	3-20

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. As projects are constructed, the project costs are transferred to the appropriate capital asset account; charges that relate to abandoned projects are expensed when the project is abandoned.

Net position: Net position consists of investment in capital assets, restricted and unrestricted net position. Investment in capital assets consists of capital assets, net of accumulated depreciation was $434.5 million and $313.9 million at December 31, 2020 and 2019, respectively. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the NWSA or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The restricted net position at December 31, 2020 and 2019 of $1.2 million and $13.7 million, respectively, were restricted grant and customer restricted investments. In 2020 the restricted investment of $13.2 million (customer deposit) was returned to the customer and replaced with a surety bond. The unrestricted component of net position is the net amount of the assets and deferred outflows of resources less liabilities and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted components of net position. Unrestricted net position was $13.7 million and $25.7 million at December 31, 2020 and 2019, respectively.

Retentions payable: The NWSA enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the NWSA. The NWSA's policy is to pay the retention due only after completion and acceptance have occurred. Retentions payable totaled $232,000 and $111,000 at December 31, 2020 and 2019, respectively. Retentions payable are included in accounts payable and accrued liabilities on the accompanying statements of net position.

Federal and state grants: The NWSA may receive federal and state grants as reimbursement for construction of facilities and other capital projects. These grants are included in capital grant contributions on the accompanying statements of revenues, expenses and changes in net position.

Employee benefits: The NWSA accrues unpaid vacation and sick leave benefit amounts as earned and payable upon termination. These benefits are accrued at current rates of compensation. Accrued vacation and sick leave are included in payroll and taxes payable and amounted to $521,000 and $165,000, respectively, at December 31, 2020, and $429,000 and $204,000, respectively, at December 31, 2019. Vacation and sick leave paid in 2020 was $288,000 and $113,000, respectively, and $344,000 and $173,000, respectively, in 2019. The estimated total amount of vacation and sick leave expected to be paid in 2021 is $297,000 and $116,000, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

The NWSA provides health care benefits for eligible employees through the HRA VEBA Trust which is a nonprofit, multiple employer voluntary employees' beneficiary association (VEBA) authorized under Internal Revenue Code 501(c)(9). The HRA VEBA Trust offers a funded health reimbursement arrangement (HRA) plan available to certain governmental employers in the Northwest (Washington, Oregon, and Idaho). The Trust is managed by a Board of Trustees elected by the plan participants, participating employers, or the Board itself, depending on the Trustee position. The NWSA has two plans, one of which was closed to new employees hired after July 1, 2015 (VEBA5), the second plan is open to all eligible employees. The NWSA contributed $117,000 and $120,000 to eligible employee VEBA accounts in 2020 and 2019, respectively.

The NWSA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all NWSA employees, permits them to defer a portion of their salary until future years. In accordance with GASB authoritative guidance, accounting and reporting for Internal Revenue Code Section 457 deferred compensation plans, employee assets are not reflected in the NWSA's financial statements. This plan is fully funded and held in an external trust.

The NWSA established a profit-sharing plan for non-represented employees in accordance with Internal Revenue Code Section 401. The plan provides for an annual contribution to each eligible employee's 401 account based on the NWSA meeting financial targets. The minimum contribution of $100 or a maximum contribution of 4% of total salaries of eligible employees may be made annually. In addition to the employer contribution, eligible employees may defer a portion of their salary until future years. The NWSA has not utilized this performance plan and, hence, has not contributed to the plan since its formation in 2016. This plan is fully funded and held in an external trust.

Pensions: The NWSA's full-time and qualifying part-time employees participate in the cost-sharing, multiple-employer public employee defined benefit retirement plans administered by the Washington State Department of Retirement Systems (DRS). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Washington State Department of Retirement Systems Plan (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported to PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 6).

Environmental remediation costs: The NWSA environmental remediation policy requires accrual of pollution remediation obligation amounts when: (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; NWSA named as party responsible for sharing costs; NWSA named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the NWSA's pollution remediation obligation. Costs incurred for pollution remediation obligations are typically recorded as nonoperating environmental expenses unless the expenditures relate to the NWSA's principal ongoing operations, in which case they are recorded as operating expenses. Costs incurred for pollution remediation obligations can be capitalized if they meet specific criteria. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant and equipment that have a future alternative use not associated with pollution remediation efforts.

Note 1. Summary of Significant Accounting Policies (Continued)

The NWSA licenses property from the home ports for its operations. Remediation costs associated with contamination on Licensed Property that occurred before the formation of the NWSA shall remain the responsibility of the home port in which the Licensed Property is located. Remediation costs associated with redevelopment on Licensed Property shall be the responsibility of the NWSA. At December 31, 2020 and 2019, the NWSA determined that there were no environmental remediation liabilities to be recognized.

Security deposits: Under the terms of certain Licensed Property lease agreements, the NWSA's customers or tenants are required to provide security in the event of delinquencies in rent payment, default, or other events defined in these agreements. The security amounts are determined by lease terms. The NWSA held $1.3 million and $14.7 million in cash security deposits at December 31, 2020 and 2019, respectively.

Deferred inflows and outflows of resources: Deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period(s). The NWSA records deferred inflow of resources on the statements of net position for its pension plan. Deferred outflow of resources is a consumption of net position that is applicable to a future reporting period(s).The NWSA records deferred outflows on the statements of net position for its pension plan.

Operating and nonoperating revenues and expenses: Property rental revenues are charges for use of the NWSA's facilities and are reported as operating revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Other revenues generated from nonoperating sources are classified as nonoperating.

Operating expenses are costs primarily related to the property rental activities. Interest expense and other expenses incurred not related to the normal operations of the NWSA's terminal and property rental activities are classified as nonoperating.

Recent accounting pronouncements: In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The NWSA elected to postpone the adoption of this standard as allowed by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The NWSA evaluated the impact of this standard and upon adoption is estimating the impact will increase lease receivables and deferred inflows of resources by approximately $1,210.0 million and reduce operating revenue by $49.5 million with an offsetting increase to nonoperating interest income.

Note 1. Summary of Significant Accounting Policies (Concluded)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The statement addresses a variety of topics including the effective date of new lease guidance in interim financial reports, reporting intra-entity transfers for defined benefit pension plans or other postemployment benefit plans, reporting assets accumulated for postemployment benefits, certain requirements for postemployment benefit arrangements, measurement of assets and liabilities associated with asset retirement obligations, public entity risk pool reporting, nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The NWSA is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement addresses issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The NWSA is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective dates of certain provisions in statements and implementation guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018. The objective of the statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The provisions of Statement 95 are effective immediately. The NWSA has adopted this standard which resulted in the delayed implementation of Statement No. 87, *Leases* and Implementation Guide No. 2019-3 Leases.

In June 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The NWSA is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The statement amends the criteria for reporting governmental fiduciary component units to improve consistency and comparability in reporting on fiduciary component units and Internal Revenue Service Section 457 plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The NWSA is in the process of evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

Note 2. Deposits and Investments

Discretionary deposits: The NWSA's cash of $5.3 million and $1.1 million at December 31, 2020 and 2019, respectively, were deposited in qualified depositories as required by state statute. Deposits in excess of federal depository insurance coverage are covered by the PDPC of the State of Washington. The PDPC is a statutory authority under Chapter 39.58 RCW. Currently, all public depositories with the state fully collateralize uninsured public deposits at 50%.

Investments: State of Washington statutes authorize the NWSA to invest in direct obligations of the U.S. Government, certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, supranationals and certain municipal bonds. These investments must be placed with or through qualified public depositories of the State of Washington.

Note 2. Deposits and Investments (Continued)

Risks:

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The NWSA's investment guideline is to maximize investment return while preserving liquidity. To the extent possible, the NWSA will attempt to match its investments with anticipated cash flow requirements using the specific-identification method. The NWSA does not have a formal interest rate risk policy.

Concentration risk: Concentration risk is defined as holdings greater than 5% as noted in the table below. The NWSA does not have a formal concentration risk policy.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LGIP is an external investment pool, as defined by the GASB. The NWSA does not have a formal credit risk policy.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the NWSA will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. To minimize this risk, the NWSA's policy requires that all security transactions are settled "delivery versus payment." This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the NWSA's safekeeping bank. With the exception of the Washington State LGIP, the NWSA's investment securities are registered, or held by the NWSA or its agent in the NWSA's name. The certificates of deposit are covered by the PDPC. The PDPC is a statutory authority under Chapter 39.58 RCW. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC by requiring banks and thrifts to pledge securities as collateral.

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. The LGIP transacts with its participants at a stable net asset value per share of $1.00, the same method used for reporting. LGIP participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of the State Treasurer of any contribution or withdrawal over $1 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1 million or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1 million when notification is made between 9 a.m. and 10 a.m., at the sole discretion of the Office of the State Treasurer. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds.

Investments and restricted investments for long-term-lease deposit and clean truck program funding on the statements of net position are as follows (dollars in thousands):

	2020	2019
Investments	$ 39,144	$ 62,521
Restricted investments at fair value	1,196	13,725
Total investments	$ 40,340	$ 76,246

Note 2. Deposits and Investments (Continued)

The tables below identify the types of investments, concentration of investments in any one issuer, and maturities of the NWSA investment portfolio as of December 31, (dollars in thousands):

2020

Investment Type	Fair Value	Maturities (in Years) Less than 1	1-3	More than 3	Percentage of Total Portfolio
Federal Home Loan Bank	$ 4,037	$ -	$ -	$ 4,037	10.0%
Federal Home Loan Mortgage Corporation	5,006	-	-	5,006	12.4%
Federal National Mortgage Association	2,003	-	-	2,003	5.0%
Municipal Bonds	10,051	-	1,879	8,172	24.9%
Supranationals	2,017	-	2,017	-	5.0%
State Local Investment Pool*	17,226	17,226	-	-	42.7%
Total investments	$ 40,340	$ 17,226	$ 3,896	$ 19,218	100.00%
Percentage of total portfolio		42.7%	9.7%	47.6%	100.0%

2019

Investment Type	Fair Value	Maturities (in Years) Less than 1	1-3	More than 3	Percentage of Total Portfolio
Federal Home Loan Bank	$ 4,537	$ 2,002	$ -	$ 2,535	6.0%
Federal Home Loan Mortgage Corporation	2,012	-	-	2,012	2.6%
Federal National Mortgage Association	2,995	2,995	-	-	3.9%
Municipal Bonds	8,539	3,533	-	5,006	11.2%
Supranationals	2,009	2,009	-	-	2.6%
State Local Investment Pool*	56,154	56,154	-	-	73.7%
Total investments	$ 76,246	$ 66,693	$ -	$ 9,553	100.0%
Percentage of total portfolio		87.5%	0.0%	12.5%	100.0%

* Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at the amortized cost of the pool shares.

See Note 10 for information regarding NWSA's fair value measurement of its investments.

Note 2. Deposits and Investments (Concluded)

The tables below identify the credit risk of the NWSA's investment portfolio as of December 31, (dollars in thousands):

2020

Investment Type	Fair Value	A1	Aa3	Aa2	Aa1	Aaa	No Rating
		Moody's Equivalent Credit Ratings					
Federal Home Loan Bank	$ 4,037	$ -	$ -	$ -	$ -	$ 4,037	$ -
Federal Home Loan Mortgage Corporation	5,006	-	-	-	-	5,006	-
Federal National Mortgage Association	2,003	-	-	-	-	2,003	-
Municipal Bonds	10,051	-	-	5,195	2,808	2,048	-
Supranationals	2,017	-	-	-	-	2,017	-
State Local Investment Pool*	17,226	-	-	-	-	-	17,226
Total	$ 40,340	$ -	$ -	$ 5,195	$ 2,808	$ 15,111	$ 17,226

2019

Investment Type	Fair Value	A1	Aa3	Aa2	Aa1	Aaa	No Rating
		Moody's Equivalent Credit Ratings					
Federal Home Loan Bank	$ 4,537	$ -	$ -	$ -	$ -	$ 4,537	$ -
Federal Home Loan Mortgage Corporation	2,012	-	-	-	-	2,012	-
Federal National Mortgage Association	2,995	-	-	-	-	2,995	-
Municipal Bonds	8,539	-	-	2,072	6,467	-	-
Supranationals	2,009	-	-	-	-	2,009	-
State Local Investment Pool*	56,154	-	-	-	-	-	56,154
Total	$ 76,246	$ -	$ -	$ 2,072	$ 6,467	$ 11,553	$ 56,154

* Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at the amortized cost of the pool shares.

Note 3. Capital Assets

The following capital asset activity took place during 2020 and 2019 (dollars in thousands):

	2020				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital assets not being depreciated:					
Construction in process	$ 50,016	$ 134,358	$ (10,417)	$ -	$ 173,957
Total capital assets not being depreciated	50,016	134,358	(10,417)	-	173,957
Capital assets being depreciated:					
Buildings	15,525	-	1,364	-	16,889
Improvements	166,699	-	8,064	-	174,763
Machinery and equipment	101,968	-	989	(1,500)	101,457
Total capital assets being depreciated	284,192	-	10,417	(1,500)	293,109
Less accumulated depreciation:					
Buildings	(2,707)	(1,256)	-	-	(3,963)
Improvements	(10,050)	(7,007)	-	-	(17,057)
Machinery and equipment	(7,503)	(5,547)	-	1,500	(11,550)
Total accumulated depreciation	(20,260)	(13,810)	-	1,500	(32,570)
Net, capital assets being depreciated	263,932	(13,810)	10,417	-	260,539
Net, capital assets	$ 313,948	$ 120,548	$ -	$ -	$ 434,496

Note 3. Capital Assets (Concluded)

	2019				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital assets not being depreciated:					
Construction in process	$ 50,203	$ 93,399	$ (91,970)	$ (1,616)	$ 50,016
Total capital assets not being depreciated	50,203	93,399	(91,970)	(1,616)	50,016
Capital assets being depreciated:					
Buildings	11,637	-	3,888	-	15,525
Improvements	125,810	-	41,442	(553)	166,699
Machinery and equipment	55,604	-	46,640	(276)	101,968
Total capital assets being depreciated	193,051	-	91,970	(829)	284,192
Less accumulated depreciation:					
Buildings	(1,684)	(1,023)	-	-	(2,707)
Improvements	(4,419)	(5,662)	-	31	(10,050)
Machinery and equipment	(2,916)	(4,587)	-	-	(7,503)
Total accumulated depreciation	(9,019)	(11,272)	-	31	(20,260)
Net, capital assets being depreciated	184,032	(11,272)	91,970	(798)	263,932
Net, capital assets	$ 234,235	$ 82,127	$ -	$ (2,414)	$ 313,948

Note 4. Risk Management

The NWSA is exposed to various risks of loss related to torts; damage to, theft of, and destruction of assets or cargo; natural disasters; and employee injuries. To limit its exposure, the NWSA purchases a variety of insurance policies. For marine general liability, the NWSA purchases $150 million in coverage, subject to a $500,000 deductible. All risk property insurance is purchased by the home ports to include assets owned by the NWSA situated on home port land and the NWSA is listed as a named insured where its interest applies. For details concerning property insurance, please consult the notes to the year-end financial reports for the respective home ports.

Note 4. Risk Management (Continued)

The NWSA is self-insured for its regular medical coverage. The liability for unpaid medical claims is included in payroll and taxes payable on the accompanying statements of net position and is expected to be paid in 2021. Excess loss coverage has been purchased through an outside provider to limit individual loss to $135,000. Self-insured claim activity for December 31, were as follows (dollars in thousands):

	2020	2019	2018
Claims liability, beginning of year	$ 383	$ 357	$ 121
Claims reserve	1,145	1,176	1,308
Payments on claims	(1,139)	(1,150)	(1,072)
Claims liability, end of year	$ 389	$ 383	$ 357

The NWSA is self-insured for workers compensation losses. These losses are subject to a $1.25 million self-insured retention as a Named Insured under the Port of Tacoma's excess workers' compensation policy. The estimated liability for workers' compensation is included in payroll and taxes payable on the accompanying statements of net position. At December 31, 2020, the estimated self-insurance liability for workers' compensation was $57,000 and this amount is expected to be paid in 2021. At December 31, 2019, the estimated self-insurance liability for workers' compensation was $46,000. The liability for unpaid claims represents the estimated future indemnity, medical, rehabilitation, and legal costs for all open claims.

Workers' compensation claim activity for December 31, were as follows (dollars in thousands):

	2020	2019	2018
Claims liability, beginning of year	$ 46	$ 21	$ 22
Claims incurred during the year	57	71	71
Changes in estimate for prior year claims	109	16	(8)
Payments on claims	(155)	(62)	(64)
Claims liability, end of year	$ 57	$ 46	$ 21

Note 5. Lease Commitments

The NWSA leases land, office space and other equipment under operating leases that expire through 2025. Future minimum lease payments under noncancelable operating leases are as follows (dollars in thousands):

Years ending December 31:	
2021	$ 584
2022	528
2023	528
2024	1
2025	1
Thereafter	(1)
Total minimum payments	$ 1,641

Note 5. Lease Commitments (Continued)

Total rent expense under noncancelable operating leases for the year ended December 31, 2020, was $1,110,000.

The NWSA, as a lessor (via licensing agreements with the home ports), leases land and facilities under terms of one to 50 years. In addition, some properties are rented on a month-to-month basis. Future minimum rents receivable under noncancelable operating leases and subleases are as follows (dollars in thousands):

Years ending December 31:		
2021	$	106,244
2022		107,028
2023		108,248
2024		109,171
2025		108,591
Thereafter		1,398,674
Total minimum future rents	$	1,937,956

Licensed assets of the home ports and NWSA assets held for rental and leasing purposes for the year ended December 31, 2020, are as follows (dollars in thousands):

Land	$	664,487
Buildings, improvements, and equipment, net		740,248
Total, net of accumulated depreciation	$	1,404,736

Note 6. Pension Plans

The NWSA's full-time and qualifying part-time employees participate in the cost-sharing, multiple-employer public employee defined benefit retirement plans (PERS) administered by the Washington State Department of Retirement Systems. Historical trend and other information regarding each plan are presented in the Washington State Department of Retirement Systems comprehensive annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380
Internet Address: www.drs.wa.gov

Plan description and benefits: PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the Legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs (HERPs).

Note 6. Pension Plans (Continued)

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

As of June 30, 2020, 269 employers and 831 non-employer contributing entities were participating in PERS Plan 1. The plan is closed to new entrants. PERS 1 members were vested after the completion of five years of eligible service. PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Members retiring from inactive status before the age of 65 may also receive actuarially reduced benefits. Other benefits include duty and nonduty disability payments, an optional Cost-of-Living Adjustment (COLA), and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

The PERS Plan 1 member contribution rate is established by statute at 6%. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18%.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service are earned after age 44. PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2% of the member's AFC times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments; a COLA based on the Consumer Price Index, capped at 3% annually; and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

The PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability, currently set at 5.31%, and an administrative expense that is currently set at 0.18%.

Note 6. Pension Plans (Continued)

PERS Plan 3 members are immediately vested in the defined contribution portion of their plan. PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate when joining membership and can change rates only when changing employers. As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%; members have six rate options to choose from. Employers do not contribute to the defined contribution benefits.

Contributions: The required contribution rates, expressed as a percentage of covered payrolls, as of December 31, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2020			
Employer*	12.86%	12.86%	12.86%**
Employee	6.00%	7.90%	***
2019			
Employer*	12.83%	12.83%	12.83%**
Employee	6.00%	7.41%	***

* The employer rates include the employer administrative expense fee of 0.18% for 2020 and 2019
** Plan 3 defined benefit portion only
*** Rate selected by PERS 3 members, 5% minimum to 15% maximum

The NWSA made contributions of $317,000 to PERS 1 and $523,000 to PERS 2/3 during 2020 and $314,000 to PERS 1 and $502,000 to PERS 2/3 during 2019. And the employees made the required contributions for 2020 and 2019. The NWSA's required contributions for the years ended December 31 are as follows (dollars in thousands):

	PERS Plan 1	PERS Plan 2/3	Total
Years ending December 31:			
2020	$ 311	$ 517	$ 828
2019	326	491	817

Note 6. Pension Plans (Continued)

Pension liabilities, pension expense, and deferred inflows and outflows of resources related to pensions: At December 31, 2020 and 2019, the NWSA reported a liability of $2.2 million and $2.3 million, respectively, for its proportionate share of the net pension liability. The NWSA's proportion of the net pension liability was based on a projection of the NWSA's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2020, the NWSA's proportionate share of net pension liability and the change in proportionate share from June 30, 2019, is presented in the following table (dollars in thousands):

	PERS 1	PERS 2/3	Total
NWSA's proportionate share of the net pension liability:			
2020	$ 1,517	$ 715	$ 2,232
2019	1,746	570	2,316

	PERS 1	PERS 2/3
NWSA's proportionate share of the net pension liability:		
2020	0.0430%	0.0559%
2019	0.0454%	0.0586%
Change in proportionate share	-0.0024%	-0.0027%

	PERS 1	PERS 2/3	Total
NWSA's net pension benefit:			
2020	$ (344)	$ (265)	$ (609)
2019	(259)	(184)	(443)

Note 6. Pension Plans (Continued)

For the years ended December 31, 2020 and 2019, deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources (dollars in thousands):

	2020		
	PERS 1	PERS 2/3	Total
Sources of deferred outflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ -	$ -	$ -
Changes in assumptions (1)	-	11	11
Differences between expected and actual experience (1)	-	256	256
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	691	691
NWSA contributions subsequent to measurement date	159	260	419
Total	$ 159	$ 1,218	$ 1,377
Sources of deferred inflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ (8)	$ (36)	$ (44)
Changes in assumptions (1)	-	(489)	(489)
Differences between expected and actual experience (1)	-	(90)	(90)
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	(135)	(135)
Total	$ (8)	$ (750)	$ (758)

(1) The recognition period for each plan is equal to the average of the expected remaining service lives of all employees provided with pensions through the pension plan, which was determined at the beginning of the measurement date.
(2) The recognition period is closed, 5-year period for all plans.

Note 6. Pension Plans (Continued)

	2019					
	PERS 1		PERS 2/3		Total	
Sources of deferred outflow of resources:						
Net difference between projected and actual earnings on pension plan investments (2)	$	-	$	-	$	-
Changes in assumptions (1)		-		15		15
Differences between expected and actual experience (1)		-		163		163
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)		-		898		898
NWSA contributions subsequent to measurement date		152		260		412
Total	$	152	$	1,336	$	1,488
Sources of deferred inflow of resources:						
Net difference between projected and actual earnings on pension plan investments (2)	$	(117)	$	(829)	$	(946)
Changes in assumptions (1)		-		(239)		(239)
Differences between expected and actual experience (1)		-		(122)		(122)
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)		-		(88)		(88)
Total	$	(117)	$	(1,278)	$	(1,395)

(1) The recognition period for each plan is equal to the average of the expected remaining service lives of all employees provided with pensions through the pension plan, which was determined at the beginning of the measurement date.
(2) The recognition period is closed, 5-year period for all plans.

As of December 31, 2020, deferred outflows of resources related to pensions resulting from NWSA's contributions subsequent to the measurement date were $419,000 and will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	PERS 1		PERS 2/3		Total	
Years ending December 31:						
2021	$	(38)	$	(115)	$	(153)
2022		(1)		111		110
2023		12		194		206
2024		19		90		109
2025		-		(38)		(38)
Thereafter		-		(35)		(35)
Total	$	(8)	$	207	$	199

Note 6. Pension Plans (Continued)

As of December 31, 2019, deferred outflows of resources related to pensions resulting from NWSA's contributions subsequent to the measurement date were $412,000 and will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	PERS 1	PERS 2/3	Total
Years ending December 31:			
2020	$ (26)	$ (61)	$ (87)
2021	(61)	(232)	(293)
2022	(22)	5	(17)
2023	(8)	92	84
2024	-	(10)	(10)
Thereafter	-	4	4
Total	$ (117)	$ (202)	$ (319)

Actuarial assumptions: The 2020 pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019, with the results rolled forward to June 30, 2020. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The 2019 pension liability (TPL) for each of the plans were determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to June 30, 2019. Besides the discount rate, the actuarial assumptions used in the June 30, 2018 valuation were based on the results of the 2007-2012 Experience Study Report and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report and are as follow:

Inflation: 2.75% total economic inflation; 3.50% salary inflation (2019: 2.75% for total economic inflation; 3.50% for salary inflation).

Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity (2019: salaries were expected to grow 3.50%).

Investment rate of return: 7.40% (2019: 7.40%).

Note 6. Pension Plans (Continued)

Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Mortality rates in 2019 were based on the *RP-2000* reports, "Combined Healthy Table" and "Combined Disabled Table", which the Society of Actuaries publishes. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetimes.

Assumption and method changes: There were changes in methods and assumptions since the last valuation.

- OSA updated their demographic assumptions based on the results of their latest demographic experience study. This study is completed every six years and includes updates to a wide range of behavioral and demographic assumptions. Please see OSA's 2013-2018 Demographic Experience Study for more details, leg.wa.gov/osa.

- OSA updated the Early Retirement Factors and Joint-and-Survivor Factors used in their model. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement. These factors match the ones that DRS implemented on October 1, 2020.

- This valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.

- OSA simplified their modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2 and WSPRS (WSPRS is excluded from this publication).

- OSA changed their method to updating certain data items that change annually. Examples include the public safety duty-related death lump sum and Washington state average wage. OSA has set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. Please see the OSA website for more information on this method change, leg.wa.gov/osa.

Discount rate: The discount rate used to measure the total pension liability was 7.40% for all plans (2019: 7.40%). To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on the assumptions described in OSA's certification letter within the DRS Comprehensive Annual Financial Report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Note 6. Pensions (Continued)

Sensitivity net pension liability to changes in the discount rate: The table below presents the net pension liability of employers, calculated using the discount rate of 7.40% as well as what employers' net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate (dollars in thousands):

	Pension Trust	1% Decrease	Discount Rate	1% Increase
December 31, 2020:				
Discount rate		6.40%	7.40%	8.40%
Proportionate share of net pension liability	PERS 1	$ 1,900	$ 1,517	$ 1,183
Proportionate share of net pension liability/(asset)	PERS 2/3	4,451	715	(2,361)
December 31, 2019:				
Discount rate		6.40%	7.40%	8.40%
Proportionate share of net pension liability	PERS 1	$ 2,187	$ 1,746	$ 1,364
Proportionate share of net pension liability/(asset)	PERS 2/3	4,368	570	(2,547)

Long-term expected rate of return: The OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method (2019: 7.40% long-term expected rate of return). In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA) and simulated expected investment returns the Workplace Safety & Insurance Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various future times.

Note 6. Pension Plans (Concluded)

Estimated rates of return by asset class: Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 are summarized below. The inflation component used to create the table is 2.20% for June 30, 2020 and 2019 and represents WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20%	2.20%
Tangible assets	7%	5.10%
Real estate	18%	5.80%
Global equity	32%	6.30%
Private equity	23%	9.30%
	100%	

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial reports. Additional actuarial and pension plan information is included in the DRS 2020 Comprehensive Annual Financial Report, including descriptions of actuarial data, assumptions, methods, and plan provisions relied on for the preparation of GASB No. 67 and GASB No. 68. Additional details regarding this information is included in OSA's 2019 Actuarial Valuation Report on the OSA website: leg.wa.gov/osa.

Note 7. Commitments and Contingencies

Commitments: The NWSA has entered into separate contractual agreements for terminal maintenance, infrastructure improvements, environmental projects, and professional services. At December 31, 2020, the remaining commitments are as follows (dollars in thousands).

Description	Remaining Commitments
Terminal projects	$ 2,628
Environmental	194
Consulting and other	1,189
	$ 4,011

In addition to contracts entered into by the NWSA, both the Port of Tacoma and the Port of Seattle, acting as agents for the NWSA (per support services agreements), issue contracts on behalf of the NWSA. The remaining commitments on these contracts totaled $95.3 million at December 31, 2020, of which $8,600 related to contracts issued by the Port of Tacoma and $95.3 million related to contracts issued by the Port of Seattle. The Port of Seattle's commitments on the NWSA's behalf are primarily related to terminal construction projects at Terminal 5 and Terminal 46. Both Ports will be reimbursed by the NWSA in accordance with their support service agreements (see note 9, Related-Party Transactions, for additional information).

Note 7. Commitments and Contingencies (Continued)

Contingencies: The NWSA is named as a defendant in various other lawsuits incidental to carrying out its function. The NWSA believes its ultimate liability, if any, will not be material to the financial statements.

Note 8. Major Customers

Operating revenues for the year ended December 31, 2020, of $184.3 million included $133.7 million, or 73%, of operating revenue from ten customers. The top three customers accounted for 48% of operating revenue. Receivables from the ten significant customers totaled $4.8 million, or 56%, of total trade receivables at December 31, 2020.

Operating revenues for the year ended December 31, 2019, of $195.0 million included $142.5 million, or 73%, of operating revenue from ten customers. The top three customers accounted for 43% of operating revenues. Receivables from the ten significant customers totaled $7.7 million, or 33%, of total trade receivables at December 31, 2019.

Note 9. Related-Party Transactions

As more fully described in the MD&A, Note 1, Summary of Significant Accounting Policies, and Note 7, Commitments and Contingencies, the NWSA entered into licensing agreements with each home port for the exclusive use, operation and management of certain facilities or Licensed Properties. These licensing agreements generated 100% of NWSA revenues in 2020 and 2019.

Support services agreements: The NWSA entered into support services agreements with the home ports to receive support services for back-office infrastructure and administrative functions. The support services received by the NWSA include finance, human resources, information technology, public affairs, risk management, capital construction and environmental project management and contracting, equipment and facilities maintenance, security, and office infrastructure. Support services charged to the NWSA from the home ports totaled $41.1 million and $41.2 million in 2020 and 2019, respectively. The expenses are included in operating expenses on the accompanying statements of revenues, expenses and changes in net position.

The NWSA entered into support services agreements with the Port of Tacoma to provide the Port of Tacoma executive management, commercial, environmental and planning support services. Support services provided to the Port of Tacoma by NWSA amounted to $1.4 million in 2020 and 2019. The amount of operating expenses on the accompanying statements of revenues, expenses and changes in net position are net of the charges to the Port of Tacoma. The NWSA did not enter into agreements to provide support services to the Port of Seattle.

Related-party receivable and payable: The NWSA generally repays the home ports for support services and operating costs incurred as agents for the NWSA, in the following month, after the amount due is determined. At December 31, 2020 and 2019, $1.6 million and $7.7 million, respectively, were payable to the home ports and are presented on the statements of net position as part of the related-party payable - Managing Members.

The NWSA distributes cash flow from operations, calculated pursuant to GAAP to the home ports. Distributions have generally been made in the following month, after the amount due is determined. At December 31, 2020 and 2019, $10.3 million and $18.3 million, respectively, were payable to the home ports and are presented on the statements of net position as related-party payable - Managing Members.

Note 9. Related-Party Transactions (Continued)

The home ports generally fund capital contribution requirements in the following month, after the amount due is determined. During 2020 and 2019, home ports contributed $129.6 million and $88.6 million, respectively, of funding for capital construction projects in accordance with the capital investment plan approved by the Managing Members. At December 31, 2020 and 2019, $12.7 million and $14.8 million, respectively, were receivable from the home ports and are presented on the statements of net position as related-party receivable - Managing Members.

The Managing Members also serve as commissioners for their respective home ports. In 2019, the Port of Tacoma hired an Executive Director to replace the NWSA CEO who also served as Port of Tacoma CEO during the transition period.

Note 10. Fair Value Measurements

The NWSA's assets that are measured and reported on a fair value basis are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the NWSA performs a detailed analysis of the assets and liabilities that are subject to the guidance. The NWSA's fair value measurements are evaluated by an independent third-party vendor. The third-party vendor uses a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. Level 1 inputs are quoted prices in active markets for identical assets assessed at the measurement date. An active market for the asset is a principal market in which transactions for the asset are open to many and occur with sufficient frequency and volume. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers (some brokered markets, for example), or in which little information is released publicly. The NWSA does not have any Level 3 assets or liabilities at December 31, 2020 and 2019.

The tables below present the balances of assets measured at fair value by level within the hierarchy at December 31, 2020 and 2019 (dollars in thousands):

	Fair Value of Investments as of December 31, 2020		
	Level 1	Level 2	Total
Investments:			
Federal Home Loan Bank	$ -	$ 4,038	$ 4,038
Federal Home Loan Mortgage Corporation	-	5,006	5,006
Federal National Mortgage Association	-	2,003	2,003
Municipal Bonds	-	10,051	10,051
Supranational Bonds	-	2,016	2,016
Total investments	$ -	$ 23,114	$ 23,114

Note 10. Fair Value Measurements (Continued)

	Fair Value of Investments as of December 31, 2019		
	Level 1	Level 2	Total
Investments:			
Federal Home Loan Bank	$ -	$ 4,537	$ 4,537
Federal Home Loan Mortgage Corporation	-	2,012	2,012
Federal National Mortgage Association	-	2,995	2,995
Municipal Bonds	3,182	5,357	8,539
Supranational Bonds	-	2,009	2,009
Total investments	$ 3,182	$ 16,910	$ 20,092

The Northwest Seaport Alliance

Required Supplementary Information

Schedule of The Northwest Seaport Alliance's Share of Net Pension Asset/Liability (NPA/NPL)
December 31, 2020
(Dollars in Thousands)

	2020	2019	2018
PERS Plan 1			
NWSA's proportion of NPL	0.0430%	0.0454%	0.0459%
NWSA's proportionate share of NPL	$ 1,517	$ 1,746	$ 2,052
NWSA's covered payroll (plan year)	$ -	$ -	$ -
NWSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	NA	NA	NA
Plan fiduciary net pension position as a percentage of the total pension liability	68.6%	67.1%	63.2%
Contractually required contribution	$ 311	$ 326	$ 309
Contributions in relation to the contractually required contribution	(317)	(314)	(326)
Contribution (excess) deficiency	$ (6)	$ 12	$ (17)
NWSA's covered payroll (NWSA's fiscal year)	$ -	$ -	$ -
Contributions as a percentage of covered payroll (NWSA's fiscal year)	0%	0%	0%
PERS Plan 2/3			
NWSA's proportion of NPL	0.0559%	0.0586%	0.0590%
NWSA's proportionate share of NPL	$ 715	$ 570	$ 1,007
NWSA's covered payroll (plan year)	$ 6,526	$ 6,371	$ 6,151
NWSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	11.0%	8.9%	16.4%
Plan fiduciary net pension position as a percentage of the total pension liability	97.2%	97.8%	95.8%
Contractually required contribution	$ 517	$ 491	$ 472
Contributions in relation to the contractually required contribution	(523)	(502)	(495)
Contribution excess	$ (6)	$ (11)	$ (23)
NWSA's covered payroll (NWSA's fiscal year)	$ 6,607	$ 6,362	$ 6,440
Contributions as a percentage of covered payroll (NWSA's fiscal year)	7.9%	7.9%	7.7%

Information presented prospectively beginning with December 31, 2017, prior year reported with Port of Tacoma.

Notes to required supplementary information
See Note 6 of the financial statements for additional information on the plan.

APPENDIX C

REPORT OF THE INDEPENDENT CONSULTANT

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W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS

Appendix C

Letter Report of the Airport Consultant

on the proposed issuance of

Port of Seattle

First Lien Revenue Refunding Bonds, Series 2021, Private Activity/Alternative Minimum Tax

Intermediate Lien Revenue and Refunding Bonds, Series 2021A, Non-Alternative Minimum Tax

Intermediate Lien Revenue Refunding Bonds, Series 2021B, Private Activity/Non-Alternative Minimum Tax

Intermediate Lien Revenue and Refunding Bonds, Series 2021C, Private Activity/Alternative Minimum Tax; and

Intermediate Lien Revenue Bonds, Series 2021D, Taxable

June 3, 2021

Prepared for

Port of Seattle | Seattle, Washington

Prepared by

WJ Advisors LLC | Denver, Colorado

www.wj-advisors.com

June 3, 2021

Mr. Dan Thomas
Chief Financial Officer
Port of Seattle
Pier 69
2711 Alaskan Way
Seattle, Washington 98121

Re: Letter Report of the Airport Consultant on the Proposed Issuance of Port of Seattle First Lien Revenue Refunding Bonds, Series 2021, Private Activity/Alternative Minimum Tax (AMT); Intermediate Lien Revenue and Refunding Bonds, Series 2021A, Non-AMT; Intermediate Lien Revenue Refunding Bonds, Series 2021B, Private Activity/Non-AMT; Intermediate Lien Revenue and Refunding Bonds, Series 2021C, Private Activity/AMT; and Intermediate Lien Revenue Bonds, Series 2021D, Taxable

Dear Mr. Thomas:

WJ Advisors LLC is pleased to submit this Letter Report of the Airport Consultant (2021 Letter Report) related to the proposed issuance of the following Port of Seattle First Lien (Series 2021) and Intermediate Lien (Series 2021ABCD) Revenue and Revenue Refunding Bonds:

- **Series 2021**
    - First Lien Revenue Refunding Bonds, Series 2021, Private Activity/AMT
- **Series 2021ABCD**
    - Intermediate Lien Revenue and Refunding Bonds, Series 2021A, Non-AMT
    - Intermediate Lien Revenue Refunding Bonds, Series 2021B, Private Activity/Non-AMT
    - Intermediate Lien Revenue and Refunding Bonds, Series 2021C, Private Activity/AMT
    - Intermediate Lien Revenue Bonds, Series 2021D, Taxable

The proposed Series 2021 First Lien Bonds are to be issued pursuant to the Port's First Lien Master Resolution (No. 3059 and No. 3787, both as amended), and the proposed Series 2021ABCD Intermediate Lien Bonds are to be issued pursuant to the Port's Intermediate Lien Master Resolution (No. 3540 and No 3786, both as amended).

The Port currently owns, operates, manages, and maintains Seattle-Tacoma International Airport (the Airport) and other Port businesses, including cruise terminals, recreational and commercial marinas, stormwater utilities, and various commercial and industrial properties (the Other Port Businesses). The Port continues to own containerized cargo terminals and licenses their management and operation to the Northwest Seaport Alliance (the Seaport

Alliance or NWSA). The Seaport Alliance is a port development authority jointly formed in 2015 by charter (the Charter) between the Port of Seattle and the Port of Tacoma.

While the financial projections included in this 2021 Letter Report reflect all of the Port's businesses, a significant portion of this 2021 Letter Report is focused on the Airport, which was the Port's largest source of revenues in 2019 and 2020, and currently accounts for the largest portion of the Port's capital improvement program (the CIP) costs. A portion of the CIP is expected to be funded from the net proceeds of the Series 2021ABCD Intermediate Lien Bonds.

COVID-19

The worldwide outbreak of novel coronavirus SARS-CoV-2 (COVID-19) starting in late 2019 caused significant disruptions to domestic and international passenger travel as well as the conduct of day-to-day business at the Port, the rest of the United States and the world. The numbers of flights and passengers on the passenger airlines serving the Airport have been and continue to be substantially lower than they were during the same months of 2019 because of COVID-19.

In late 2020, COVID-19 vaccines began to be administered in the United States and around the world. While it is likely that widespread vaccine use may lead to an increase in the number of flights and passengers on the passenger airlines serving the Airport, the timing of this increase in aviation activity will depend on, among other factors, the availability and amount of vaccine supplies, the willingness of affected populations to take the vaccine, and the effectiveness of vaccines on new variants of COVID-19.

Aviation activity[1] in the United States from March[2] 2020 through December 2020, as measured by the number of passengers screened by the Transportation Security Administration (the TSA) at all United States airports, decreased 72.2% relative to numbers during the same period in 2019. At the Airport, the numbers of enplaned passengers from March 2020 through December 2020 decreased 71.8% relative to numbers during the same period in 2019.

Recovery in the number of enplaned passengers at the Airport generally outperformed national trends from March 2020 through November 2020. On November 13, 2020, the Governor of the State of Washington issued a travel advisory recommending that individuals stay home and avoid all non-essential travel. This travel advisory was followed by additional restrictions on international travelers arriving to Washington State issued in December 2020 and January 2021. It is likely that the slower recovery in passenger travel shown on Figure 1 in December 2020 and

[1] The number of passengers screened by the TSA is used as a measure of national aviation activity because enplaned passenger data for the same period are not available.
[2] March 2020 is the month when COVID-19 first began to materially affect the Airport as measured by the 56.3% decrease in the number of enplaned passengers relative to the number enplaned in March of 2019.

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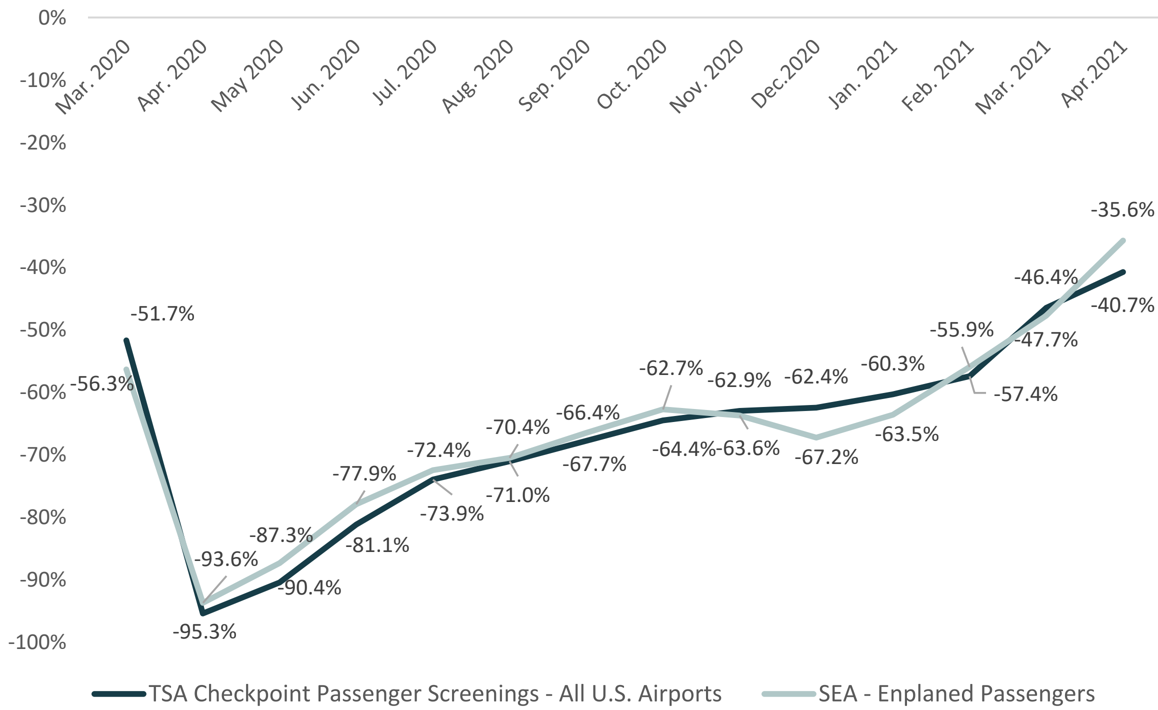
January 2021 is a result of these additional travel restrictions. Since February 2021, the recovery in enplaned passengers at the Airport has tracked or exceeded national trends.

Figure 1
PERCENT DECREASES IN AIRPORT ENPLANED PASSENGERS AND NATIONAL TSA CHECKPOINT PASSENGER SCREENINGS
(Compared with data for the same month in 2019)



Source: Port of Seattle records and TSA: https://www.tsa.gov/coronavirus/passenger-throughput, accessed April 2021.

Prior to COVID-19, the largest monthly decrease in the number of enplaned passengers at the Airport (35.4%) was related to the terrorist attacks on September 11, 2001. Similarly, the largest monthly decrease in the national number of enplaned passengers (33.4%), was also related to the events on September 11, 2001. These points of comparison are indicated solely to provide an understanding of the magnitude of the monthly decreases in passenger traffic at the Airport resulting from COVID-19 relative to prior events.

The largest source of operating revenues at the Airport is airline rates and charges, which represented approximately 57.1% and 71.9% of Airport operating revenues in 2019 and 2020, respectively. Airline rates and charges are determined based on the operating expenses, Debt Service, and amortization charges attributable to airline cost centers at the Airport. A provision in the Signatory Airline Lease and Operating Agreement (the Airline Agreement) allows the Port to reconcile all airline revenues and Port costs from budget to actual results, so declines in airline and passenger activity generally do not materially affect the level of operating revenues earned from the airlines each year.

Airline revenues at the Airport decreased from 2019 to 2020, but the decrease was primarily a result of actions taken by the Port to reduce costs. In addition to cost-reductions, the Port also used approximately $147 million of Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) grants to pay for certain Airport operating expenses and Debt Service in 2020. The use of CARES Act grants to pay Airport operating expenses and/or Debt Service in airline cost centers reduces annual Airport costs that would have otherwise been paid by the airlines.

Certain sources of operating revenues at the Airport are based on passenger activity levels, including, but not limited to, public parking revenues (originating passengers), rental car revenues (arriving passengers), and in-terminal concession revenues (enplaned passengers).

Figure 2 presents the cumulative decrease and percent change in the largest sources of nonairline operating revenues at the Airport based on unaudited financial results for March[3] through December 2020 compared to the same period of 2019.

In 2020, as the significant decline in aviation activity resulting from COVID-19 became more apparent, the Port implemented several programs to assist airline and non-airline Airport tenants:

- *Airline rent deferral*, airline terminal rents and airfield fees for April 2020 and May 2020 were deferred (all deferred amounts have been repaid).
- *Non-airline Airport tenants*, rent payments and other fees were deferred for 4 months, from April through July 2020. Then, in June 2020 the Port waived minimum annual guarantee (MAG) requirements through the end of 2020 (but non-airline Airport tenants continued to pay percentage rent). In November 2020, the Port deferred rent payments for Airport Dining and Retail (ADR) concessionaires from December 2020 through March 2021. For any outstanding deferred rent payments not repaid by the end of March 2021 the Port created a 30-month repayment program with each tenant at 1.0% annual interest.

  On April 13, 2021 the Port implemented additional measures to assist non-airline Airport tenants, including MAG relief for ADR concessionaires, on-Airport parking concessionaires, and rental car companies who have agreements with the Airport.

[3] March 2020 is the month when COVID-19 first began to materially affect the Airport as measured by the decrease in the number of enplaned passengers relative to the number enplaned in March 2019.

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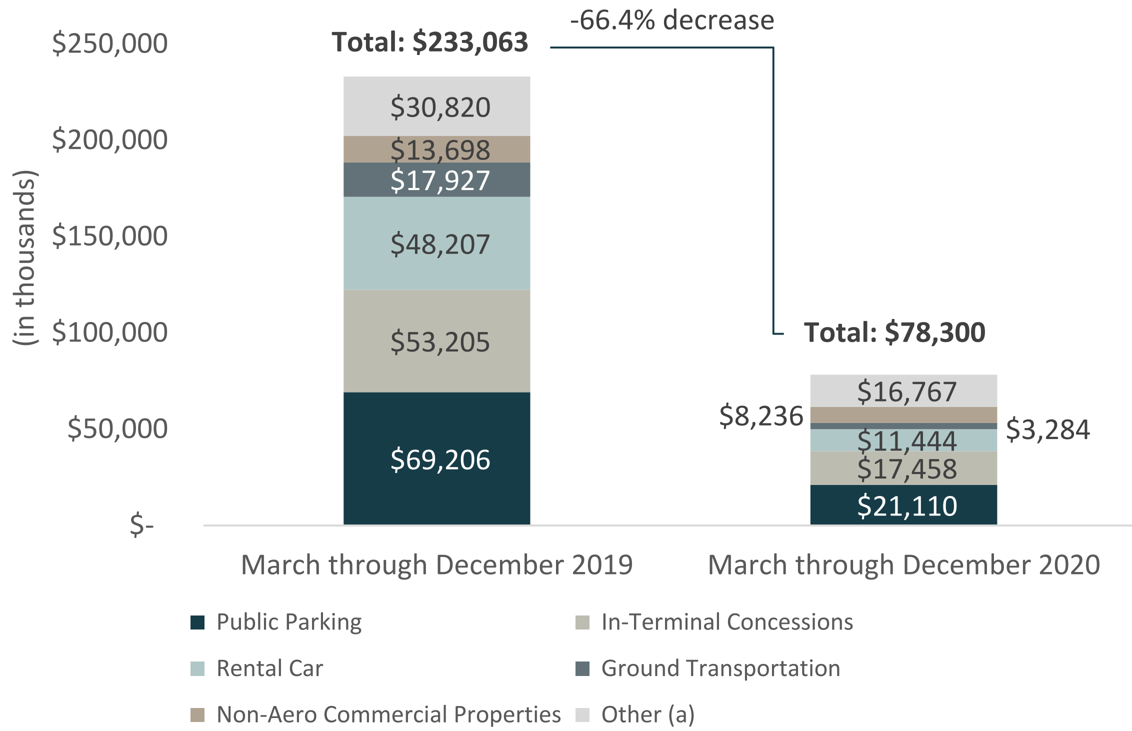
Figure 2
DECREASES IN THE LARGEST SOURCES OF AIRPORT NONAIRLINE OPERATING REVENUES
(March-December 2020 compared with the same period in 2019)
Seattle-Tacoma International Airport



(a) Includes: non-aeronautical commercial properties, certain leased space in the terminals, and other miscellaneous Airport revenues.
Source: Unaudited Port of Seattle records.

Given the unprecedented nature and continuing uncertainty surrounding COVID-19, this 2021 Letter Report does not include any projections of (1) economic activity in the region served by the Airport or in the nation or (2) the number of enplaned passengers and other aviation activity (e.g., numbers of flights) at the Airport.

As such, we have used a hypothetical range of passenger recovery rates for the return to the number of passengers at the Airport in 2019 (the year prior to the effects of COVID-19) for purposes of projecting key Port financial metrics, including Debt Service coverage and average airline cost per enplaned passenger (the CPE).

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FEDERAL CORONAVIRUS RELIEF GRANTS

The federal government passed the following legislation which, among other things, includes the award of certain grants to the operators of all United States airports to assist with managing the financial effects of the COVID-19 pandemic: the CARES Act, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA Act), and most recently, the American Rescue Plan Act (collectively, the Coronavirus Relief Grants). Table 1 summarizes the Coronavirus Relief Grants awarded to the Port, expenditures, and the remaining grant amounts to be spent by the Port.

Table 1
CORONAVIRUS RELIEF GRANTS AWARDED TO PORT OF SEATTLE
Seattle-Tacoma International Airport
(in millions)

Source of Funds	Port Award	Approximate Amount Used as of December 31, 2020	Remaining Award Amount to Be Spent
CARES Act	$192.1	$147.1	$45.0
CRRSA Act	42.7	0.0	42.7
American Rescue Plan Act (a)	175.7	0.0	175.7
Total	**$410.5**	**$147.1**	**$263.4**

(a) Estimated.
Source: Port of Seattle.

In general, airport operators can use their awarded Coronavirus Relief Grants to pay for any purpose for which airport revenues can lawfully be used[4]. At the Airport, this includes, but is not limited to, the payment of operating expenses and the payment of Debt Service. The Coronavirus Relief Grants must be used within four years from the date that the grant agreements between an airport operator and the Federal Aviation Administration (the FAA) were executed. When agreeing to receive these grants, airport operators must comply with certain other obligations, such as, but not limited to, the requirement to employ at least 90.0% of airport staff as of March 27, 2020, through September 30, 2021, under the American Rescue Plan Act.

In 2020, the Port used approximately $147.1 million of the Coronavirus Relief Grants to pay operating expenses and Debt Service, costs that would have otherwise been paid by the airlines or by using other operating revenues of the Airport. The Port currently expects to use the remaining $87.8 million in CARES Act and CRRSA Act grants to pay operating expenses and/or

[4] Portions of the CRRSA Act and the American Rescue Plan Act specifically set aside amounts to provide rent relief to airport concessionaires.

Debt Service, which proposed uses have been included in the projection of key financial metrics presented later in this 2021 Letter Report. The exact amount of American Rescue Plan Act grants that the Port is to receive is not certain as of the date of this 2021 Letter Report and therefore an estimated amount of $175.7 million is included in the projection of key financial metrics presented later in this 2021 Letter Report.

SERIES 2021 FIRST LIEN BONDS AND SERIES 2021ABCD INTERMEDIATE LIEN BONDS

The Port intends to issue the Series 2021 First Lien Bonds and the Series 2021ABCD Intermediate Lien Bonds to:

- Finance a portion of the Airport CIP (as defined below).
- Reimburse the Port for costs it has already incurred in funding a portion of the Airport CIP (as defined below).
- Pay capitalized interest.
- Make deposits to the Common Reserve and the Intermediate Lien Reserve Accounts.
- Pay issuance and financing costs associated with the Series 2021 First Lien Bonds and Series 2021ABCD Intermediate Lien Bonds.

The Port may also use the net proceeds from the sale of the proposed Series 2021 First Lien Bonds and 2021ABCD Intermediate Lien Bonds to refund certain other outstanding Port obligations during the Projection Period (as defined below), including, but not limited to Port Revenue Bonds, but no such refunding (including any associated lien changes[5]) has been assumed in this 2021 Letter Report. Savings, if any, from a refunding of Port obligations would likely improve the projected Port financial results presented in this 2021 Letter Report.

Projects expected to be funded with the net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds include:

- **Baggage Handling System Optimization.** This project includes a new centralized baggage handling system that is to replace six aging individual baggage screening conveyor systems at the Airport. The new system would increase screening capacity and would allow bags to be checked in from any ticket counter and be conveyed to any bag makeup device. Additional benefits would include increased reliability, redundancy, and security. The new system has been designed to accommodate 30 million annual enplaned passengers at the Airport. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $634.1 million; approximately

[5] According to the Port, any lien change associated with a potential refunding of PFC Revenue Bonds with Intermediate Lien Bonds is not expected to have a material effect on Debt Service coverage presented in this 2021 Letter Report.

$156.3 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.

- **North Satellite Modernization**. This project includes renovation of the existing North Satellite building and baggage system, expansion of the North Satellite building, apron improvements, renovation of the Concourse C Satellite transit station, and relocation of certain taxiways to accommodate new aircraft positions. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $121.9 million; approximately $58.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Airfield Pavement and Support Infrastructure**. This project includes continuation of the on-going airfield pavement and joint seal replacement program at the Airport. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $155.4 million; approximately $58.3 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **International Arrivals Facility**. This project includes a new, expanded International Arrivals Facility (the IAF) to accommodate regional demand for international service and enhance the passenger experience. The IAF is to include a multi-level 404,000 square foot building, and a 35,000 square foot sterile pedestrian walkway connecting to the South Satellite. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $89.4 million; approximately $49.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **C1 Building Expansion**. The C1 Building Expansion project will construct four additional floors of approximately 27,000 square feet each, on top of the existing C1 Building, located between Concourses C and D. It will also redevelop the existing concourse level footprint to provide additional concessions, services, and amenities to the travelling public. The cost included in the Airport CIP for this project is estimated by the Port to be $293.0 million; approximately $21.2 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Airport Utilities Improvements**. These improvements include utilities upgrades and ground support equipment electrical charging stations. Costs included in the Airport CIP for these improvements are estimated by the Port to be approximately $197.9 million; approximately $64.1 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Passenger Checkpoint Relocation**. This project includes the creation of a security screening checkpoint at Baggage Claim Level where Claim Device 1 is currently located. This area provides approximately 15,000 sq. ft. of space for queuing, document checking and lanes. Project costs included in the Airport CIP for this project are

estimated by the Port to be approximately \$36.4 million; approximately \$25.8 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.

- **Other Projects**. Other projects include public parking improvements, passenger loading bridge replacements, terminal restroom improvements, an employee services center, remote aircraft deicing improvements, roadway improvements, and various other improvements. Project costs included in the Airport CIP for the Other Projects are estimated by the Port to be approximately \$793 million; approximately \$129.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.

Assumptions related to Debt Service on the proposed Series 2021 First Lien Bonds and proposed Series 2021ABCD Intermediate Lien Bonds were provided by the Port and include a fixed interest rate of approximately 4.4%.

SCOPE OF THIS 2021 LETTER REPORT

This 2021 Letter Report was prepared to present a range of results from 2021 through 2026 (the Projection Period) for the following key Port financial metrics: (1) Debt Service coverage under the First Lien Master Resolution and Intermediate Lien Master Resolution and (2) the average airline CPE at the Airport.

Additionally, we were asked to provide the following other information, presented in the Background portion of this 2021 Letter Report:

- **Section 1.** Airline Traffic and Economic Analyses
- **Section 2.** Airport 2021-2026 Capital Improvement Plan and Funding Sources
- **Section 3**. Airport Financial Performance

In preparing this 2021 Letter Report, we assisted Port management in identifying key factors affecting the projection of financial results and in formulating assumptions about those factors. The results and key findings of our analyses are summarized in this 2021 Letter Report. This 2021 Letter Report should be read in its entirety for an understanding of the projections and the underlying assumptions.

Capitalized terms in this 2021 Letter Report are used as defined in the First Lien Master Resolution, Intermediate Lien Master Resolution, as amended; and/or the Airline Agreement. Under the First Lien Master Resolution, the Port agrees to establish, maintain, and collect rentals, tariffs, rates, fees and charges in the operation of all its business as long as any First Lien Parity Bonds are Outstanding that will produce Net Revenues in each fiscal year at least equal to the greater of:

- 1.35 times the amounts required in such fiscal year to be paid as scheduled Debt Service (principal and interest) on Outstanding First Lien Bonds, or

- Amounts required to be deposited during such fiscal year from Net Revenues into the bond funds and reserve funds established for Outstanding First Lien Bonds and into the Repair and Renewal Fund, but excluding payments made from refunding debt and capitalized Debt Service.

Under the Intermediate Lien Master Resolution, the Port agrees to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Intermediate Lien Revenue Bonds are Outstanding to produce in each fiscal year:

- Available Intermediate Lien Revenues as First Adjusted at least equal to 1.10 times of the Amount Due (Test #1); and

- Available Intermediate Lien Revenues as Second Adjusted at least equal to 1.25 times of the Amount Due (Test #2).

ASSUMPTIONS USED TO PROJECT KEY FINANCIAL METRICS

The range of projected key financial metrics was based on two hypothetical 5-year rates of recovery[6] in the number of enplaned passengers at the Airport to the number of passengers enplaned at the Airport in 2019, as well as certain key assumptions, as discussed below. The two hypothetical 5-year rates of recovery are referred to herein as Case 1 and Case 2.

Enplaned Passengers

In 2019, the number of passengers enplaned at the Airport increased 3.9% compared to the number enplaned in 2018.

Between January and February 2020 (prior to the significant decrease in passengers due to COVID-19), the number of passengers enplaned at the Airport increased 10.2% compared with the number of enplaned passengers in the same months of 2019.

Beginning in March 2020, the Airport experienced significant decreases in the numbers of passengers enplaned compared with the numbers enplaned at the Airport in the same months of 2019. The numbers of passengers enplaned at the Airport from March 2020 through

[6] Growth rates for 2020-2022 and 2022-2025 differ between Cases 1 and 2. In part, the 5-year recovery period is based on, but not limited to, comments related to COVID-19 vaccine timing and use and the expected return to service by a major airplane manufacturer, certain of the busiest airlines serving the Airport, credit rating agencies, and organizations representing the airline/aviation industry.

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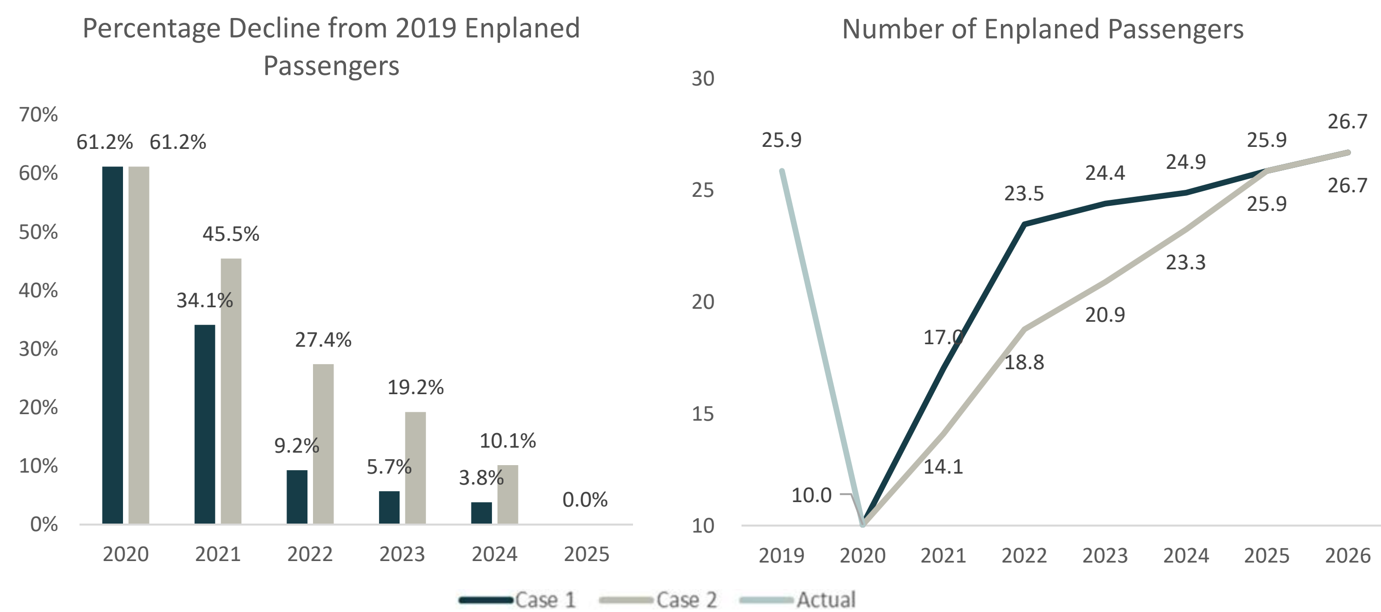
December 2020 decreased 71.8% relative to the number enplaned at the Airport in the same months of 2019.

Overall, the number of passengers enplaned at the Airport in 2020 was 61.2% lower than the number enplaned at the Airport in 2019.

The projected numbers of enplaned passengers at the Airport in Case 1 and Case 2 are presented in Figure 3. The number of enplaned passengers in 2020 was used as the basis for the numbers projected during the hypothetical recovery periods.

For both Case 1 and Case 2, the number of enplaned passengers at the Airport return to 2019 levels in 2025, and the number of enplaned passengers was assumed to increase 3.2%[7] in 2026.

Figure 3
HYPOTHETICAL 5-YEAR RECOVERY IN THE NUMBER OF ENPLANED PASSENGERS
Seattle-Tacoma International Airport
(millions except for percentages)



Note: the hypothetical 5-year recovery period begins at the low point in enplaned passengers, which occurred in 2020.

[7] 3.2% is the average annual rate of increase in enplaned passengers at the Airport over the 20-year period ending 2019.

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Airport 2021-2026 Capital Improvement Plan and Funding Sources

The Airport 2021-2026 Capital Improvement Plan (the Airport CIP) includes $4.3 billion for Airport facilities. The Airport CIP accounts for 87% of the 2021-2026 Port's Combined CIP (as defined below) of $4.9 billion which includes the Airport, Other Port Businesses, and the Port's share of Seaport Alliance capital improvement costs.

While the Port continues to review the Airport CIP and may delay the timing (add or delete projects) or reduce the scope and cost of individual projects included in the Airport CIP given the substantial reduction in the number of enplaned passengers due to COVID-19, it was assumed in this 2021 Letter Report that the Port will implement the $4.3 billion of projects in the Airport CIP, with the following significant projects currently expected to be completed after the Projection Period: South Satellite project, Baggage Handling System Optimization, C1 Building Floor Expansion project, and certain other on-going renewal and replace efforts and smaller projects[8].

The Aviation Division of the Port is in the process of finalizing a Sustainable Airport Master Plan (the SAMP) that includes future infrastructure improvements to accommodate the long-term growth in numbers of enplaned passengers, maintain and enhance the Airport's place as an international airport, and fulfill the Airport's mission as an economic engine for the greater Seattle area. The timing of SAMP projects is uncertain, but the Airport CIP includes approximately $287 million of near term SAMP projects (primarily for design and planning); the Port may incur certain other costs related to the first phase of the SAMP during the Projection Period that are not currently included in the Airport CIP. It is possible that the following changes in the future financial results of the Airport could occur if and when the SAMP Phase 1 Projects are ready and available for their intended use:

- Airport operating revenues may increase as a result of new revenue from one or more SAMP Phase 1 Projects.
- Airport operating expenses may increase as a result of additional expenses associated with certain SAMP Phase 1 Projects.
- Debt Service paid from Airport operating revenues may increase as a result of additional annual Debt Service[9] related to bonds that the Port may issue in the future to fund a portion of the SAMP Phase 1 Projects.

Approximately $562.9 million of the Airport CIP is expected to be financed with the net proceeds from the sale of the Series 2021ABCD Intermediate Lien Bonds and approximately $2.8 billion in proposed Airport CIP costs are expected to be financed with the net proceeds

[8] Certain other smaller projects include allowances for renewal and replacement as well as reserves for potential future projects whose scope and timing is not known as of the date of this 2021 Letter Report.
[9] These bonds would be in addition to the Series 2021ABCD Bonds and Future Revenue Bonds assumed in this 2021 Letter Report.

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from the sale of Future Revenue Bonds. According to the Port, Future Revenue Bonds, if issued, would include a combination of Intermediate Lien Revenue Bonds and Subordinate Lien Revenue Bonds. Future Revenue Bonds are assumed to have a 25-year term and a 4.75% interest rate.

Other sources of funds for the Airport CIP that may be used by the Port include, but are not limited to, customer facility charge (CFC) revenues, federal grants, passenger facility charge (PFC) revenues, prior bond proceeds, Port tax levy funds, and Port cash.

Port's Combined Capital Improvement Plan

Port management continuously develops and updates its CIP. Currently, the Port's Combined CIP for 2021 – 2026 consists of the $4.3 billion Airport CIP and $613.0 million for the Other Port Businesses CIP and the Ports share of Seaport Alliance capital improvement costs for a total of $4.9 billion (the Port's Combined CIP). The Port's Combined CIP takes into account, among other things, the existing and anticipated business environment, estimates of demand for Port facilities, available resources, the priorities of the Port, and the Port's obligated or expected capital contributions to the Seaport Alliance.

Airport Financial Performance

Provided below is an overview of the Airport's financial performance, including an overview of operating revenues and operating expenses, both of which are more fully discussed in Section 3 — Airport Financial Performance.

- **Airport Operating Revenues.** Operating revenues at the Airport were approximately $626.6 million in 2019 and $414.4 million in 2020. The 33.9% decrease in Airport operating revenues from 2019 to 2020 was the result of (1) the significant decrease in airline activity related to COVID-19 in 2020 and (2) the airline rate base cost reductions made by the Port. The Airport's share of total Port operating revenues was 82.0% in 2019 and 81.1% in 2020.

  Airline rates and charges are the largest source of operating revenue at the Airport. Revenue from passenger airline rates and charges at the Airport is based on recovering operating and capital costs that are allocated to the airlines based on: (1) the number of gates and square footage used or leased by airlines as well as the number of enplaned passengers and amount of landed weight of the airlines serving the Airport and (2) the rates and charges in effect each year and calculated by the Port pursuant to the Airline Agreement, as more fully discussed under the heading "Airline Revenues" in Section 3 of the Background to this 2021 Letter Report. Operating revenues from airline rates and charges at the Airport were approximately $357.6 million in 2019 and $297.9 million in 2020, accounting for 57.1% and 71.9%, respectively, of total Airport operating revenues.

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The projection of airline revenues in this 2021 Letter Report was based on the rate-making methodologies in the Airline Agreement. The Airline Agreement is scheduled to expire at the end of 2022; it was assumed in projecting the financial performance of the Airport included in this 2021 Letter Report that a substantially similar rate making methodology will continue to be in effect throughout the Projection Period. That portion of annual operating expenses and Debt Service assumed to be paid using Coronavirus Relief Grants has been excluded from the projections of airline rates and charges and airline revenues.

The second largest source of Airport operating revenues is non-airline revenues. Non-airline revenues were approximately $269.0 million in 2019 and $116.5 million in 2020, accounting for 42.9% and 28.1% of total Airport operating revenues, respectively. The 56.7% decrease in non-airline revenues from 2019 to 2020 was the result of the significant decrease in the number of enplaned passengers related to COVID-19. Major sources of nonairline revenue at the Airport include public parking, in-terminal concessions, non-airline terminal rentals, car rentals, ground transportation fees, commercial property rentals, employee parking fees, and utility fees. Revenues from these sources were projected on the basis of the terms and conditions of the underlying agreements between the Port and Airport tenants, and for concession and certain other revenue sources, the hypothetical recovery in passenger traffic described earlier.

- **Airport Operating Expenses.** Airport operating expenses decreased 7.6% from approximately $356.6 million in 2019 to approximately $329.7 million in 2020, largely as a result of Port cost-cutting measures in response to COVID-19. The Airport's share of total Port operating expenses in 2019 and 2020 equaled 80.5% and 80.0%, respectively.

  The projection of Airport operating expenses is based on the Port's 2021 Budget of approximately $340.4 million, assumed annual expense growth, assumed future Airport operating expenses related to projects in the Airport CIP, and certain future one-time Airport operating expenses.

  In 2020, the Port reduced Airport operating expenses by approximately $47.6 million from the approved 2020 budget in response to COVID-19. For the 2021 Budget, the Port established Airport operating expenses that are 10% lower than 2020 Budget amounts.

Other Port Businesses and Seaport Alliance Capital Improvement Plan and Funding Sources

Approximately $613 million, or 13% of the Port's Combined CIP, is related to the Other Port Businesses and the Port's share of Seaport Alliance capital improvement costs (Other Port Businesses and NWSA CIP). Funding sources for the Other Port Businesses and NWSA CIP may include federal grants, Tax Levy funds, Port cash, Future Revenue Bonds, and future general obligation bonds.

Combined Port Financial Performance

- **Gross Revenues.** The Port accounts for its annual financial results according to generally accepted accounting principles for governmental enterprises, and uses those results to present, among other things, operating and non-operating revenues and expenses (prior to depreciation) in its annual financial report and operating budget. For consistency with the reporting of financial information by the Port, the financial projections presented in this 2021 Letter Report are shown for operating revenues and operating expenses.

  To demonstrate compliance with the Intermediate Lien Rate Covenant during the Projection Period, certain adjustments have been made to operating revenues and operating expenses to determine "Gross Revenue" and "Operating Expenses," respectively, in accordance with the definition of each term in the First Lien Master Resolution and Intermediate Lien Master Resolution.

  For the purposes of calculating Debt Service coverage under the First Lien and Intermediate Lien Master Resolutions, the Coronavirus Relief Grants are included in the definition of Gross Revenues.

  In addition to including certain non-operating revenues and expenses, the following annual adjustments to operating revenues were made to determine Gross Revenue:

  Exclude from Gross Revenue (reduce)

  All CFC revenues and all Stormwater Utility revenues. A portion of annual CFC revenues is shown in the Port's financial statements as operating revenues and the other portion is shown as non-operating revenues. Despite the different categories used, all CFC revenues are excluded from Gross Revenue. Stormwater Utility revenues are pledged to the payment of Stormwater Utility operating expenses and capital costs only. Stormwater Utility revenues are excluded from the definition of Gross Revenue and are not pledged to the payment of Debt Service on Intermediate Lien Parity Bonds.

  Capital grants. Capital grants cannot be used to pay revenue bond Debt Service and as a result, they are excluded from Gross Revenue.

  Include in Gross Revenue (add back)

  50.0% of annual Seaport Alliance depreciation. The Port recognizes as operating revenue its 50.0% share of Seaport Alliance net income, which in the Port's financial statements, is equal to Seaport Alliance operating revenues less expenses and depreciation. Depreciation is not included in the definition of Operating Expenses under the First Lien Master Resolution. Because the Port's share of Seaport Alliance net income is reported as operating revenue, 50.0% of annual Seaport Alliance depreciation is added back in determining Gross Revenue.

The following annual operating expenses (prior to depreciation) are excluded in determining Operating Expenses:

- Stormwater Utility expenses paid from Stormwater Utility operating revenues, as discussed above.
- Operating expenses paid from CFC revenues.
- Operating expenses that may be paid from any remaining Tax Levy revenues, but only after General Obligation Debt Service is first paid.

Gross Revenues and Operating Expenses are used to determine Net Revenues (available for First Lien Bond debt service). Net Revenues are used to demonstrate compliance with the First Lien Rate Covenant.

Available Intermediate Lien Revenues are equal to Gross Revenue less Operating Expenses less the payment of all Debt Service, reserve requirements, and other costs associated with First Lien Bonds. Available Intermediate Lien Revenues are used to determine compliance with the Intermediate Lien Rate Covenant.

- **Operating Expenses.** Operating Expenses decreased 5.0% from approximately $399.9 million in 2019 to approximately $360.1 million in 2020, largely as a result of Port cost-cutting measures in response to COVID-19. Operating Expenses are projected to increase from $375.5 million in 2021 to $479.6 million in 2026, at an average annual growth rate of 5.0%.
- **Debt Service.** Debt Service on all First Lien Bonds, including the Series 2021 First Lien Bonds is estimated to increase from $38.4 million in 2021 to $40.2 million in 2026[10]. Debt Service on all Intermediate Lien Parity Bonds, including the proposed Series 2021 Bonds, is estimated to increase from $279.8 million in 2021 to $433.7 million in 2026[11]. Changes in Debt Service are attributable to the addition and structuring of the Series 2021 First Lien Bonds, Series 2021ABCD Intermediate Lien Bonds, and any Future Revenue Bonds.

  As stated previously, the financial projections included in this 2021 Letter Report do not include any Debt Service refunding, or lien changes.

  The Port receives CFC revenues and PFC revenues, which are not included in the definition of Gross Revenue under the First Lien and Intermediate Lien Master Resolutions but can be used by the Port to pay Debt Service on a portion of First Lien

[10] Based on Table 2. Before any offsets and net of capitalized interest.
[11] Based on Table 2. Before any offsets and net of capitalized interest.

Bonds and Intermediate Lien Revenue Bonds. CFC or PFC revenues used to pay First Lien Debt Service are added to arrive at Available Intermediate Lien Revenues as First Adjusted.

PROJECTED KEY FINANCIAL METRICS

Summaries of the following projected key financial metrics are presented in Table 2 (Case 1) and Table 3 (Case 2) at the end of this 2021 Letter Report:

- Net operating revenues
- Total Debt Service coverage for First Lien and Intermediate Lien Bonds
- Airline revenues and average airline CPE.

As shown in Tables 2 and 3, projected First Lien and Intermediate Lien Debt Service coverage in each year of the Projection Period exceeds the 135% (First Lien) and 110% (Intermediate Lien) coverage requirements of the First Lien Master Resolution and Intermediate Lien Master Resolution, respectively.

The projection of key financial metrics also includes average airline CPE at the Airport, which is projected to be substantially higher during the Projection Period than in previous years, as a result of (1) the projected decrease in the numbers of enplaned passengers resulting from COVID-19 and (2) the relatively fixed-cost nature of airline terminal and airfield facilities at the Airport and most other airports in the United States. The average airline CPE at the Airport for the most recent 5-year period ended 2020 were as follows: \$26.50 (2020), \$12.86 (2019), \$10.79 (2018), \$10.45 (2017), and \$10.10 (2016).

Although not known as of the date of this 2021 Letter Report, we expect that the average airline CPE at most airports in the United States will be higher in the near-term than in previous years for similar reasons as those at the Airport.

ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The financial projections presented in this 2021 Letter Report are based on information and assumptions provided by, or reviewed with and agreed to by, Port management. Based on the hypothetical passenger recovery scenarios, the projections reflect management's expected course of action during the Projection Period and, in management's judgment, present fairly the expected financial results of the Port. Those key factors and assumptions that are significant to the projections are set forth in the attachment, "Background." The attachment should be read in its entirety for an understanding of the projections and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the projections.

However, any projection is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, projections, opinions, or conclusions disclosed in this 2021 Letter Report. We have no responsibility to update this 2021 Letter Report for events and circumstances occurring after the date of this 2021 Letter Report.

We appreciate the opportunity to serve as the Port's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

WJ Advisors LLC

WJ Advisors LLC

Table 2

SUMMARY OF HISTORICAL AND PROJECTED FINANCIAL RESULTS
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except coverage and airline cost per enplaned passenger)
(page 1 of 2)

		Actual		Projection Assuming 5-Year Passenger Recovery (Full Recovery in 2025) (a)					
	Calculation	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
1. FLOW OF FUNDS									
Gross Revenue									
Operating revenues									
Airport									
Airline Revenues		$ 357,598	$ 297,909	$ 310,731	$ 421,791	$ 515,426	$ 571,424	$ 612,881	$ 659,227
Nonairline Revenues									
Public parking		$ 82,125	$ 34,502	$ 59,448	$ 86,899	$ 89,876	$ 92,872	$ 96,778	$ 97,175
Terminal concessions		61,615	25,418	26,887	60,921	63,886	64,058	67,733	77,431
Rental cars (includes CFC revenues for operations)		52,567	16,637	21,324	50,913	55,573	56,711	61,258	62,336
Other nonairline revenues		72,731	39,916	52,469	67,355	72,487	79,096	83,259	88,552
Nonairline Revenues		$ 269,037	$ 116,473	$ 160,128	$ 266,088	$ 281,822	$ 292,737	$ 309,028	$ 325,494
Airport		$ 626,635	$ 414,382	$ 470,859	$ 687,879	$ 797,249	$ 864,161	$ 921,909	$ 984,721
Seaport Alliance (b)		47,979	38,782	38,072	38,883	39,412	36,034	34,336	36,552
Other Port Businesses		89,559	57,664	60,592	84,474	87,418	90,385	99,963	104,930
Operating revenues	[A]	$ 764,172	$ 510,828	$ 569,522	$ 811,236	$ 924,078	$ 990,581	$ 1,056,208	$ 1,126,204
Less: SWU and CFC revenues not available to pay revenue bond debt service		$ (21,612)	$ (6,374)	$ (10,721)	$ (22,495)	$ (25,918)	$ (26,635)	$ (27,911)	$ (28,936)
Plus: Seaport Alliance adjustments		5,655	7,687	6,067	8,700	11,897	14,906	15,717	15,717
Plus: Non-operating revenue--Coronavirus Relief Grants--nonairline tenants (c)		-	-	26,755	-	-	-	-	-
Plus: Non-operating revenue--Coronavirus Relief Grants--other (c)		-	147,148	161,601	75,000	-	-	-	-
Plus: Non-operating revenue and expenses (net) (d)		14,030	34,638	(10,201)	(1,047)	(6,204)	(13,548)	(2,131)	(36,742)
Total adjustments	[B]	$ (1,927)	$ 183,099	$ 173,502	$ 60,158	$ (20,225)	$ (25,278)	$ (14,324)	$ (49,960)
Gross Revenue	**[C=A+B]**	**$ 762,245**	**$ 693,927**	**$ 743,024**	**$ 871,394**	**$ 903,853**	**$ 965,303**	**$ 1,041,883**	**$ 1,076,243**
Operating Expenses									
Operating expenses		$ 443,088	$ 408,680	$ 425,864	$ 474,758	$ 505,600	$ 532,599	$ 531,793	$ 540,337
Operating expenses paid from sources other than Gross Revenue		(13,158)	(12,745)	(10,215)	(14,837)	(15,356)	(15,789)	(16,235)	(16,684)
Tax Levy adjustment (e)		(30,050)	(35,835)	(40,171)	(23,087)	(25,506)	(36,856)	(36,831)	(44,063)
Operating Expenses	**[D]**	**$ 399,880**	**$ 360,100**	**$ 375,479**	**$ 436,834**	**$ 464,737**	**$ 479,954**	**$ 478,728**	**$ 479,591**
Net Revenues available for First Lien Revenue Bond Debt Service	**[E=C-D]**	**$ 362,365**	**$ 333,827**	**$ 367,545**	**$ 434,559**	**$ 439,116**	**$ 485,349**	**$ 563,155**	**$ 596,652**

Note: Columns may not add to totals shown because of rounding.
(a) Recovery from low point in 2020 to 2019 passenger levels in 2025. Growth rate for 2026 is 3.2%.
(b) Per joint venture accounting, this reflects the Port's 50% share of the Seaport Alliance Net Income, which the Port accounts for as operating revenues. As such it is net of depreciation and includes capital grants; per Master Resolutions 3059 and 3540, these are excluded from Gross Revenues. The adjustment adds depreciation and subtracts capital grants.
(c) Includes use of Coronavirus Relief Grants used to pay expenses or debt service.
(d) Includes gain/loss on sale of assets, interest income, environmental expenses, operating grants, discount on amortization, and other miscellaneious adjustments. After 2023, non-operating expenses are assumed to be higher than non-operating revenues.
(e) For purposes of calculating debt service coverage, Tax Levy amounts remaining after payment of General Obligation Bond debt service offset operating expenses. The Port is permitted, but not obligated, to pay operating expenses with Tax Levy amounts remaining after payment of General Obligation Bond debt service.
Source: Port of Seattle.

Table 2

SUMMARY OF HISTORICAL AND PROJECTED FINANCIAL RESULTS
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except coverage and airline cost per enplaned passenger)
(page 2 of 2)

		Actual		Projection Assuming 5-Year Passenger Recovery (Full Recovery in 2025) (a)					
	Calculation	2019	2020	2021	2022	2023	2024	2025	2026
1. FLOW OF FUNDS (continued)									
Net Revenues available for First Lien Revenue Bond Debt Service	[A]	$ 362,365	$ 333,827	$ 367,545	$ 434,559	$ 439,116	$ 485,349	$ 563,155	$ 596,652
Revenue Bond Debt Service									
First Lien Revenue Bond Debt Service	[B]	$ 44,752	$ 27,544	$ 38,419	$ 25,024	$ 25,033	$ 25,028	$ 39,524	$ 40,229
Less: First Lien Debt Service paid with PFC Revenues		-	(5,887)	-	-	-	-	-	-
Less: First Lien Debt Service paid with CFC Revenues		(6,227)	-	-	-	-	-	(14,473)	(14,473)
Total First Lien Revenue Bond Debt Service paid from Gross Revenue	[C]	$ 38,525	$ 21,657	$ 38,419	$ 25,024	$ 25,033	$ 25,028	$ 25,051	$ 25,756
Intermediate Lien Revenue Bond Debt Service (b)		$ 210,560	$ 254,381	$ 279,759	$ 307,659	$ 333,914	$ 373,735	$ 394,189	$ 433,732
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues		(33,800)	(26,571)	(38,359)	(68,290)	(84,167)	(89,037)	(91,360)	(90,838)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues		(16,111)	(13,601)	(13,589)	(20,982)	(24,645)	(24,890)	(10,638)	(10,893)
Less: Intermediate Lien Revenue Bond Debt Service paid with capitalized interest (c)		(39,202)	(31,683)	(15,941)	(2,699)	-	-	-	-
Total Intermediate Lien Revenue Bond Debt Service paid from Gross Revenue	[D]	$ 121,447	$ 182,526	$ 211,871	$ 215,688	$ 225,102	$ 259,808	$ 292,191	$ 332,001
Subordinate Lien Bond Debt Service		$ 19,243	$ 19,160	$ 13,424	$ 33,848	$ 32,884	$ 42,836	$ 60,002	$ 67,155
Less: Subordinate Lien Revenue Bond Debt Service paid with PFC Revenues		-	-	-	-	-	-	-	-
Total Subordinate Lien Revenue Bond Debt Service paid from Gross Revenue	[E]	$ 19,243	$ 19,160	$ 13,424	$ 33,848	$ 32,884	$ 42,836	$ 60,002	$ 67,155
Remaining Gross Revenue (d)	**[F=A-C-D-E]**	**$ 183,150**	**$ 110,484**	**$ 103,832**	**$ 159,999**	**$ 156,097**	**$ 157,678**	**$ 185,911**	**$ 171,741**
2. DEBT SERVICE COVERAGE									
First Lien Revenue Bond Debt Service Coverage Ratio									
Net Revenues available for First Lien Revenue Bond Debt Service	=[A]	$ 362,365	$ 333,827	$ 367,545	$ 434,559	$ 439,116	$ 485,349	$ 563,155	$ 596,652
First Lien Revenue Bond Debt Service	=[B]	44,752	27,544	38,419	25,024	25,033	25,028	39,524	40,229
First Lien Revenue Bond Debt Service Coverage Ratio	**[G=A/B]**	**8.10**	**12.12**	**9.57**	**17.37**	**17.54**	**19.39**	**14.25**	**14.83**
Required First Lien Debt Service Coverage Ratio (Rate Covenant)		*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*
Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Available Intermediate Lien Revenues	[H=A-B]	$ 317,613	$ 306,283	$ 329,127	$ 409,535	$ 414,083	$ 460,321	$ 523,631	$ 556,423
Prior Lien Debt Service offset paid by PFC Revenues		-	5,887	-	-	-	-	-	-
Prior Lien Debt Service offset paid by CFC Revenues (e)		6,227	-	-	-	-	-	14,473	14,473
Prior Lien Debt Service offset paid by capitalized interest		-	-	-	-	-	-	-	-
Adjusted Available Intermediate Lien Revenues	[I]	$ 323,840	$ 312,170	$ 329,127	$ 409,535	$ 414,083	$ 460,321	$ 538,104	$ 570,896
Intermediate Lien Revenue Bond Debt Service (b)		$ 210,560	$ 254,381	$ 279,759	$ 307,659	$ 333,914	$ 373,735	$ 394,189	$ 433,732
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues		(33,800)	(26,571)	(38,359)	(68,290)	(84,167)	(89,037)	(91,360)	(90,838)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues		(16,111)	(13,601)	(13,589)	(20,982)	(24,645)	(24,890)	(10,638)	(10,893)
Less: Intermediate Lien Revenue Bond Debt Service paid with capitalized interest (c)		(39,202)	(31,683)	(15,941)	(2,699)	-	-	-	-
Total Intermediate Lien Revenue Bond Debt Service net of offsets	[J]	$ 121,447	$ 182,526	$ 211,871	$ 215,688	$ 225,102	$ 259,808	$ 292,191	$ 332,001
Intermediate Lien Revenue Bond Debt Service Coverage Ratio	**[=I/J]**	**2.67**	**1.71**	**1.55**	**1.90**	**1.84**	**1.77**	**1.84**	**1.72**
Required Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Required Test #1 Ratio - Available Intermediate Lien Revenues as First Adjusted		*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*
3. AVERAGE AIRLINE COST PER ENPLANED PASSENGER									
Passenger Airline Revenues	[K]	$ 332,740	$ 266,159	$ 284,539	$ 389,897	$ 481,700	$ 535,942	$ 575,750	$ 621,252
Enplaned passengers	[L]	25,874	10,044	17,047	23,481	24,407	24,895	25,874	26,702
Average airline cost per enplaned passenger	**[=K/L]**	**$ 12.86**	**$ 26.50**	**$ 16.69**	**$ 16.60**	**$ 19.74**	**$ 21.53**	**$ 22.25**	**$ 23.27**

Note: Columns may not add to totals shown because of rounding.
(a) Recovery from low point in 2020 to 2019 passenger levels in 2025. Growth rate for 2026 is 3.2%.
(b) Includes existing Intermediate Lien Revenue Bonds debt service before netting out capitalized interest. Includes Series 2021ABCD and future Intermediate Lien Revenue Bond debt service net of capitalized interest.
(c) Reflects capitalized interest on existing Intermediate Lien Revenue Bond debt service.
(d) Available to fund reserve accounts, fund Repair and Renewal Fund, retire revenue bond debt, make necessary improvements/repairs, or for any other lawful Port purpose.
(e) From 2020 through 2024 there is no First Lien Debt Service related to the Rental Car Facility so there are no CFC Revenue offsets in those years.

Table 3

SUMMARY OF HISTORICAL AND PROJECTED FINANCIAL RESULTS
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except coverage and airline cost per enplaned passenger)
(page 1 of 2)

		Actual		Projection Assuming 5-Year Passenger Recovery (Full Recovery in 2025) (a)					
	Calculation	2019	2020	2021	2022	2023	2024	2025	2026
1. FLOW OF FUNDS									
Gross Revenue									
Operating revenues									
Airport									
Airline Revenues		$ 357,598	$ 297,909	$ 307,904	$ 436,681	$ 527,729	$ 577,488	$ 613,348	$ 653,057
Nonairline Revenues									
Public parking		$ 82,125	$ 34,502	$ 46,625	$ 69,935	$ 77,362	$ 86,995	$ 96,778	$ 97,175
Terminal concessions		61,615	25,418	18,833	49,074	54,481	59,561	67,733	77,431
Rental cars (includes CFC revenues for operations)		52,567	16,637	13,398	36,706	44,399	51,368	61,258	62,336
Other nonairline revenues		72,731	39,916	47,400	60,557	66,836	76,078	83,259	88,446
Nonairline Revenues		$ 269,037	$ 116,473	$ 126,257	$ 216,272	$ 243,077	$ 274,003	$ 309,028	$ 325,387
Airport		$ 626,635	$ 414,382	$ 434,161	$ 652,953	$ 770,807	$ 851,491	$ 922,376	$ 978,445
Seaport Alliance (b)		47,979	38,782	38,072	38,883	39,412	36,034	34,336	36,552
Other Port Businesses		89,559	57,664	60,592	84,474	87,418	90,385	99,963	104,930
Operating revenues	[A]	$ 764,172	$ 510,828	$ 532,825	$ 776,310	$ 897,636	$ 977,910	$ 1,056,675	$ 1,119,927
Less: SWU and CFC revenues not available to pay revenue bond debt service		$ (21,612)	$ (6,374)	$ (6,464)	$ (14,311)	$ (19,442)	$ (23,505)	$ (30,923)	$ (32,014)
Plus: Seaport Alliance adjustments		5,655	7,687	6,067	8,700	11,897	14,906	15,717	15,717
Plus: Non-operating revenue--Coronavirus Relief Grants--nonairline tenants (c)		-	-	26,755	-	-	-	-	-
Plus: Non-operating revenue--Coronavirus Relief Grants--other (c)		-	147,148	161,601	75,000	-	-	-	-
Plus: Non-operating revenue and expenses (net) (d)		14,030	34,638	(10,201)	(2,448)	(7,545)	(14,934)	(2,119)	(36,778)
Total adjustments	[B]	$ (1,927)	$ 183,099	$ 177,758	$ 66,941	$ (15,090)	$ (23,534)	$ (17,325)	$ (53,075)
Gross Revenue	**[C=A+B]**	**$ 762,245**	**$ 693,927**	**$ 710,583**	**$ 843,250**	**$ 882,546**	**$ 954,376**	**$ 1,039,349**	**$ 1,066,853**
Operating Expenses									
Operating expenses		$ 443,088	$ 408,680	$ 425,864	$ 474,758	$ 505,600	$ 532,599	$ 531,793	$ 540,337
Operating expenses paid from sources other than Gross Revenue		(13,158)	(12,745)	(5,958)	(13,253)	(15,356)	(15,789)	(16,235)	(16,684)
Tax Levy adjustment (e)		(30,050)	(35,835)	(40,171)	(23,087)	(25,506)	(36,856)	(36,831)	(44,063)
Operating Expenses	**[D]**	**$ 399,880**	**$ 360,100**	**$ 379,735**	**$ 438,419**	**$ 464,737**	**$ 479,954**	**$ 478,728**	**$ 479,591**
Net Revenues available for First Lien Revenue Bond Debt Service	**[E=C-D]**	**$ 362,365**	**$ 333,827**	**$ 330,848**	**$ 404,831**	**$ 417,808**	**$ 474,423**	**$ 560,621**	**$ 587,262**

Note: Columns may not add to totals shown because of rounding.
(a) Recovery from low point in 2020 to 2019 passenger levels in 2025. Growth rate for 2026 is 3.2%.
(b) Per joint venture accounting, this reflects the Port's 50% share of the Seaport Alliance Net Income, which the Port accounts for as operating revenues. As such it is net of depreciation and includes capital grants; per Master Resolutions 3059 and 3540, these are excluded from Gross Revenues. The adjustment adds depreciation and subtracts capital grants.
(c) Includes use of Coronavirus Relief Grants used to pay expenses or debt service.
(d) Includes gain/loss on sale of assets, interest income, environmental expenses, operating grants, discount on amortization, and other miscellaneious adjustments. After 2023, non-operating expenses are assumed to be higher than non-operating revenues.
(e) For purposes of calculating debt service coverage, Tax Levy amounts remaining after payment of General Obligation Bond debt service offset operating expenses. The Port is permitted, but not obligated, to pay operating expenses with Tax Levy amounts remaining after payment of General Obligation Bond debt service.
Source: Port of Seattle.

Table 3

SUMMARY OF HISTORICAL AND PROJECTED FINANCIAL RESULTS
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except coverage and airline cost per enplaned passenger)
(page 2 of 2)

		Actual		Projection Assuming 5-Year Passenger Recovery (Full Recovery in 2025) (a)					
	Calculation	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
1. FLOW OF FUNDS (continued)									
Net Revenues available for First Lien Revenue Bond Debt Service	**[A]**	$ 362,365	$ 333,827	$ 330,848	$ 404,831	$ 417,808	$ 474,423	$ 560,621	$ 587,262
Revenue Bond Debt Service									
First Lien Revenue Bond Debt Service	**[B]**	$ 44,752	$ 27,544	$ 38,419	$ 25,024	$ 25,033	$ 25,028	$ 39,524	$ 40,229
Less: First Lien Debt Service paid with PFC Revenues		-	(5,887)	-	-	-	-	-	-
Less: First Lien Debt Service paid with CFC Revenues		(6,227)	-	-	-	-	-	(14,473)	(14,473)
Total First Lien Revenue Bond Debt Service paid from Gross Revenue	**[C]**	$ 38,525	$ 21,657	$ 38,419	$ 25,024	$ 25,033	$ 25,028	$ 25,051	$ 25,756
Intermediate Lien Revenue Bond Debt Service (b)		$ 210,560	$ 254,381	$ 279,759	$ 307,659	$ 333,914	$ 376,228	$ 397,980	$ 443,040
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues		(33,800)	(26,571)	(41,185)	(50,213)	(67,063)	(78,480)	(87,602)	(96,841)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues		(16,111)	(13,601)	(13,589)	(20,982)	(24,645)	(24,890)	(10,638)	(10,893)
Less: Intermediate Lien Revenue Bond Debt Service paid with capitalized interest (c)		(39,202)	(31,683)	(15,941)	(2,699)	-	-	-	-
Total Intermediate Lien Revenue Bond Debt Service paid from Gross Revenue	**[D]**	$ 121,447	$ 182,526	$ 209,044	$ 233,765	$ 242,206	$ 272,858	$ 299,741	$ 335,306
Subordinate Lien Bond Debt Service		$ 19,243	$ 19,160	$ 13,424	$ 33,923	$ 33,109	$ 43,684	$ 61,175	$ 69,707
Less: Subordinate Lien Revenue Bond Debt Service paid with PFC Revenues		-	-	-	-	-	-	-	-
Total Subordinate Lien Revenue Bond Debt Service paid from Gross Revenue	**[E]**	$ 19,243	$ 19,160	$ 13,424	$ 33,923	$ 33,109	$ 43,684	$ 61,175	$ 69,707
Remaining Gross Revenue (d)	**[F=A-C-D-E]**	**$ 183,150**	**$ 110,484**	**$ 69,961**	**$ 112,119**	**$ 117,461**	**$ 132,852**	**$ 174,654**	**$ 156,492**
2. DEBT SERVICE COVERAGE									
First Lien Revenue Bond Debt Service Coverage Ratio									
Net Revenues available for First Lien Revenue Bond Debt Service	**=[A]**	$ 362,365	$ 333,827	$ 330,848	$ 404,831	$ 417,808	$ 474,423	$ 560,621	$ 587,262
First Lien Revenue Bond Debt Service	**=[B]**	44,752	27,544	38,419	25,024	25,033	25,028	39,524	40,229
First Lien Revenue Bond Debt Service Coverage Ratio	**[G=A/B]**	**8.10**	**12.12**	**8.61**	**16.18**	**16.69**	**18.96**	**14.18**	**14.60**
Required First Lien Debt Service Coverage Ratio (Rate Covenant)		*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*	*1.35*
Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Available Intermediate Lien Revenues	**[H=A-B]**	$ 317,613	$ 306,283	$ 292,429	$ 379,807	$ 392,776	$ 449,394	$ 521,097	$ 547,033
Prior Lien Debt Service offset paid by PFC Revenues		-	5,887	-	-	-	-	-	-
Prior Lien Debt Service offset paid by CFC Revenues (e)		6,227	-	-	-	-	-	14,473	14,473
Prior Lien Debt Service offset paid by capitalized interest		-	-	-	-	-	-	-	-
Adjusted Available Intermediate Lien Revenues	**[I]**	$ 323,840	$ 312,170	$ 292,429	$ 379,807	$ 392,776	$ 449,394	$ 535,570	$ 561,505
Intermediate Lien Revenue Bond Debt Service (b)		$ 210,560	$ 254,381	$ 279,759	$ 307,659	$ 333,914	$ 376,228	$ 397,980	$ 443,040
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues		(33,800)	(26,571)	(41,185)	(50,213)	(67,063)	(78,480)	(87,602)	(96,841)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues		(16,111)	(13,601)	(13,589)	(20,982)	(24,645)	(24,890)	(10,638)	(10,893)
Less: Intermediate Lien Revenue Bond Debt Service paid with capitalized interest (c)		(39,202)	(31,683)	(15,941)	(2,699)	-	-	-	-
Total Intermediate Lien Revenue Bond Debt Service net of offsets	**[J]**	$ 121,447	$ 182,526	$ 209,044	$ 233,765	$ 242,206	$ 272,858	$ 299,741	$ 335,306
Intermediate Lien Revenue Bond Debt Service Coverage Ratio	**[=I/J]**	**2.67**	**1.71**	**1.40**	**1.62**	**1.62**	**1.65**	**1.79**	**1.67**
Required Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Required Test #1 Ratio - Available Intermediate Lien Revenues as First Adjusted		*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*
3. AVERAGE AIRLINE COST PER ENPLANED PASSENGER									
Passenger Airline Revenues	**[K]**	$ 332,740	$ 266,159	$ 281,713	$ 404,785	$ 494,597	$ 542,984	$ 577,384	$ 616,296
Enplaned passengers	**[L]**	25,874	10,044	14,111	18,785	20,901	23,255	25,874	26,702
Average airline cost per enplaned passenger	**[=K/L]**	**$ 12.86**	**$ 26.50**	**$ 19.96**	**$ 21.55**	**$ 23.66**	**$ 23.35**	**$ 22.32**	**$ 23.08**

Note: Columns may not add to totals shown because of rounding.
(a) Recovery from low point in 2020 to 2019 passenger levels in 2025. Growth rate for 2026 is 3.2%.
(b) Includes existing Intermediate Lien Revenue Bonds debt service before netting out capitalized interest. Includes Series 2021ABCD and future Intermediate Lien Revenue Bond debt service net of capitalized interest.
(c) Reflects capitalized interest on existing Intermediate Lien Revenue Bond debt service.
(d) Available to fund reserve accounts, fund Repair and Renewal Fund, retire revenue bond debt, make necessary improvements/repairs, or for any other lawful Port purpose.
(e) From 2020 through 2024 there is no First Lien Debt Service related to the Rental Car Facility so there are no CFC Revenue offsets in those years.

BACKGROUND

Port of Seattle

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SECTION 1

AIRLINE TRAFFIC AND ECONOMIC ANALYSES

OVERVIEW OF AIRPORT ROLE

The Airport has an important role in the national, State, regional, and local air transportation systems and was the eighth busiest airport in the United States in terms of total (enplaned and deplaned) passengers in 2019 (the latest available data), according to statistics compiled by Airports Council International. In addition to its large origin and destination (O&D)[12] passenger base, the Airport is the busiest connecting passenger hub for Alaska Airlines and a significant connecting hub for Delta Air Lines.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the area served by the Airport, the strength of the local economy, and the attractiveness of the Seattle-Tacoma combined statistical area (defined below), the primary geographic area served by the Airport, as a tourist destination. The passenger base of both leisure and business travelers in the Airport service region supports the local and connecting hub operations of Alaska Airlines and Delta Air Lines. In 2019, approximately 17.6 million originating passengers enplaned at the Airport, making the Airport the eighth busiest O&D passenger airport in the United States.

The Seattle-Tacoma CSA includes King County, Kitsap County, Mason County, Pierce County, Skagit County, Snohomish County, and Thurston County. The population of the Seattle-Tacoma CSA was 4.9 million in 2019. Because economic activity in the Seattle-Tacoma CSA stimulates a significant portion of passenger demand at the Airport, statistics for the Seattle-Tacoma CSA were used to evaluate airline traffic trends at the Airport.

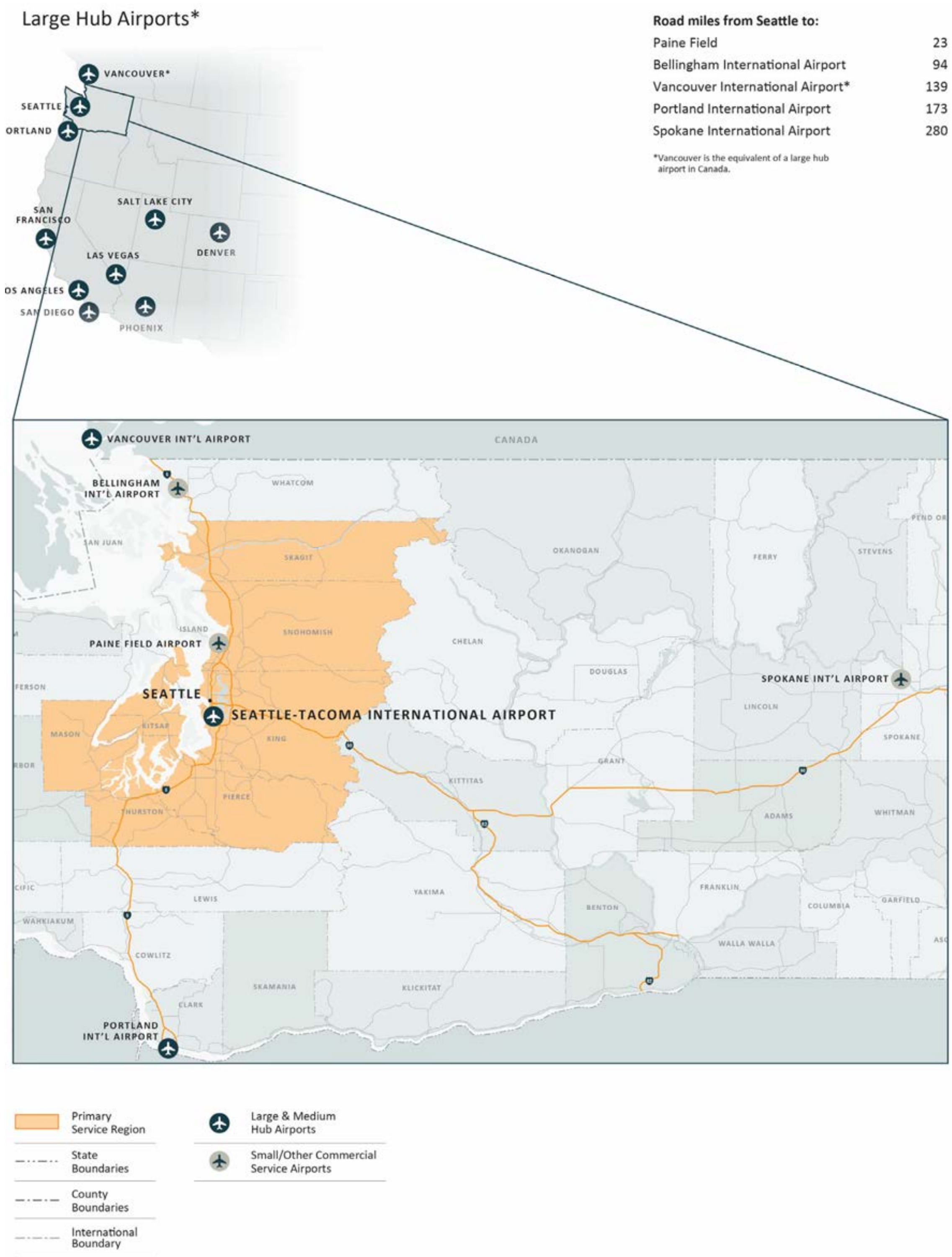
Primary Commercial Service Airport in the Seattle-Tacoma CSA

As shown on Figure 4, the Airport is the primary airport serving the Seattle-Tacoma CSA, and most of the CSA is located within a 1.5 hour drive from the Airport. The Airport is defined as a large-hub airport[13] by the FAA. Other airports in the region that currently have scheduled airline service include Paine Field (23 road miles from downtown Seattle), Bellingham International Airport (94 road miles from downtown Seattle), Vancouver International Airport in British Columbia (139 road miles from downtown Seattle), Portland International Airport (173 road miles from downtown Seattle), and Spokane International Airport in eastern Washington (280 road miles from downtown Seattle).

Paine Field is the closest airport with scheduled airline service to the Airport. Alaska Airlines and United Airlines provide service at Paine Field as well as at the Airport.

[12] Origin-destination passengers are those passengers who begin or end their trip at the Airport.
[13] The Federal Aviation Administration (FAA) definition of large-, medium-, and small hub airports are available at the following link: http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/categories/.

Figure 4
AIRPORT SERVICE REGION



Road miles from Seattle to:	
Paine Field	23
Bellingham International Airport	94
Vancouver International Airport*	139
Portland International Airport	173
Spokane International Airport	280

*Vancouver is the equivalent of a large hub airport in Canada.

In addition, several smaller airports with limited regional airline passenger and cargo service are located in the greater Seattle area, including King County International Airport/Boeing Field, which is approximately 11 miles from the Airport and has service from all-cargo and small commercial passenger airlines[14].

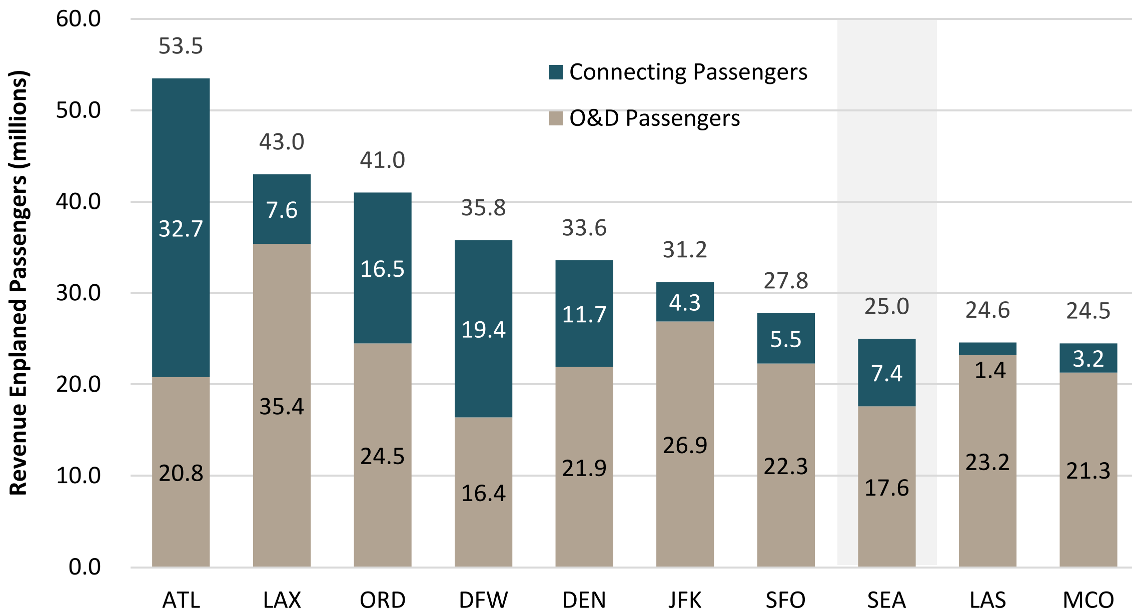
PASSENGER VOLUMES AT THE AIRPORT

In 2019, the Airport was the eighth busiest airport in the United States, with approximately 25.0 million revenue enplaned passengers[15] and 17.6 million O&D enplaned passengers (see Figure 5 below). In various locations throughout this 2021 letter report 2019 data is shown because it was the last full year prior to the effects of COVID-19.

Figure 5

10 BUSIEST UNITED STATES AIRPORTS AS MEASURED BY REVENUE ENPLANED PASSENGERS

2019



ATL = Hartsfield–Jackson Atlanta International Airport
LAX = Los Angeles International Airport
ORD = Chicago O'Hare International Airport
DFW = Dallas/Fort Worth International Airport
DEN= Denver International Airport
JFK = John F. Kennedy International Airport
SFO = San Francisco International Airport
SEA= Seattle-Tacoma International Airport
LAS = McCarran Intercontinental Airport
MCO = Orlando International Airport

Note: Totals may not add to 100% because of rounding.
Source: United States Department of Transportation, T100 database, accessed June 2020.

[14] http://www.kingcounty.gov/depts/transportation/airport.aspx
[15] Revenue enplaned passengers includes all passengers who have purchased a ticket and excludes those passengers who are traveling at no cost (e.g. airline staff).

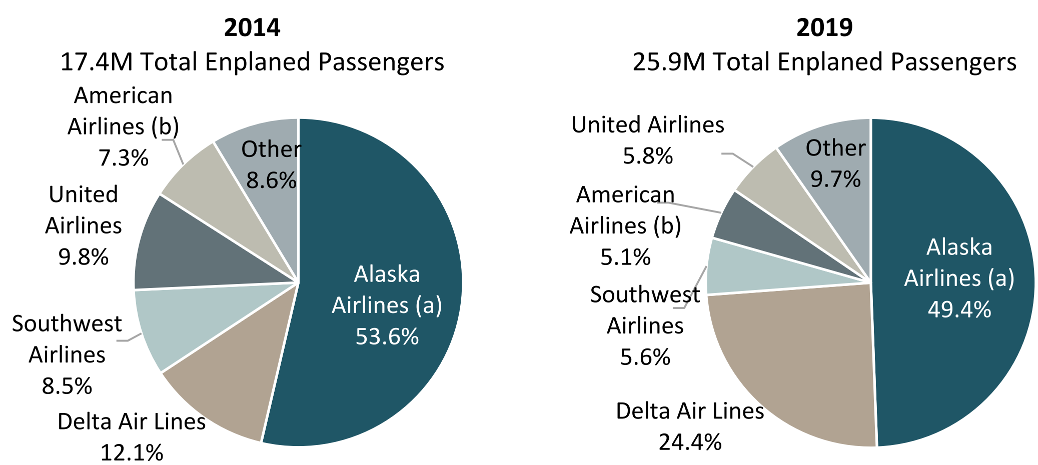
Hartsfield-Jackson Atlanta International Airport, which had 53.5 million revenue enplaned passengers, was the busiest airport in the United States in 2019. Los Angeles International Airport and San Francisco International Airport are the two other airports on the West Coast that are ranked among the 10 busiest airports, with approximately 43.0 million and 27.8 million revenue enplaned passengers in 2019, respectively.

Airline Market Share – Alaska Airlines and Delta Air Lines

The Airport plays an important role in the route networks of both Alaska Airlines and Delta Air Lines. As shown in Figure 6, Alaska Airlines and Delta Air Lines were the busiest airlines at the Airport in 2019 (49.4% and 24.4.% enplaned passenger market share, respectively). Alaska Airlines and Delta Air Lines have been the largest carriers at the Airport since 2014, but since 2014 Delta Air Lines has doubled its share of enplaned passengers at the Airport.

The Airport is the largest hub-airport in Alaska Airline's route network, with 26.2% of Alaska Airlines total system wide departing seats in 2019. Alaska Airlines departing seats at the Airport have increased an average of 5.8% per year from 2014 through 2019. In an effort to grow its presence at the Airport and strengthen its route network, Alaska Airlines announced a renewed partnership with American Airlines in 2020. The outcome of Alaska Airlines/American Airlines partnership is uncertain but according to statements by both airlines the intent of the partnership is to leverage Alaska Airlines' domestic network, especially on the west coast, with American Airlines' international network and domestic networks on the east coast. American Airlines is a member of the Oneworld Alliance and as part of Alaska's partnership with American Airlines, Alaska also became a member of the Oneworld Alliance in March 2021.

Figure 6
HISTORICAL ENPLANED PASSENGER SHARE BY AIRLINE
Seattle-Tacoma International Airport



Note: Includes regional/commuter affiliates.
(a) Includes data for Virgin America, which was acquired by Alaska Airlines in December 2016.
(b) Includes activity of US Airways, which merged with American Airlines in April 2014.
Source: Port of Seattle records

For Delta Air Lines, the Airport was the eighth largest hub-airport in Delta Air Lines route network, with 3.2% of Delta Air Lines total system wide departing seats in 2019. Delta Air Lines has prioritized growth at the Airport over its other hub-airports, increasing the number of departing seats by an average of 16.0% per year since 2014 (the largest rate of increase across its hub-airports from 2014-2019).

As a result of COVID-19, Alaska Airlines and Delta Air Lines reduced their system-wide domestic capacity in 2020 by approximately 40%. At the Airport, Alaska Airlines and Delta Air Lines reduced capacity by 30% and 34% respectively, lower than their system-wide reductions. Even with these reductions the Airport remained the largest hub-airport in Alaska Airline's route network and moved up to the seventh largest hub-airport in Delta Air Lines' route network (from number eight in 2019).

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. In general, regions with large populations, an extensive employment base, and increasing levels of per capita personal income will generate strong demand for airline travel. The demographics and economy of the region—as measured by changes in population, nonagricultural employment, and per capita personal income—as well as airline service and airfares, are typically the most important factors affecting O&D passenger demand at airport(s) serving the region.

Most of the data presented in this section of the 2021 Letter Report is for 2019. Only the unemployment data, which are through December 2020, include the negative economic effect of COVID-19 in the Seattle-Tacoma CSA, State of Washington, and the United States.

COVID-19 in Washington and the Seattle-Tacoma CSA

On January 21, 2020, the Washington State Department of Health confirmed the first case of COVID-19 in the United States in Snohomish County, Washington, north of Seattle. On February 29, 2020, Washington State was declared to be in a State of Emergency.

In response to the evolving situation of the COVID-19 pandemic, the State of Washington developed a phased reopening plan titled *Healthy Washington – Roadmap to Recovery* which uses a regional approach for the phased recovery plan. The Roadmap to Recovery uses four metrics to determine a phased re-opening. On February 24, 2021, the Governor paused all movement in the Roadmap to Recovery, causing all regions to temporarily remain in Phase 2. The Governor announced on March 11, 2021, that the Roadmap will transition from a regional to a county-by-county approach.

In addition to the Roadmap to Recovery, the Governor of Washington State has issued proclamations that include travel advisories and restrictions. The most recent advisory became effective November 13, 2020, and recommended persons stay home, avoid all non-essential travel, and self-quarantine for 14 days upon arrival in Washington State. This was further expanded from December through March 2021 to include requirements for negative COVID-19 tests and required self-quarantine if arriving from a country where variants of the virus that causes COVID-19 are circulating. On March 19, 2021, the Governor rescinded the travel advisory and instead recommended that travelers follow the CDC's COVID-19 travel guidelines.

The Centers for Disease Control and Prevention (CDC) required all states and territories to submit an interim plan for COVID-19 vaccine distribution and on October 16, 2020 Washington State submitted their vaccine distribution plan to the CDC. The document will be updated over time as more is learned about the vaccines. The Washington State vaccination plan is a phased approach, based on availability of doses and population demand.

As of the date of this 2021 Letter Report, it is uncertain whether COVID-19 will have a substantially negative impact on economic activity (e.g., population growth, unemployment rate, gross regional product) in the Seattle-Tacoma CSA, the State of Washington and the United States beyond 2021. The amount and length of any reduction in economic activity and its effect on passenger travel at the Airport is not within the scope of this 2021 Letter Report.

Historical Population, Nonagricultural Employment, Per Capita Personal Income, and Gross Regional Product

This section provides an overview of the regional economy and conditions and trends in the Seattle-Tacoma CSA and the State of Washington. The Seattle-Tacoma CSA is the major business center in the State of Washington, accounting for 64.4% of Washington's population and 69.8% of its nonagricultural employment in 2019. Additionally, Seattle was ranked on Forbes' 2019 list as the Best Place for Business and Careers[16].

As shown in Table 4, the Seattle-Tacoma CSA was the fourteenth largest combined statistical area of the 172 CSAs in the United States in 2019, with 4.9 million residents.

[16] https://www.forbes.com/best-places-for-business/list/

Table 4
15 LARGEST COMBINED STATISTICAL AREAS IN THE UNITED STATES
2019

Rank	Combined Statistical Area	Estimated population
1	New York-Newark CSA	22,747,000
2	Los Angeles-Long Beach CSA	18,884,000
3	Chicago-Naperville CSA	9,894,000
4	Washington-Baltimore-Arlington CSA	9,880,000
5	San Jose-San Francisco-Oakland CSA	9,731,000
6	Boston-Worcester-Providence CSA	8,315,000
7	Dallas-Fort Worth CSA	8,049,000
8	Houston-The Woodlands CSA	7,283,000
9	Philadelphia-Reading-Camden CSA	7,229,000
10	Miami-Port St. Lucie-Ft. Lauderdale CSA	6,987,000
11	Atlanta-Sandy Springs CSA	6,859,000
12	Detroit-Warren-Ann Arbor CSA	5,352,000
13	Phoenix-Mesa CSA	4,981,000
14	**Seattle-Tacoma CSA**	**4,902,000**
15	Orlando-Lakeland-Deltona CSA	4,158,000

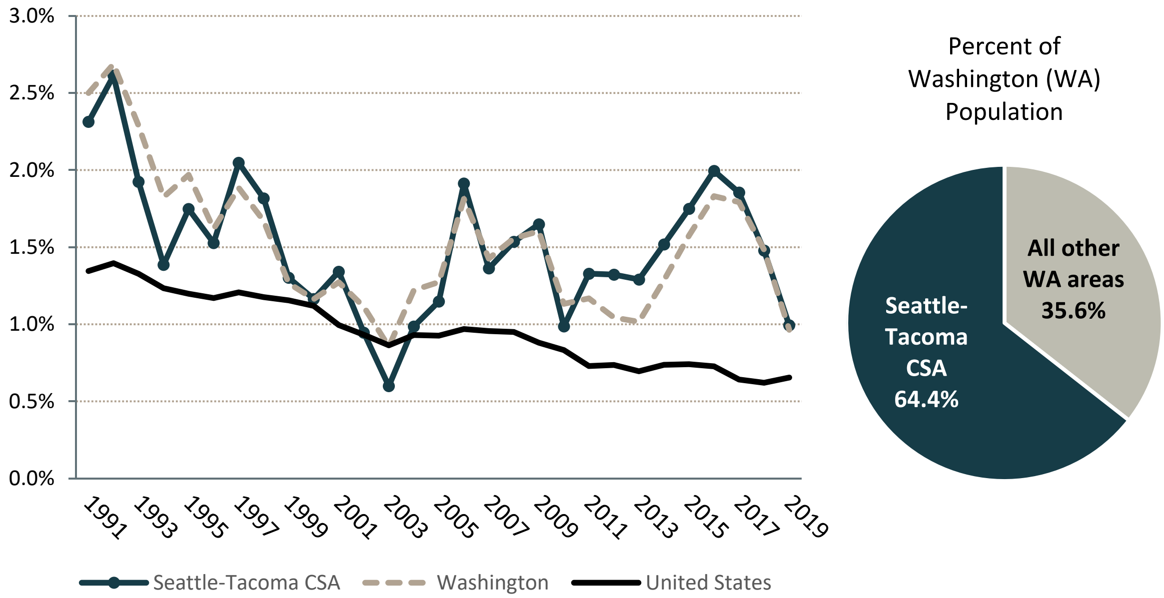
Source: Woods & Poole Economics, Inc., May 2020.

Population. As shown on the following table and in Figure 7, the growth rate for the population in the Seattle-Tacoma CSA has historically been comparable to the population growth rates in Washington and higher than population growth in the United States.

	Population (in millions)		
	Seattle-Tacoma CSA	Washington	United States
1990	3.2	4.9	249.6
2000	3.8	5.9	282.2
2010	4.3	6.7	309.3
2019	4.9	7.6	329.3
	Average annual percent increase (decrease)		
1990-2000	1.8%	1.9%	1.2%
2000-2010	1.2%	1.3%	0.9%
2010-2019	1.5%	1.4%	0.7%

From 2010 to 2019, population in the Seattle-Tacoma CSA increased from 4.3 million to 4.9 million, resulting in an average annual increase of 1.5% per year, which is more than twice the average rate of growth of the United States over the same period.

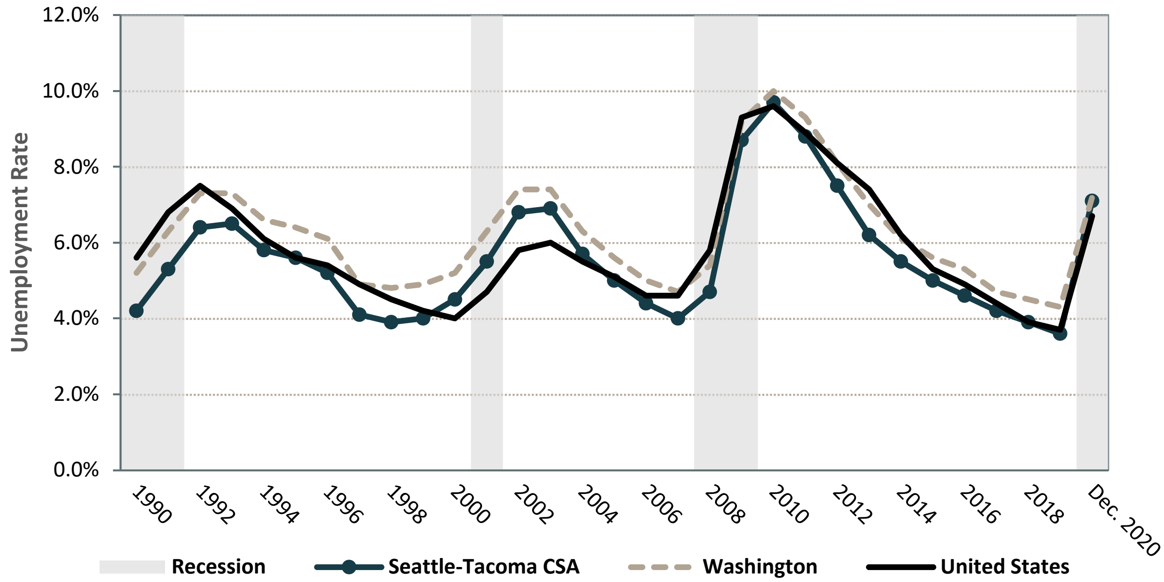
Figure 7
POPULATION RATE OF GROWTH
Seattle-Tacoma CSA, State of Washington, and United States



Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: Woods & Poole Economics, Inc., May 2020.

Unemployment Rate. Nonagricultural employment in the Seattle-Tacoma CSA generally correlates with state and national employment trends, as shown in Figure 8. In December 2020, the preliminary non-seasonally adjusted unemployment rate in the Seattle-Tacoma CSA was 7.1%, less than the non-seasonally adjusted rate of 7.2% in Washington state, and greater than the United States (6.7%).

Figure 8
UNEMPLOYMENT RATES
Seattle-Tacoma CSA, State of Washington, and United States



Note: Preliminary unemployment data for December 2020 is not seasonally adjusted.
Sources: United States Department of Labor, Bureau of Labor Statistics; Washington State Employment Security Department, Labor Market Information Division; March 2021.

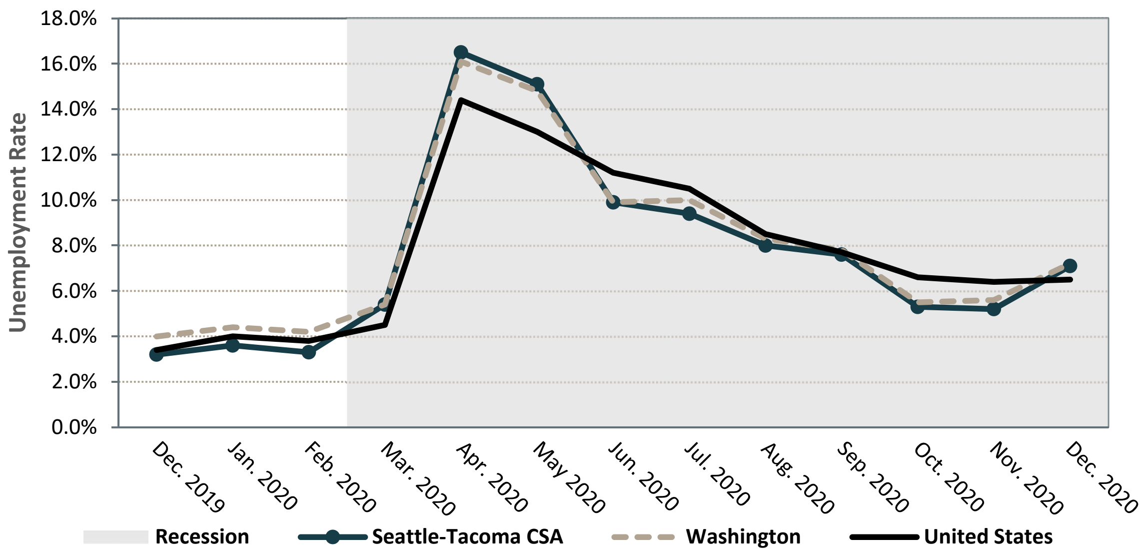
The substantial increase in the unemployment rate from March 2020 to May 2020, as shown on Figure 9, is related to the COVID-19 pandemic and the economic shutdown in Washington State and throughout the United States. As the economy has adjusted to public health, social distancing measures, and vaccine rollouts needed to reduce the risk of COVID-19 exposure, unemployment in the Seattle-Tacoma CSA has fallen by 9.4% from a peak of 16.5% in April 2020 to 7.1% in December 2020. Washington's non-seasonally adjusted unemployment rate of 7.2% in December 2020 is 8.9% below its peak non-seasonally adjusted unemployment rate of 16.1% in April 2020. Overall United States unemployment decreased by 8.0% from 14.4% in April 2020 to 6.5% in December 2020.

From May through November 2020, the Seattle-Tacoma CSA and Washington State experienced consecutive months of improvements to their unemployment rates. However, both the Seattle-Tacoma CSA and Washington State experienced an increase in preliminary unemployment rates in December 2020, which are greater than the national average by 0.6% and 0.7%, respectively. This increase was partially due to second wave spikes in COVID-19 cases during the end-of-year holiday season and certain industries such as restaurants, bars, leisure, and hospitality struggling amid limitations from cold weather and government restrictions.

Figure 9

DECEMBER 2019 – DECEMBER 2020 UNEMPLOYMENT RATES

Seattle-Tacoma CSA, State of Washington, and United States



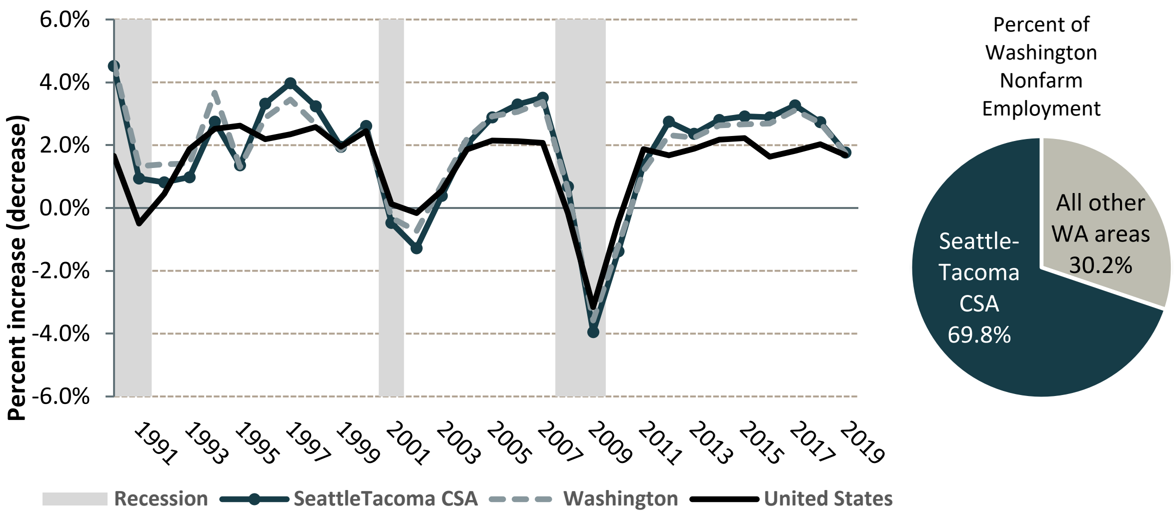
Note: Unemployment data for December 2019 to December 2020 is not seasonally adjusted.
Sources: United States Department of Labor, Bureau of Labor Statistics; California Employment Development Department, Labor Market Information Division; March 2021.

Nonagricultural Employment. As shown on the following table and in Figure 10, the annual rate of change for nonagricultural employment in the Seattle-Tacoma CSA has historically been comparable to or higher than the nonagricultural employment rates of change in Washington and the United States.

	Nonagricultural civilian employment (in millions)		
	Seattle-Tacoma CSA	Washington	United States
1990	1.9	2.8	135.2
2000	2.4	3.4	162.3
2010	2.5	3.7	170.3
2019	3.2	4.6	201.5
	Average annual percent increase (decrease)		
1990-2000	2.2%	2.2%	1.8%
2000-2010	0.5%	0.7%	0.5%
2010-2019	2.5%	2.4%	1.9%

From 2000 to 2010, nonagricultural employment in the Seattle-Tacoma CSA increased from 2.4 million to 2.5 million, resulting in an average annual increase of 0.5% per year, primarily due to the negative impact on employment during the 2008/2009 financial crisis. From 2010 to 2019 (the latest available data), nonagricultural employment in the Seattle-Tacoma CSA increased from 2.5 million to 3.2 million, resulting in an average annual increase of 2.5% per year, which is more than 0.5% higher than the average rate of growth of the United States over the same period.

Figure 10
NONAGRICULTURAL EMPLOYMENT ANNUAL RATES OF CHANGE
Seattle-Tacoma CSA, State of Washington, and United States

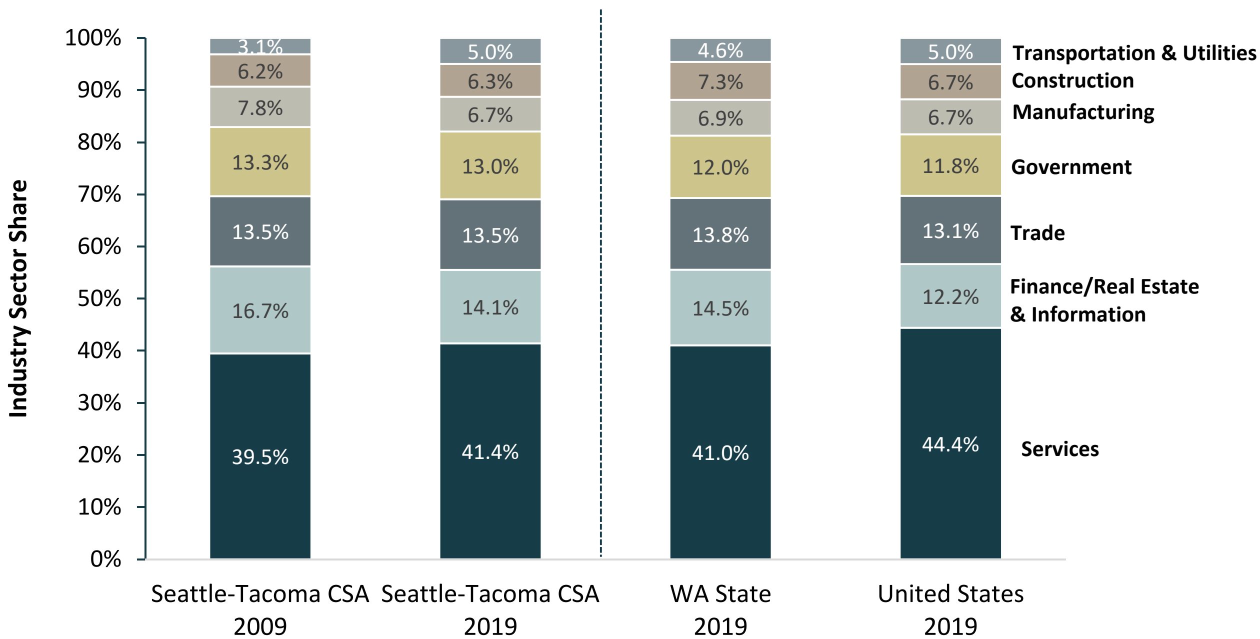


Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: Woods & Poole Economics, Inc., May 2020.

Figure 11 shows the comparative distribution of nonagricultural employment by industry sector in the Seattle-Tacoma CSA in 2009 and 2019, and in Washington and the United States in 2019. Employment in services (41.4%), which includes health, education, professional, business, and other services, government (14.1%) and trade (13.5%), which includes both wholesale and retail, accounted for a combined 69.0% of total nonagricultural employment in the Seattle-Tacoma CSA in 2019.

While recent COVID-19 lockdowns and the implementation of social distancing policies have had a negative effect on a number of industry sectors, employment in local government and professional and business services has been more resilient because many jobs in these sectors require tasks that can be performed remotely, and many workers have access to wi-fi and internet connections that allow them to work from home.

Figure 11
COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Seattle-Tacoma CSA, State of Washington, and United States



Notes: Construction employment includes mining and forestry. Services employment includes administrative, waste services, education, healthcare, food, and arts/entertainment. Totals may not add to 100% because of rounding.
Source: Woods & Poole Economics, Inc., May 2020.

Major Employers. Table 5 lists the 25 largest private employers in the State of Washington in 2019 (the latest available data). The table reflects the diversity of the companies and industries in the area. These 25 companies employ more than 500,000 people in Washington state and approximately 4.9 million people globally[17]. The Seattle-Tacoma CSA is the location of headquarters for eleven Fortune 500 firms[18]. These companies operate globally, and their activities extend to a network of approximately 860 national and overseas office locations.[19]

The Boeing Co., which anchors the area's aerospace cluster, is the largest employer in the Seattle-Tacoma CSA, as well as one of the largest exporters in the United States. In recent years Boeing has diversified its manufacturing locations to other areas of the country. However, Washington State remains the largest home of Boeing employees (40% of total Boeing employees in the United States, as of January 2021)[20], the next closest state is Missouri with

[17] "Largest Employers", *Puget Sound Business Journal*, July 30, 2020.
[18] Fortune 500, www.fortune.com, accessed March 2021.
[19] Craft.co. Enterprise Solutions, accessed March 2021.
[20] http://www.boeing.com/company/general-info/

11%. Other major employers that are known worldwide include industry leaders Amazon.com, Inc., Microsoft Corp., and Starbucks Corporation, among others[21]. Since 2019, Amazon.com, Inc. has continued to grow its presence in the Seattle-Tacoma CSA and as of January 2021, has more than 75,000 employees in the State of Washington. The United States military is also a major employer in the Seattle-Tacoma CSA – Joint Base Lewis-McChord was the area's fourth largest employer in 2019.

As shown previously in Figure 9, the unemployment rate in the Seattle-Tacoma CSA increased substantially in April 2020 because of COVID-19 and the economic shutdown that occurred in the Seattle-Tacoma CSA and across the United States. Although 2020 local employment data are not yet available for all companies listed in Table 5, it is likely that the current number of local jobs at some of the Top 25 employers in the State of Washington is lower than indicated by data in Table 5.

Table 5
25 LARGEST EMPLOYERS IN 2019
State of Washington

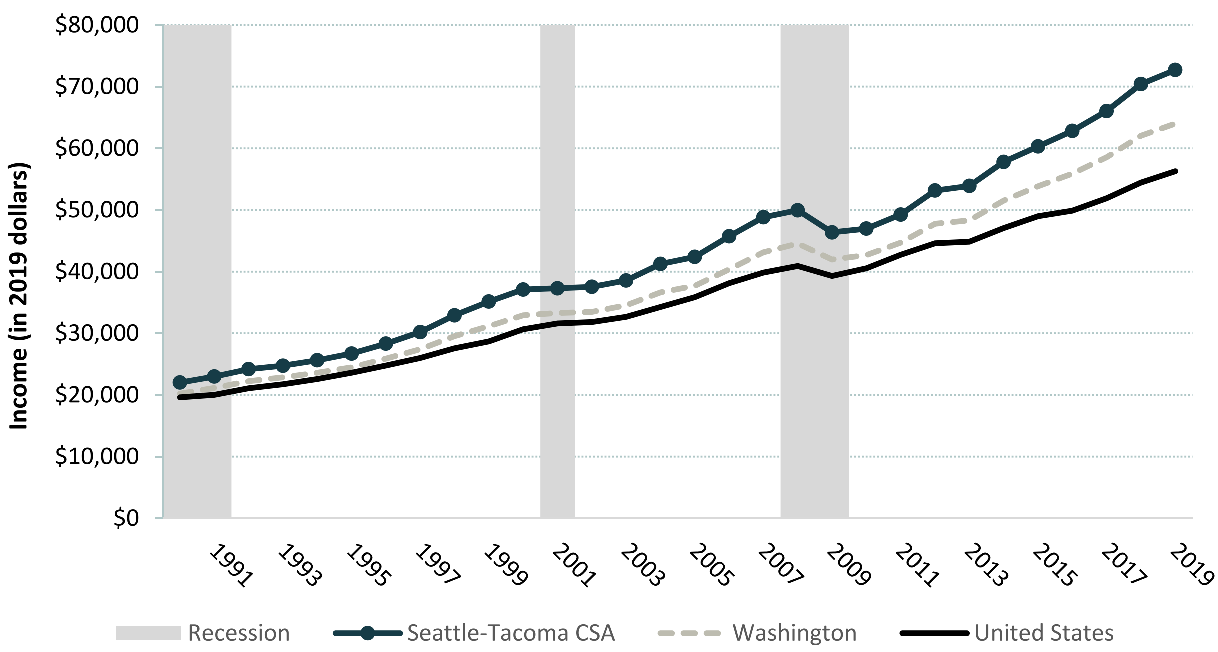
Rank	Company	Industry	Local Employees
1	The Boeing Co.	Aviation & Aerospace	71,800
2	Amazon.com (a)	Internet	60,000
3	Microsoft Corp. (a)	Computer Software	55,100
4	Joint Base Lewis-McChord	Military	54,000
5	University of Washington	Higher Education	46,800
6	Providence Health & Services	Hospital & Health Care	31,400
7	Walmart Inc.	Retail	19,400
8	Costco Wholesale Corp. (a)	Retail	18,000
9	MultiCare Health System	Hospital & Health Care	17,200
10	Fred Meyer Stores	Retail	16,200
11	King County Government	Government	15,900
12	City of Seattle	Government	15,700
13	Starbucks Coffee Co. (a)	Retail	14,000
14	CHI Franciscan Health	Hospital & Health Care	12,500
15	Seattle Public Schools	Education Management	11,900
16	Kaiser Permanente	Hospital & Health Care	10,000
17	Alaska Air Group Inc. (a)	Airlines/Aviation	9,600
18	Nordstrom Inc. (a)	Retail	9,200
19	Virginia Mason Health System	Hospital & Health Care	9,100
20	Washington State University	Higher Education	8,200
21	T-Mobile US Inc.	Telecommunications	7,900
22	Google Inc.	Internet	5,400
23	Tacoma Public Schools	Education Management	5,200
24	Comcast NBCUniversal	Telecommunications	4,600
25	Expedia Group (a)	Internet	4,400

(a) Companies with headquarters in the Seattle-Tacoma CSA that have a Fortune 500 company ranking (in 2020).
Source: "Largest Employers", *Puget Sound Business Journal*, July 30, 2020.

[21] *GeekWire*, January 1, 2021.

Per Capita Personal Income. Historically, per capita personal income (in 2019 dollars) has been consistently higher in the Seattle-Tacoma CSA than in the State of Washington and the nation, as shown on Figure 12. Real wage and salary income decreased in the Seattle-Tacoma CSA during the 2008-2009 recession, falling 7.2% between 2008 and 2009, greater than the state and the United States decline of 5.8% and 4.0%, respectively. In contrast, population in the Seattle-Tacoma CSA increased nearly 1.6% per year during the same period. Decreasing wages and salary income and increasing population contributed to the decline in per capita personal income growth in the Seattle-Tacoma CSA between 2008 and 2009. Average per capita income in the Seattle-Tacoma CSA in 2019 exceeded that of the State and the nation by 13.6% and 29.2%, respectively. Growth in passenger traffic at the Airport and the propensity to travel in a region are closely related to per capita personal income levels, as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel and (2) income growth translates into disposable income, which reflects the potential for growth in the number of trips per person.

Figure 12
PER CAPITA PERSONAL INCOME (IN 2019 DOLLARS)
Seattle-Tacoma CSA, State of Washington, and United States



Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: Woods & Poole Economics, Inc., May 2020.

Household Income above $100,000. The percentage of households with annual income of $100,000 or more is an indicator of potential demand for air travel. Table 6 shows that in 2019, the Seattle-Tacoma CSA ranked 10th in the United States with more than 850,000 households with annual income above $100,000. In terms of percentage of households with annual income of $100,000 or more, the Seattle-Tacoma CSA ranks third in the United States with 44.7%. According to Consumer Expenditure Survey data from the United States Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of $100,000 or more.[22]

Table 6
2019 HOUSEHOLDS WITH INCOME OF $100,000 AND ABOVE
BY METROPOLITAN REGION

Rank	Combined Statistical Area	Households with Income of $100,000 and Above	Percent of Households in the CSA with Income of $100,000 and Above	Rank of Percent of Households with Income of $100,000 and Above
1	New York-Newark CSA	3,554,900	42.6%	5
2	Los Angeles-Long Beach CSA	2,300,000	38.2%	8
3	Washington-Baltimore-Arlington CSA	1,724,000	48.0%	2
4	San Jose-San Francisco-Oakland CSA	1,722,100	51.3%	1
5	Boston-Worcester-Providence CSA	1,372,300	43.0%	4
6	Chicago-Naperville CSA	1,366,700	37.1%	9
7	Philadelphia-Reading-Camden CSA	986,500	36.0%	10
8	Dallas-Ft. Worth CSA	963,900	34.3%	12
9	Houston-The Woodlands CSA	852,700	34.1%	13
10	**Seattle-Tacoma CSA**	**850,600**	**44.7%**	**3**
11	Atlanta-Athens CSA	830,400	33.4%	14
12	Miami-Port St. Lucie-Ft. Lauderdale CSA	700,300	28.4%	17
13	Detroit-Warren-Ann Arbor CSA	624,400	29.3%	16
14	Minneapolis-St. Paul CSA	618,800	40.1%	7
15	Denver-Aurora CSA	591,700	42.4%	6

Source: United States Census Bureau, accessed March 2021.

Gross Regional Economy. As of December 31, 2019, the Seattle-Tacoma CSA economy ranked tenth among United States metro areas with a gross regional product of more than $470 billion. The New York-Newark CSA had the largest gross regional product at the end of 2019 at $2.1 trillion, and the Los Angeles-Long Beach CSA had the second largest amount of gross regional product at $1.3 trillion.[23] In the Seattle-Tacoma CSA, the largest contributors to

[22] Source: Who's Buying for Travel 12th edition, New Strategist Publications, 2018. Data in Who's Buying for Travel are based on the United States Department of Labor, Bureau of Labor Statistics' "Consumer Expenditure Survey," an ongoing nationwide survey of household spending.
[23] Source: United States Bureau of Economic Analysis.

its gross regional product in 2019 were the manufacturing and information industries, totaling $132.5 billion, or 28.2%.

Seattle Visitor Activity

Prior to 2020, Seattle had seen ten consecutive years of visitor volume growth, reaching 41.9 million total visitors in 2019. Table 7 summarizes visitor data for Seattle in 2018 and 2019 (the latest detailed data available), as published by the Visit Seattle organization, which serves as the official destination marketing organization for Seattle and King County.

In 2019, there were a record 41.9 million visitors to Seattle, approximately 1 million more visitors than the previous record of 40.9 million in 2018, a 2.4% annual increase. Approximately 52% of total visitors were overnight visitors in both 2018 and 2019, growing from 21.2 million in 2018 to 21.9 million the following year. Table 7 breaks down the key overseas visitor markets to Seattle in 2019.

The greater Seattle area offers both leisure and business travelers numerous entertainment attractions, cultural institutions, shopping districts, dining selections, recreational options, professional sporting events, and scenic parks and vistas. Attractions in the greater Seattle area include the Space Needle, Pike Place Market, Seattle Art Museum, Pacific Science Center, Starbucks Reserve Roastery & Tasting Room, Seattle Aquarium, The Future of Flight Aviation Center & Boeing Tour, and T-Mobile Park and Lumen Field. As a result of COVID-19, many of these attractions are closed or are open with lower capacity and modified schedules.

Convention Business. Prior to 2020, many business travelers visited Seattle to attend conventions and other events, and the city continued to build new hotels and expand the event office spaces at the Washington State Convention Center (WSCC).[24] In 2018, seven new hotels opened throughout downtown, including the Hyatt Regency, which became the largest hotel in the Northwest. These hotels provided an additional 2,248 hotel rooms, increasing the downtown inventory by 19% versus the previous year.

The WSCC is located in Downtown Seattle between Central Business District and First Hill. Prior to the COVID-19 pandemic, the WSCC hosted an average of 335 events annually welcoming over 397,000 attendees from around the globe, ranging from industry conferences to the Emerald City Comic Con.[25]

[24] Source: Seattle Business "Thriving Seattle Convention Business Shows No Signs of Slowing", https://www.seattlebusinessmag.com/economy/thriving-seattle-convention-business-shows-no-signs-slowing/, accessed March 2021.
[25] Source: Cvent Supplier Network, https://www.cvent.com/meeting-event-planning/usa/wa/seattle/events-and-meetings/, accessed March 2021.

Table 7
2018 AND 2019 VISITOR ACTIVITY
Seattle/King County

	2018	Percent of total	2019	Percent of total	Percent increase/ (decrease) 2018-2019
Total Visitors by Overnight and Day Visits					
Overnight visitors	21,200,000	51.8%	21,900,000	52.3%	3.3%
Day visitors	19,700,000	48.2	20,000,000	47.7	1.5
Total visitors	40,900,000	100.0%	41,900,000	100.0%	2.4%
Total Visitors by Domestic or International Origin					
Domestic	38,400,000	94.0%	39,400,000	94.1%	2.6%
International	2,460,000	6.0	2,475,000	5.9	0.6
Total visitors	40,900,000	100.0%	41,900,000	100.0%	2.4%
International Visitors by Major Market					
Canada and Mexico	1,737,000	70.6%	1,763,000	71.2%	1.5%
China (excludes Hong Kong)	185,100	7.5	165,700	6.7	(10.5)
South Korea	74,000	3.0	76,400	3.1	3.2
United Kingdom (a)	81,600	3.3	75,500	3.0	(7.5)
Japan	48,000	2.0	53,200	2.1	10.8
India	46,700	1.9	48,700	2.0	4.3
Germany	46,600	1.9	47,200	1.9	1.3
Australia	37,200	1.5	36,800	1.5	(1.1)
Taiwan	21,700	0.9	23,200	0.9	6.9
France	20,600	0.8	21,200	0.9	2.9
Other overseas	161,900	6.6	164,600	6.6	1.7
Total International Visitors	**2,460,000**	**100.0%**	**2,475,000**	**100.0%**	**0.6%**

Note: Columns may not add to totals shown because of rounding.
(a) Includes England, Wales, Scotland, and Northern Ireland.
Source: Visit Seattle, in conjunction with Tourism Economics, "International Visitation to Seattle" exhibit (revised August 18, 2020), accessed March 2021.

Due to the COVID-19 pandemic, large public gatherings in Seattle/King County were suspended beginning in March 2020 by the State. By July 2020, the WSCC announced its commitment to achieve the Global Biorisk Advisory Council (GBAC) STAR accreditation on outbreak prevention, response, and recovery.[26] The introduction of GBAC STAR provides the gold standard of safe venues ensuring the implementation of rigorous protocols in response to biorisk situations when Seattle enters a post-COVID environment.

At the beginning of 2020, prior to COVID-19, construction of "The Summit" commenced – a $1.9 billion expansion to the WSCC that will include 570,290 square feet of space. The Summit

[26] Source: WSCC, 14 July 2020, https://wscc.com/wsccs-statement-regarding-covid-19-and-temporary-building-closure/, accessed March 2021.

will feature a new 255,000 square feet exhibition hall, 60,000 square feet ballroom, over 60 new meeting rooms for a collective 125,000 square feet, and retail spaces plus residential apartments. These new areas will support a wide variety of uses and event types, and the building is scheduled to be complete in June 2022.[27] The project was expected to generate $260 million annually in visitor spending and 3,900 direct and indirect jobs.[28] The expanded WSCC was also expected to attract approximately 400,000 new conventioneers to the city in the future.

International Travel. In 2019, Seattle/King County attracted more than 2.5 million international visitors. China was home to the largest number of overseas visitors (165,700) from a single country. On a regional basis, visitors from China, South Korea, and Japan have consistently generated most visitors from the Asia-Pacific region that visit Seattle, while the United Kingdom and Germany top the European inbound visitor segment. According to airline schedule data, at the Airport, new nonstop international air service has and will continue to contribute to the growing demand from overseas, along with emerging markets such as India that is largely fueled by business travel and visiting friends and/or relatives. Below is a list of new overseas routes from the Airport that were started from January 2018 to March 2021.

- *Aer Lingus (May 2018):* to Dublin, Ireland
- *Delta Air Lines (Apr 2019):* to Osaka, Japan (previously served through Nov 2013)
- *Singapore Airlines (Sep 2019):* to Singapore
- *Philippine Airlines (May 2020):* to Manila, Philippines
- *Qatar Airways (Jan 2021):* to Doha, Qatar
- *American Airlines (Oct 2021):* to Bangalore, India

In 2019, the airlines provided direct service on 42 routes to approximately 27 international destinations from the Airport. During 2020 many international passenger routes were significantly reduced as governmental restrictions in reaction to COVID-19 prevented the free movement of passengers. As of April 2021, the Airport had direct service on 24 routes to 15 international destinations (57% of the 2019 number). The Port expects that as the recovery from COVID-19 continues the number of international services and passengers from the Airport will also increase. The importance of Seattle as an international destination is demonstrated by the addition of Qatar Airways flight to Doha (January 2021) and American Airlines flight to Bangalore (expected October 2021) even as the recovery from COVID-19 is beginning.

[27] Source: Puget Sound Business Journal, 27 January 2021, https://www.bizjournals.com/seattle/news/2021/01/27/wscc-financing-path-forward.html/, accessed March 2021.
[28] Source: Building Design+Construction, 20 January 2020, https://www.bdcnetwork.com/construction-begins-18-billion-addition-washington-state-convention-center/, accessed March 2021.

The Seattle-Tacoma CSA's international links are further underscored by the fact that, according to the United States Census Bureau, 17.3% of the population is foreign born compared with 13.6% of the United States population as a whole.[29]

As of the date of this 2021 Letter Report, the United States government and other foreign governments have implemented travel restrictions in an effort to limit the continued spread of COVID-19 and the new variants that have recently began to emerge. A number of countries, including China, Canada, Japan, South Korea, and the United Kingdom, among others, require a 14-day quarantine or self-isolation period upon entry and/or a negative COVID-19 test done 72 hours prior to arrival. Effective January 26, 2021, the United States CDC requires all air passengers entering the United States to present a negative COVID-19 test, taken within three calendar days of departure or proof of recovery from the virus within the last 90 days. In addition, on April 19, 2021 the CDC warned United States citizens against traveling to 80% of the world due to COVID-19 concerns. Other countries require a negative COVID-19 test for entry, have temporarily limited travel to and from specific regions, or have restricted travel to essential travel only.

[29] Source: 2019 American Community Survey 1-Year Estimates, United States Census Bureau, Place of Birth by Nativity and Citizenship Status, https://data.census.gov/cedsci/table?q=Place%20of%20Birth%20by%20Nativity%20and%20 Citizenship%20Status&tid=ACSDT1Y2019.B05002&hidePreview=false, accessed March 2021.

SECTION 2

AIRPORT 2021-2026 CAPITAL IMPROVEMENT PLAN AND FUNDING SOURCES

AIRPORT 2021-2026 CAPITAL IMPROVEMENT PLAN AND FUNDING SOURCES

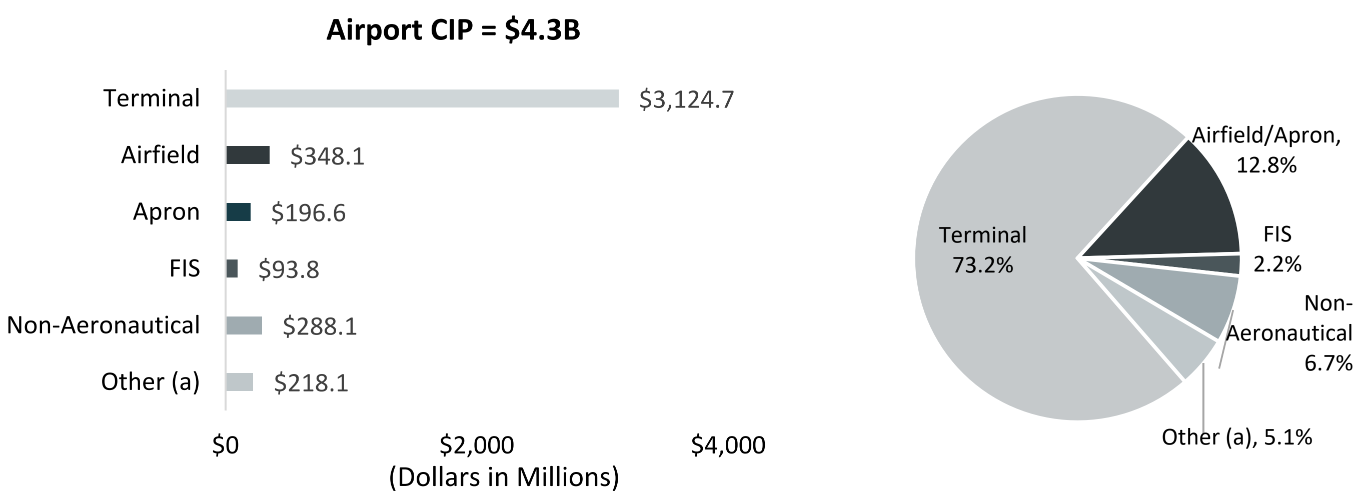
The Port develops a comprehensive CIP to invest in the acquisition, development, and maintenance of long-term assets to meet the waterborne and other transportation needs of the region and to serve its customers. The Port's Combined CIP and the estimated cost of the program is based in part on the existing and anticipated business environment, forecast demand for Port facilities, available resources, the priorities of the Port, the Port's capital contributions to the Seaport Alliance, and increases in costs due to inflation, the latter of which is important given recent and projected growth in the greater Seattle area economy. The Port endeavors to develop reasonable cost estimates for its projects. However, actual costs may be higher or lower than the amounts included in the Port's Combined CIP.

The Port's Combined CIP includes the $4.3 billion Airport CIP and the $613 million Other Port Businesses and NWSA 2021-2026 CIP (the Other Port Businesses and NWSA[30] CIP). The focus of this Section 2 is the Airport CIP. Figures 13 and 14 below and Exhibit A at the end of this Section 2 summarizes the Airport CIP.

AIRPORT CIP

Figure 13 below reflects the estimated cost of the Airport CIP by area.

Figure 13
AIRPORT 2021-2026 CAPITAL IMPROVEMENT PLAN BY AREA
Seattle-Tacoma International Airport



Note: Pie chart may not total 100% because of rounding.
(a) Includes administration, roadway, fire safety, and wastewater improvements.
Source: Port of Seattle.

[30] Includes only the Port's 50% share of the NWSA CIP.

The discussion that follows provides an overview of the $4.3 billion Airport CIP, which represents 87% of the overall estimated cost of the Port's CIP. The Airport CIP projects are categorized as follows:

- **Projects Funded with Series 2021ABCD Intermediate Lien Bond Proceeds**. Airport CIP projects to be funded in part with the net proceeds of the proposed Series 2021ABCD Intermediate Lien Bonds.

- **Other Airport CIP Projects**. Airport CIP projects that are not funded with the net proceeds of the proposed Series 2021ABCD Intermediate Lien Bonds.

Projects Funded with Series 2021ABCD Intermediate Lien Bond Proceeds

Projects expected to be funded with the net proceeds from the sale of the proposed Series 2021AB Subordinate Bonds include:

- **Baggage Handling System Optimization.** This project includes a new centralized baggage handling system that is to replace six aging individual baggage screening conveyor systems at the Airport. The new system would increase screening capacity and would allow bags to be checked in from any ticket counter and be conveyed to any bag makeup device. Additional benefits would include increased reliability, redundancy, and security. The new system has been designed to accommodate 30 million annual enplaned passengers at the Airport. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $634.1 million; approximately $156.3 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **North Satellite Modernization**. This project includes renovation of the existing North Satellite building and baggage system, expansion of the North Satellite building, apron improvements, renovation of the Concourse C Satellite transit station, and relocation of certain taxiways to accommodate new aircraft positions. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $121.9 million; approximately $58.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Airfield Pavement and Support Infrastructure**. This project includes continuation of the on-going airfield pavement and joint seal replacement program at the Airport. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $155.4 million; approximately $58.3 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **International Arrivals Facility**. This project includes a new, expanded International Arrivals Facility (the IAF) to accommodate regional demand for international service and enhance the passenger experience. The IAF is to include a multi-level 404,000 square foot building, and a 35,000 square foot sterile pedestrian walkway connecting to the South Satellite. Project costs included in the Airport CIP for this project are estimated by

the Port to be approximately $89.4 million; approximately $49.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.

- **C1 Building Expansion**. The C1 Building Expansion project will construct four additional floors of approximately 27,000 square feet each, on top of the existing C1 Building, located between Concourses C and D. It will also redevelop the existing concourse level footprint to provide additional concessions, services, and amenities to the travelling public. The cost included in the Airport CIP for this project is estimated by the Port to be $293.0 million; approximately $21.2 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Airport Utilities Improvements**. These improvements include utilities upgrades and ground support equipment electrical charging stations. Costs included in the Airport CIP for these improvements are estimated by the Port to be approximately $197.9 million; approximately $64.1 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Passenger Checkpoint Relocation**. This project includes the creation of a security screening checkpoint at Baggage Claim Level where Claim Device 1 is currently located. This area provides approximately 15,000 sq. ft. of space for queuing, document checking and lanes. Project costs included in the Airport CIP for this project are estimated by the Port to be approximately $36.4 million; approximately $25.8 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.
- **Other Projects**. Other projects include public parking improvements, passenger loading bridge replacements, terminal restroom improvements, an employee services center, remote aircraft deicing improvements, roadway improvements, and various other improvements. Project costs included in the Airport CIP for the Other Projects are estimated by the Port to be approximately $793 million; approximately $129.4 million of these costs would be funded with net proceeds from the sale of the proposed Series 2021ABCD Intermediate Lien Bonds.

Other Airport CIP Projects

Other Airport CIP projects are estimated to cost approximately $2.0 billion, and include:

- Approximately $1.4 billion of Terminal projects.
- Approximately $365 million of Airfield and Apron projects.
- Approximately $300 million of nonairline and other projects.

Sustainable Airport Master Plan

The Aviation Division of the Port is in the process of finalizing the SAMP, a master plan that presents future infrastructure improvements to accommodate the long-term growth in enplaned passengers, maintain and enhance the Airport's place as a premier international airport, and fulfill its mission as an economic engine for the greater Seattle area. The SAMP will provide a long-term blueprint for the future development of the Airport over the next 20 years and may include a new terminal, an automated people mover, and other significant projects and investments.

The SAMP is based on development in two phases with the planning for the first phase substantially complete. The first phase is expected to cost approximately $4-$5 billion. The Port estimates that the first phase will begin construction in 2023. As part of executing the Airline Agreement, the airlines approved up to $300 million for SAMP preliminary project planning and design spending for gate capacity expansion projects on the north side of the Airport. The Airport CIP includes approximately $287 million (of the approved $300 million) of SAMP preliminary project planning and design through the Projection Period but does not include potential first phase construction projects**.**

The Port is considering first phase SAMP construction projects (referred to as SAMP Phase 1 Projects) at the Airport that are not included in the Airport CIP and is expected to incur costs related to the SAMP Phase 1 Projects during the Projection Period. While these projects have proceeded through various stages of definition, each project remains subject to certain changes that may be identified in the environmental permitting and preliminary design process. Funding sources for the SAMP Phase 1 Projects are currently being developed and will likely change as the SAMP Phase 1 Projects are finalized. Several different approvals, including approval by the Port Commission, are required prior to the Port proceeding with the SAMP Phase 1 Projects. SAMP Phase 1 Project scopes, costs and funding plans remain subject to substantial revision.

According to the Port, and prior to the date when the SAMP Phase 1 Projects become part of the Airport CIP, the cost to implement these projects will continue to be refined as better information becomes available related to construction costs, inflation, project scope, project phasing, or assumed method of project delivery.

It is possible that the following changes in the future financial results of the Airport could occur if and when the SAMP Phase 1 Projects are ready and available for their intended use:

- Airport operating revenues may increase as a result of new revenue from one or more SAMP Phase 1 Projects.
- Airport operating expenses may increase as a result of additional expenses associated with certain SAMP Phase 1 Projects.
- Debt Service paid from Airport operating revenues may increase as a result of additional annual Debt Service[31] that the Port may issue in the future to fund a portion of the SAMP Phase 1 Projects.

The Port expects that the specific funding sources for the SAMP Phase 1 Projects will be determined when the final scopes of each project element are known.

[31] These bonds would be in addition to the Future Bonds assumed in this 2021 Letter Report.

Project Approvals

Certain projects in the Airport CIP are subject to Majority-In-Interest (MII) disapproval of the airlines under the Airline Agreement. Where applicable, Signatory Airline disagreement with any project subject to MII approval can delay a project between 6-and 12-months, but not prevent the Port from proceeding with the same project and including in the annual calculation of airline rates and charges at the Airport the Debt Service, amortization, or operating expenses associated with the completed project.

Under the current Airline Agreement or previous agreements, the Signatory Airlines approved approximately $3.0 billion of Airport capital projects. Approximately $953 million of the approved projects are included in the Airport CIP.

The Port has included operating expenses, Debt Service, and amortization charges in forecast airline rates and charges for each phase of a project in the Airport CIP that is ready and available for its intended use.

FUNDING THE AIRPORT CIP

The Port finances Airport capital projects with a combination of revenue bonds, including the Series 2021ABCD Intermediate Lien Bonds, and various other sources of funding.

The Port expects to fund the Airport CIP using the funding sources shown in Figure 14 below and in Exhibit A at the end of this Section 2 of this 2021 Letter Report. Expected funding sources are based on the 5-year recovery period Case 1. The discussion of funding sources below is organized from largest to smallest major funding source, after first describing the proposed Series 2021ABCD Intermediate Lien Bond proceeds, future revenue bond proceeds, and existing revenue bond proceeds.

To the extent that the Port does not receive the funding reflected below, the Port would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional revenue bonds, or (3) use additional Port funds.

Port Revenue Bonds

The Port issues revenue bonds on different liens to fund certain Airport capital projects. The Port currently has outstanding First Lien Bonds, Intermediate Lien Parity Bonds, and Subordinate Lien Parity Bonds, which include Commercial Paper Notes. The proposed Series 2021ABCD Bonds are being issued pursuant to the provisions of the Intermediate Lien Master Resolution and related series resolutions.

The proceeds of the Series 2021ABCD Intermediate Lien Bonds, Future Revenue Bonds, and existing Revenue Bonds are expected to fund $3.6 billion or 83.3% of the Airport CIP costs.

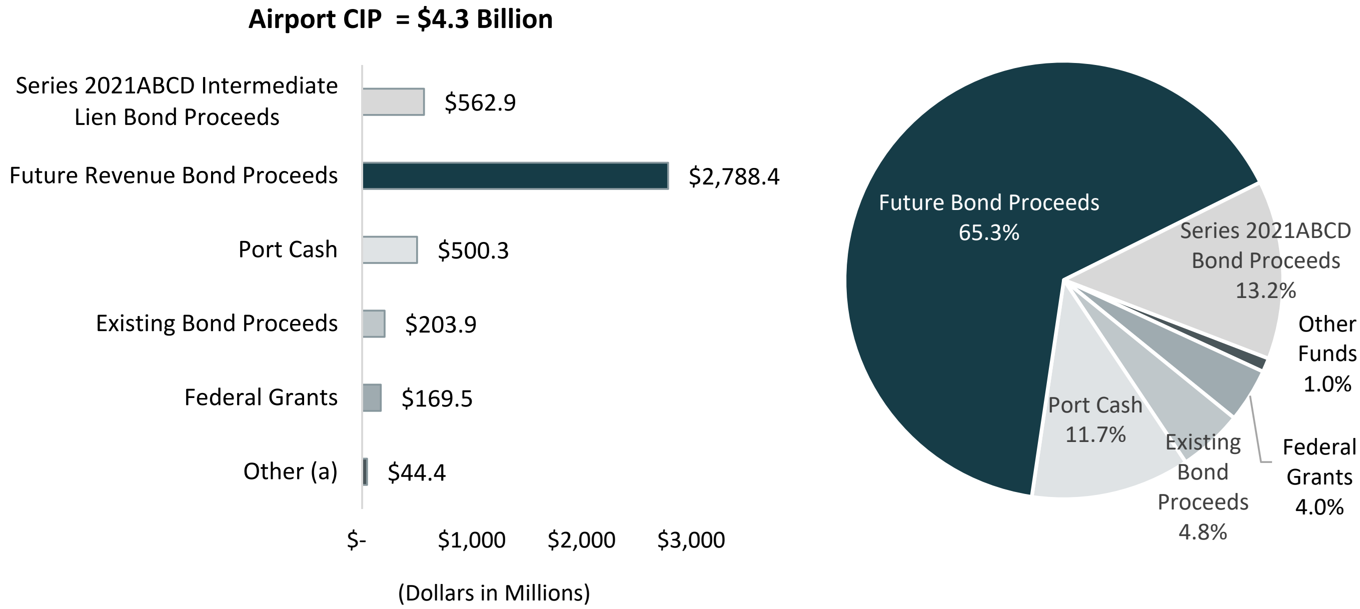
Proposed Series 2021ABCD Intermediate Lien Bond Proceeds. The proposed Series 2021ABCD Intermediate Lien Bonds are to be issued to (1) fund approximately $562.9 million of Airport CIP costs, (2) pay capitalized interest on the proposed Series 2021ABCD Intermediate

Lien Bonds, (3) fund a deposit to satisfy the Intermediate Lien Reserve Requirement with respect to the proposed Series 2021ABCD Intermediate Lien Bonds, and (4) pay the costs of issuance for the proposed Series 2021ABCD Intermediate Lien Bonds.

Figure 14

FUNDING THE AIRPORT 2021-2026 CAPITAL IMPROVEMENT PLAN

Seattle-Tacoma International Airport



Note: Funding sources based on the 5-year recovery period Case 1 (reaching 2019 enplaned passengers in 2025).
(a) Includes pay-as-you-go PFC revenues, pay-as-you-go CFC revenues, and tax levy funds.
Source: Port of Seattle.

Future Revenue Bond Proceeds. Approximately $2.8 billion of Future Revenue Bond proceeds are expected to be used to fund a portion of Airport CIP project costs. Future Revenue Bonds issued to fund projects in the Airport CIP are expected to include a combination of Intermediate Lien Revenue Bonds and Subordinate Lien Revenue Bonds.

The proceeds of Future Revenue Bonds are expected to be used to (1) pay certain Airport CIP costs, (2) pay capitalized interest, (3) fund deposits to satisfy the Debt Service reserve fund requirements with respect to Future Revenue Bonds, and (4) pay costs of issuance.

There is no assurance that the Port will issue the Future Revenue Bonds, issue the Future Revenue Bonds on the liens assumed in the financial projections, or complete the Airport CIP projects.

Existing Revenue Bond Proceeds. Approximately $203.9 million of existing Revenue Bond proceeds are expected to fund a portion of Airport CIP project costs.

Port Cash

The Port expects to use approximately $500.3 million, or 11.7% of Airport CIP costs, of internally generated cash derived from Airport operations to fund certain costs of the Port CIP projects.

Federal Grants (Excluding Coronavirus Relief Grants)

The Port receives varying amounts of Federal Aviation Administration (FAA) grants-in-aid under the federal Airport Improvement Program (AIP) for the costs of eligible projects. In addition to AIP grants, the Port expects to receive funding from the TSA.

The Port expects to receive approximately $169.5 million in federal grants which is expected to fund approximately 4.0% of the Airport CIP project costs.

AIP grants and TSA grants received by the Port for capital projects are not defined as Gross Revenue under the First Lien Master Resolution, the Intermediate Lien Master Resolution, or the Subordinate Lien Bond Resolution and do not secure the payment of any of the Port's First Lien Parity Bonds, Intermediate Lien Parity Bonds, or Subordinate Lien Parity Bonds.

Other Funds

Other funds include $24.6 million of pay-as-you-go CFC revenues, $16.4 million of pay-as-you-go PFC revenues, and $3.5 million of Tax Levy funds. Other funds are expected to fund approximately 1.0% of the Airport CIP costs.

OTHER PORT BUSINESSES AND NWSA 2021-2026 CIP

The Other Port Businesses and NWSA CIP is estimated to cost $613 million. The Other Port Businesses and NWSA CIP includes projects associated with the Port's Maritime Division, Economic Development Division, Central Services, Stormwater Utility, and the Port's 50% share of NWSA capital improvement costs.

The Port expects to fund the Other Port Businesses and NWSA CIP with federal grants, Tax Levy funds, Port cash, Future Revenue Bonds, and future general obligation bonds.

The costs and funding sources for the Other Port Businesses and NWSA CIP are not included in Figures 13 or 14 above or Exhibit A at the end of this Section 2 of the 2021 Letter Report.

Exhibit A

2021-2026 AIRPORT CIP -- ESTIMATED PROJECT COSTS AND FUNDING SOURCES

Port of Seattle
(in thousands)

		Estimated Project Cost (a)
ESTIMATED PROJECT COSTS		
Airport CIP Projects funded in part with Series 2021ACD Intermediate Lien Bond proceeds (b)	$	2,295,564
Other Airport CIP Projects		1,973,791
Total Estimated Project Costs	**$**	**4,269,355**
ANTICIPATED FUNDING SOURCES		
Series 2021ACD Intermediate Lien Bond Proceeds (c)	$	562,861
Future Revenue Bond Proceeds		2,788,379
Existing Bond Proceeds		203,935
Port Cash		500,277
PFC Funds		16,369
CFC Funds		24,568
Federal Grants (d)		169,494
Tax Levy		3,472
Total Anticipated Funding Sources	**$**	**4,269,355**

Notes: Columns may not add to totals shown because of rounding.

(a) Includes costs associated with design, construction cost inflation, program management, and contingency.

(b) Airport CIP projects funded in part with the Series 2021ACD Intermediate Lien Bond proceeds include: Baggage Handling System Optimization, North Satellite Modernization, Airfield Pavement and Support Infrastructure, International Arrivals Facility, Terminal Utilities Improvements, Passenger Checkpoint Relocation, C1 Building Floor Expansion, and other Airport projects.

(c) Excludes $22.2 million of project expenditures in 2020 paid with Port cash to be reimbursed with Series 2021ACD Intermediate Lien bond proceeds.

(d) Includes approximately $127.9 million of FAA Airport Improvement Program grants and approximately $41.6 million of TSA grants.

Source: Port of Seattle.

SECTION 3

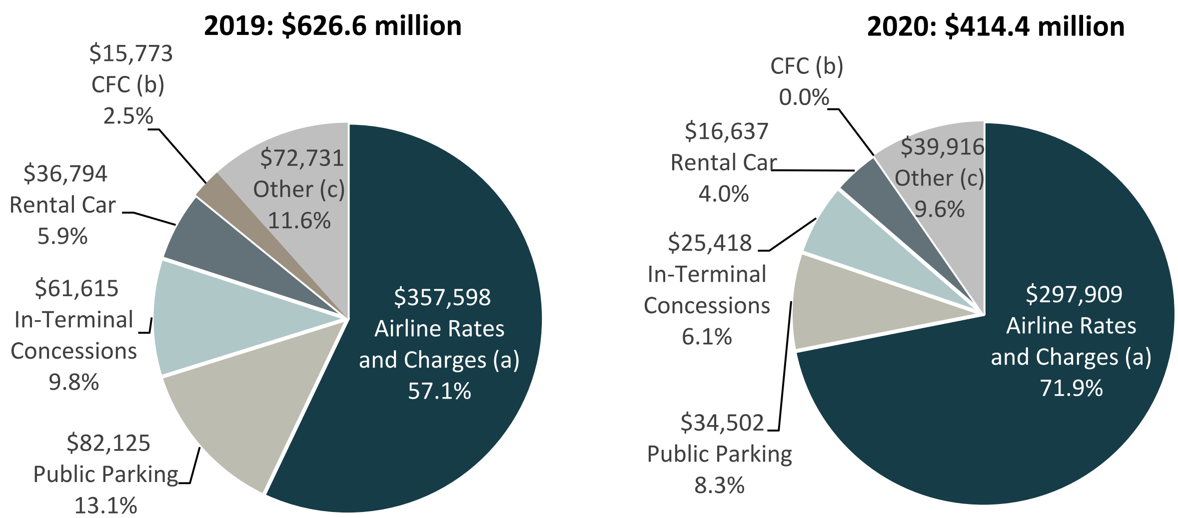
AIRPORT FINANCIAL PERFORMANCE

AIRPORT FINANCIAL PERFORMANCE

AIRPORT OPERATING REVENUES

Figure 15 presents major sources of Airport operating revenues, which were approximately $626.6 million in 2019 and $414.4 million in 2020. The 33.9% decrease in Airport operating revenues from 2019 to 2020 was the result of the significant decrease in airline and other passenger activity related to COVID-19 in 2020 and a reduction in airline revenues as a result of the Port funding certain costs otherwise paid by the airlines with grants as well as reducing costs as result of COVID-19. Enplaned passengers decreased 61.2% from 2019 to 2020.

Figure 15
MAJOR SOURCES OF AIRPORT OPERATING REVENUES IN 2019 AND 2020
Seattle-Tacoma International Airport
(in thousands, except percentages)



Notes: Percentages reflect shares of Airport Operating Revenues. Results may not total 100% because of rounding.
(a) Includes passenger and cargo airline rates and charges, and is after revenue-sharing in 2019 pursuant to the Airline Agreement. See the section below titled "Airline Revenues" for information about revenue-sharing.
(b) Reflects that portion of CFC revenues treated as Operating Revenues in Port financial statements.
(c) Includes ground transportation, other revenues, and amortized lease incentives.
Source: Port of Seattle records.

AIRLINE REVENUES

Overview

Airline revenues (after revenue sharing in 2019, which is explained more fully below) were approximately $357.6 million in 2019 and $297.9 million in 2020 and accounted for 57.1% and 71.9% of total Airport operating revenues, respectively. In general, the contractual arrangements between the Port and the airlines using the Airport, described in more detail below, mean that declines in airline and passenger activity do not materially affect the level of revenues earned from the airlines on a year-to-year basis, mostly because of a provision in the contractual arrangements that allows the Port to reconcile all airline revenues from budget to actual results. As such, the decrease in airline revenues from 2019 to 2020 was primarily due to a reduction in certain costs (e.g., expense reductions, Debt Service and Operating Expenses paid with Coronavirus Relief Grants) by the Port in response to COVID-19 that would have otherwise been paid by the airlines (and not directly due to the decline in passenger activity).

The Port does not bear any cost of vacant Terminal building space in the following areas: gates, ticket counters, baggage make-up areas, and baggage claim areas.

In addition to the cost reductions in 2020 stated above, the Port also implemented an airline rent deferral program which deferred April 2020 and May 2020 airline Terminal rents and landing fees. All deferred amounts have been repaid.

In 2018, the Port entered into an Airline Agreement with various airlines (the Signatory Airlines) that serve the Airport. The Airline Agreement expires on December 31, 2022. As of December 31, 2020, there were 39 Signatory Airlines, representing more than 99.9 % of the enplaned passengers and landed weight at the Airport.

The Airline Agreement provides for, among other things, the use and lease of space at the Airport and the basis for calculating rates and charges paid by the airlines operating at the Airport each year, which is based on a combination of residual and commercial compensatory rate-making methodologies and cost recovery principles. The Airline Agreement also:

- Allows the Port to include a charge, as necessary, in the airline rate base to maintain total Airport Debt Service coverage at no less than 125%.

- Provides for revenue sharing with the Signatory Airlines in 2019 equal to 20% of Airport net revenues (revenue less expenses) in excess of 1.25 times annual Debt Service. The Revenue Available for Sharing in 2019 was distributed among all Air Carriers that were Signatory Airlines during 2018. Revenue sharing was eliminated after 2019 through the remaining term of the Airline Agreement.

- Approved approximately $3.0[32] billion of capital projects at the Airport ($953 million of which is included in the Airport 2021-2026 CIP), which allows the Port to include any of

[32] Includes amount approved under previous airline agreements.

the following costs in airline rates and charges to the extent that the capital project is included in an airline cost center and is available for its intended use: Operating Expenses, Debt Service, and amortization.

- Includes procedures for Signatory Airline review of new projects to the extent that the new projects are not exempt from Signatory Airline review and approval. Certain types of projects are exempt, which include, but are not limited to, State and federal agency required projects, a project of an emergency nature, and projects required to make available additional Terminal space or related facilities under certain conditions.

Signatory Airline review of projects at the Airport includes previously approved project costs where the then-current cost of the project exceeds 110% of project costs that were approved and new projects that were not previously approved or were not exempt. If a Majority-in-Interest (MII) of the Signatory Airlines, which is defined in the Airline Agreement as 55% in number of the Signatory Airlines that also account for more than 55% of the revenues of the cost center affected by the capital costs subject to the MII, disapproves a project, the Port can proceed with the project at any point after 12-months following disapproval by the Signatory Airlines. The Port can include the Operating Expenses, Debt Service, and amortization for the project in airline rates and charges when the project is completed and ready for its intended use.

The amount of revenues from airline rates and charges each year is a function of several factors, including the amount of space leased and the number of preferential gates assigned to the Signatory Airlines to support their aviation activity and operations at the Airport.

Landing Fees are calculated according to a cost-center residual rate-making methodology, under which the net requirements allocable to the Airfield Movement Area are recovered through Landing Fees assessed per 1,000--pound units of airline aircraft landed weight.

Terminal Rental Rates are set to recover the Terminal Building Requirement calculated according to a commercial compensatory rate-making methodology. The Terminal Building Requirement is equal to the annual direct and indirect operating and capital costs of the Port that are allocable to the Terminal Building. The Terminal Building Requirement is multiplied by the ratio of airline rentable space to total rentable space, less any nonsignatory airline premiums paid in Terminal Rents.

The Terminal Building Requirement is distributed to four cost assignment groups: Group A (consisting of gates); Group B (consisting of ticket counters, baggage claim, baggage make-up, publicly-accessible offices, security checkpoint areas and VIP lounges); Group C (consisting of non-publicly-accessible offices); and Group D (consisting of closed storage space). The costs assigned to rented space in each of these four groups have certain relativities pursuant to the Airline Agreement, such as Group A space has a rental rate that is 2 times the rate for Group B space. Additional adjustments are made to each space group such that the Port does not bear any cost of vacant space associated with certain baggage makeup circulation space. However, the Port does bear the cost of vacant office space that is publicly accessible and for airline lounge space.

The Airline Agreement also provides for the annual recalculation of other airline rates and charges, including, but not limited to, an FIS fee for use of international arrival facilities, a gate rate and fee, a baggage claim rate, baggage system fees, and ticket counter rates. The Port does not bear any cost of vacancy in the following areas: gates, ticket counters, baggage make-up areas, and baggage claim areas.

Airline Revenue per Enplaned Passenger

Passenger airline CPE for Terminal Building rents, FIS fees, Landing Fees, and other airline fees (after revenue sharing in 2019) was $12.86 and $26.50 in 2019 and 2020, respectively. Although passenger airline revenues decreased from 2019 to 2020, they increased on a per enplaned passenger basis because of the 61.2% decrease in enplaned passengers as a result of COVID-19.

NONAIRLINE REVENUES

Nonairline revenues, which includes major sources of revenue from public parking, in-terminal concessions, and rental cars, were approximately $269.0 million and $116.5 million in 2019 and 2020, respectively, and accounted for 42.9% and 28.1% of Airport operating revenues, respectively.

Nonairline revenues decreased 56.7% from 2019 to 2020, primarily because of the 61.2% decrease in enplaned passengers related to COVID-19. Certain nonairline revenues (such as space rent for real estate leases) were relatively unaffected by the decrease in enplaned passengers related to COVID-19.

The Port implemented a four-month rent deferral program for nonairline tenants between April 2020 and July 2020. The Port also waived MAG requirements for certain nonairline tenants through the end of 2020 (but non-airline Airport tenants continued to pay percentage rent). In November 2020, the Port deferred four months of rent payments for ADR concessionaires. As of May 27, 2021, the Port has deferred a total of $20.3 million of rent payments from nonairline tenants $4.4 million of which remains outstanding.

Public Parking

The Port received approximately $82.1 million and $34.5 million in public parking revenues in 2019 and 2020 respectively, which accounted for 13.1% and 8.3% of Airport operating revenues, respectively.

Public parking revenues decreased 56.5% from 2019 to 2020 as a result of the 61.2% decline in enplaned passengers related to COVID-19.

The Port operates and manages an eight-floor parking garage adjacent to the Terminal with approximately 13,000 public parking spaces. The Port also provides approximately 1,500 parking spaces in a remote lot operated by a third party. Additional off-Airport parking spaces are owned and operated by entities other than the Port.

The Port establishes and periodically adjusts parking rates in an attempt to maximize public parking revenues. As of the date of this 2021 Letter Report, drive-up parking rates at the Airport range from $5.00 per hour to $39.00 per 24-hour period. The Port has established discounts for pre-booked parking, up to 25% below drive-up daily and weekly parking rates.

In-Terminal Concessions

The Port received approximately $61.6 million and $25.4 million in revenues from in-terminal concessions in 2019 and 2020 respectively, which accounted for 9.8% and 6.1% of Airport operating revenues respectively. Revenues received by the Port for in-terminal concessions revenues decreased 58.8% from 2019 to 2020 as a result of the 61.2% decline in enplaned passengers related to COVID-19.

As discussed previously, the Port implemented certain temporary rent deferral and MAG relief programs in 2020 for in-terminal concessionaires in response to COVID-19.

The Port currently uses a direct leasing model for food and beverage, retail, and duty-free services in the Terminal. Since 2014, as part of a long-term dining and retail redevelopment program at the Airport, the Port awarded new leases for food and beverage and retail services.

Leases with Terminal concessionaires are summarized as follows:

- **Food and Beverage Leases**. The Port has a lease with Host International to operate 10 food and beverage locations in the Terminal, that expires in 2023. Host pays the Port the greater of certain percentages of gross revenue (ranging from 12.0% to 15.0%) or a defined MAG that increases an average of 8.0% each year. The Port has agreements with various other food and beverage concessionaires that expire between 2023 and 2029 and provide the Port a percentage of gross sales ranging from 5.0% to 20.5%.

- **Retail Merchandise Leases**. The Port has two separate agreements with the Hudson Group to operate various different convenience and specialty retail stores at the Airport. The agreements expire in 2022 and 2024. Under the agreements, the Hudson Group pays the Port a certain percentage of gross revenue (ranging from 9.0% to 19.0% depending on tiers of gross revenue and sales category) and the Hudson Group agreed to make certain investment in locations leased.

  The Port also has 8-year leases with various retail service companies (for four different retail locations in the Terminal), expiring between 2022 and 2025, where the companies pay the Port the greater of certain percentages of gross revenue (ranging from 10.0% to 14.0%) or a MAG equal to 85.0% of the prior year payment to the Port.

- **Duty Free Agreement**. The Port currently has an agreement with Dufry North America, LLC, which expired on July 31, 2020 and is currently in holdover, to provide certain duty-free services at the Airport. Under the current agreement, Dufry pays concession fees to the Port of between 28% and 37% of gross receipts.

- **Other Terminal Concessions**. The Port also leases other Terminal concession space and receives payments associated with advertising.

Rental Car Concession Fees and Land Rentals

Rental car revenues include concession fees and space rentals and totaled $36.8 million and $16.6 million in 2019 and 2020, respectively, and accounted for approximately 5.9% and 4.0% of Airport operating revenues, respectively.

Rental car revenues decreased 54.9% from 2019 to 2020 primarily because of the 61.2% decrease in enplaned passengers related to COVID-19.

The Port has facility lease and concession agreements with 8 rental car companies that occupy and use space in the Airport Consolidated Rental Car Center (ConRAC). The Port has agreements with the Avis Budget Group, Inc., which operates the Avis and Budget brands; Dollar Rent A Car; Enterprise Holdings, Inc., which operates the Enterprise, Alamo, and National brands; Fox Rent A Car, Hertz Rent a Car; Payless Car Rental; Sixt rent a car, and Thrifty Car Rental.

The facility lease includes various provisions related to leasing space in the ConRAC, the common transportation system, and operating responsibilities for the facility. The facility lease agreement became effective in May 2012 and has a term of 30 years; provided, however, in the event that any bonds require a longer term, the term will be extended until the earlier of: (1) the date the bonds are repaid or (2) the date the condition requiring a longer term is either satisfied or waived.

The concession agreement includes, among other things, a concession fee payable to the Port equal to 10.0% of rental car gross revenues or the MAG, whichever is greater. Currently, the MAG is defined as 85.0% of the actual concession fee paid to the Port during the previous year or the initial year MAG, whichever is greater.

Customer Facility Charges

Under Revised Code of Washington Section 14.08.120(7) (the CFC Act), the Port is authorized to impose and collect a CFC per rental car transaction day to pay certain authorized costs under the CFC Act, which are mostly related to operating and capital costs associated with the ConRAC and the common use transportation system that transports rental car customers between the Terminal and ConRAC. Under the CFC Act, there is no limit to the CFC rate, and the amount of the CFC is solely determined and adjusted by the Port.

As of January 1, 2021, the Port imposes and collects a CFC of $6.50 per rental car transaction day and uses CFC revenues consistent with permitted uses under the CFC Act. In the financial statements of the Port, annual CFC revenues used to pay Operating Expenses associated with the ConRAC are treated as operating revenues, and CFC revenues used to pay Debt Service associated with the ConRAC are treated as non-operating revenues. The Port collected $38.1 million and $15.4 million in CFC revenues in 2019 and 2020 respectively. CFC revenues decreased 59.6% from 2019 to 2020 primarily because of the 61.2% decrease in enplaned passengers related to COVID-19.

In 2019, $22.4 million of CFC revenues was used by the Port to pay Debt Service, with the remaining $15.8 million reported as operating revenues, accounting for 2.5% of Airport operating revenues. In 2020, $13.6 million of CFC revenues was used by the Port to pay Debt Service with the remaining $1.8 million used to increase CFC reserves.

Other Nonairline Revenues

Major sources of other nonairline revenues are discussed below. As previously discussed, the Port implemented certain temporary rent deferral and MAG relief programs in 2020 for nonairline tenants.

Aviation Properties. Aviation Properties revenues consist of revenues from commercial property leases and in-flight kitchen facilities. Aviation Properties revenues totaled approximately $15.8 million and $10.8 million in 2019 and 2020 respectively, accounting for 2.5% and 2.6% of Airport operating revenues, respectively.

Employee Parking. The Port received approximately $10.4 million and $8.8 million in revenues from employee parking in 2019 and 2020 respectively, accounting for 1.7% and 2.1% of Airport operating revenues in 2019 and 2020, respectively.

Other Ground Transportation. The Port received approximately $20.8 million and $6.6 million in revenues from taxicab, limousine, transportation network companies (i.e. Uber and Lyft), and other ground transportation providers at the Airport in 2019 and 2020, respectively. Other ground transportation revenues in 2019 and 2020 accounted for 2.5% and 1.6% of Airport operating revenues, respectively. The Port has exclusive and nonexclusive agreements with numerous ground transportation companies that serve the Airport.

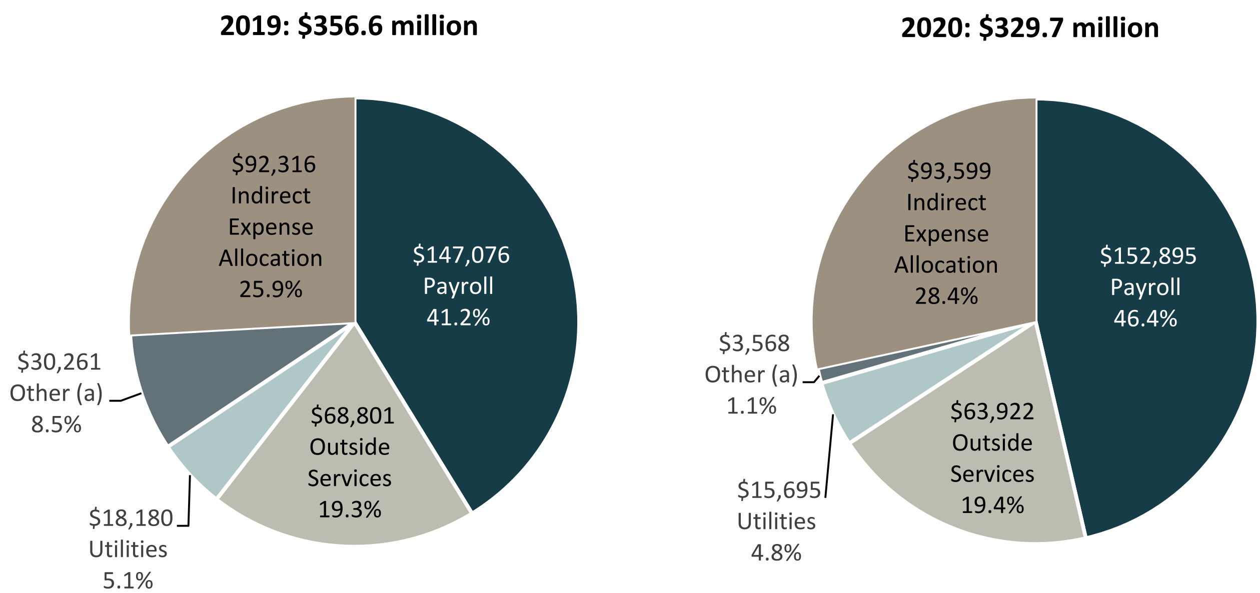
Utilities. Utilities revenues were approximately $7.4 million and $5.7 million in 2019 and 2020 respectively, accounting for 1.2% and 1.4% of Airport operating revenues respectively.

AIRPORT OPERATING EXPENSES

As defined in the Port's First Lien Master Resolution, Operating Expenses for the Airport include expenses (other than any special facilities) payable from Airport operating revenues, excluding depreciation or amortization or interest on any obligations of the Port.

Figure 16 below presents historical Airport Operating Expenses for 2019 and 2020. Airport Operating Expenses decreased 7.6% from $356.6 million in 2019 to $329.7 million in 2020, largely as a result of Port cost-cutting measures in response to COVID-19.

Figure 16
AIRPORT OPERATING EXPENSES IN 2019 AND 2020
Seattle-Tacoma International Airport
(in thousands, except percentages)



Notes: Percentages reflect shares of Airport Operating Expenses. Pie chart may not total 100% because of rounding.
(a) Includes environmental remediation and other expenses, which decreased $26.7 million from 2019 to 2020, an 88.2% reduction. Environmental remediation expenses decreased $18.3 million and other expenses decreased $8.4 million.
Source: Port of Seattle records.

Airport Operating Expenses include expenses associated with payroll, outside services, utilities, and certain indirect Port expenses allocated to the Airport. Approximately 86.4% and 94.2% of Airport Operating Expenses in 2019 and 2020 were for payroll, outside services, and Port indirect Operating Expenses allocated to the Airport. The remaining 13.6% and 5.5% of Airport Operating Expenses in 2019 and 2020 were for utilities, environmental remediation, and other expenses.

Airport Operating Expenses are allocated to Airport cost centers by Airport management based on historical Airport operations, airport industry practices, provisions in the Airline Agreement and other considerations. Included in the allocation to each Airport cost center are Port indirect Operating Expenses allocated to the Airport.

The total Operating Expenses allocated to airline cost centers at the Airport are used to calculate airline rates and charges each year.

APPENDIX D

SUMMARY OF THE PORT'S TAXING POWER

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PORT'S TAXING POWER

Taxing Authority

The Port of Seattle (the "Port") has statutory authority to levy property taxes within its boundaries (which are co-terminus with the boundaries of King County (the "County")) for general purposes of the Port, including the establishment of a capital improvement fund for future capital improvements and the repayment of unlimited tax and limited tax general obligation ("LTGO") bonds of the Port, to finance certain industrial development activities and to fund special projects (the "Tax Levy"). In the County, property taxes are collected by the County's Department of Finance (the "County Treasurer") and distributed to the various taxing districts (including the Port) that levy *ad valorem* taxes upon taxable property within the County. See "TAX LEVY RATES, RECORDS AND PROCEDURES" below.

The Tax Levy may be imposed at a rate not to exceed $0.45 per $1,000 of assessed value of taxable property within the Port district, as described below under "Tax Levy." However, the Tax Levy is also subject to the 101 percent statutory limitation on annual increases described below under "Levy Limits." Thus, the maximum Tax Levy is determined by the first to be reached of the $0.45 millage rate or the 101 percent statutory limitation. The Port's 2021 Tax Levy is budgeted to be $78.68 million (a millage rate of $0.119896) as shown in Table D-1, entitled "Recent Tax Levy Activity."

Levy Limits

Tax levies for port districts are subject to certain statutory limitations, but not to the tax levy limitations set by the State Constitution. The statutory limitation on annual increases in the dollar amount of regular property taxes is set forth in chapter 84.55 RCW, which limits the total dollar amount of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the highest of the three most recent years, multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year's rate. The limit factor is defined as the greater of (i) the lesser of 101 percent or 100 percent plus inflation (the implicit price deflator for personal consumption for the United States); or (ii) any percentage up to 101 percent, if approved by a majority vote plus one vote of the governing body of the taxing district, upon a finding of substantial need. Because the regular property tax increase limitation applies to the total dollar amount levied rather than to levy rates, increases in the assessed value of all property in the taxing district (excluding new construction) that exceed the growth in taxes allowed by the limit factor result in decreased regular tax levy rates, unless voters authorize a higher levy amount. Decreases in the assessed value of all property in the taxing district could require a higher regular tax levy rate to produce the same total dollar amount. Chapter 84.55 RCW permits any taxing district, including the Port, to seek approval from the electors for a tax increase in excess of the levy limitation. In addition, chapter 84.55 RCW provides that, should the Port levy an amount less than the maximum allowed under the levy limitation in any year beginning in 1986, the Port may "bank" future levy capacity. If the Port banks levy capacity, the Port may levy taxes in any subsequent year in an amount up to the maximum that would have been allowed had it levied to the full extent of the levy limitation in each prior year.

The Washington Legislature has adopted ESHB 1189 (the "TIF Act") authorizing the use of tax increment financing. The TIF Act allows counties, cities and port districts (or any combination of the three) to form increment areas to finance public improvement costs. Once the increment area has been formed, the county treasurer is directed to distribute receipts from regular property taxes imposed on real property located in the increment area. Each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the "tax allocation base value" (the assessed value of real property located within an increment area for taxes imposed in the year in which the increment area is first designated) for that increment area and the sponsoring jurisdiction will receive an additional amount equal to the amount derived from the regular property taxes levied by *or for* each taxing district upon the "increment value" (the increase in property values in the increment area after formation of the increment area). A sponsoring jurisdiction can create only two, non-overlapping increment areas that are active at any time, and the increment area (or both areas if there are two) may not have an assessed valuation of more than $200 million or more than 20 percent (whichever is less) of the sponsoring jurisdiction's total assessed valuation. The increment areas are subject to a 25-year sunset date. Accordingly, if a sponsoring jurisdiction forms an increment area it will receive regular property taxes representing any increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than state taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal and interest on general obligation debt). The port could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes that are levied for the other taxing districts) and/or the county or any city within the port district could form up to two increment areas and the county or county will receive the property tax revenues allocated to a sponsoring jurisdiction (including taxes that are levied for the port and other taxing districts).

Tax Levy

Pursuant to its statutory authority, the Port may impose the Tax Levy without a vote of the electors to pay debt service on its LTGO bonds (but not debt service on Port revenue bonds) and to fund general purposes of the Port, including capital expenditures and maintenance and operation expenses. For general purposes such as operating expenses and capital improvements, the Tax Levy may be imposed at a rate not to exceed $0.45 per $1,000 of assessed value of taxable property within the Port district, subject to the statutory limitations on annual increases in the dollar amount of the Tax Levy described above under "Levy Limits" and under "TAX LEVY RATES, RECORDS AND PROCEDURES—Assessed Value Determinations." For the purpose of paying LTGO bonds, the Tax Levy is not subject to the $0.45 per $1,000 rate limitation applicable to the general purpose portion of the Tax Levy, but is subject to the statutory limitations on annual increases in the dollar amount of the Tax Levy described above under "Levy Limits." The Commission determines the actual amount of the Tax Levy each year as part of the Port's business planning process described below.

Also, as part of the Port's annual business planning process, the Commission provides guidance on and reviews the proposed uses of the Tax Levy. In addition to the payment of general obligation ("G.O.") bond debt service, the Port's current guidelines recommend that the Tax Levy be used to fund expenditures that do not have a sufficient revenue source and that provide economic benefits to County residents. The Port expects the uses to include certain capital costs and certain operating expenses related to the Port's economic development initiatives, certain environmental liabilities and regional transportation initiatives. The Port is authorized under State law to issue G.O. bonds to refund Port revenue bonds, but has no current plans to do so.

TAX LEVY RATES, RECORDS AND PROCEDURES

Assessed Value Determinations

The County Assessor (the "Assessor") determines the value of all real property and certain personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties such as utility and transportation properties, for which values are determined by the State Department of Revenue. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100 percent of the property's actual value. All real property is subject to revaluation at least every four years, although since 1995, the Assessor's policy has been to revalue residential property every year. Personal property (generally only personal property used in the operation of a business) is listed by the Assessor on a roll at its currently assessed value (based in part upon reports provided by the property owners), and the roll is filed in the Assessor's office. Not all property is subject to taxation. State statutes provide annual exemptions for property owned by numerous types of nonprofit entities and for farm and historical properties and provide exemptions or deferrals for certain retired or disabled persons whose incomes are below specified limits. In addition, certain improvements to real property are not taxed during the first three years after completion of the improvements. By October 15 of each year, the Assessor is required to file its annual revaluation report with the State Department of Revenue and by November of each year is required to provide its assessed value report to each taxing district that levies *ad valorem* taxes on property within the County, including the Port. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, are subject to further revision by the State Board of Tax Appeals. See "—Tax Collection Procedures."

The following table shows the assessed value for taxable property within the Port district for purposes of the Port's Tax Levy and the Port's maximum and total Tax Levies in years 2017 through 2021.

TABLE D-1
RECENT TAX LEVY ACTIVITY
2017 – 2021

Tax Year	Port District Assessed Value(1)	Maximum Port Tax Levy(2)	Total Port Tax Levy(1)(3)	Total Port Tax Levy Rate(4)	General Obligation Bond Debt Service
2021	$656,203,218,952	$108,473,716	$78,676,344	$0.119896	$38,505,531
2020	642,490,492,044	106,587,091	76,396,431	0.118907	39,783,253
2019	606,623,698,132	104,177,556	74,161,765	0.122253	43,447,118
2018	534,662,434,753	101,612,964	72,012,220	0.134687	43,446,809
2017	471,456,288,019	99,019,205	72,010,667	0.152741	36,546,581

(1) Per King County's Annual Reports for the purposes of the Tax Levy collected in the year identified in the column titled "Tax Year."
(2) Maximum amount that would be permitted to be collected within the statutory levy limitation, taking into account the Port's banked levy capacity. Amount is based on the assessed value provided in the County's Certification of Assessed Valuation, which may be different than the final assessed value provided in the County's Annual Report.
(3) Tax Levy allocable for general purposes plus the Tax Levy allocable for limited tax G.O. bond debt service. The amount of Tax Levy receipts shown in Table D-2, entitled "Tax Collection Record, 2016-2020," was derived from the County's Receivables Summary but includes supplements and cancellations and may differ from the totals reported by the County (above) by an immaterial amount.
(4) Per $1,000 of assessed value. Derived from "Port District Assessed Value" and "Total Port Tax Levy" amounts above.
Sources: *King County Assessor's Office and Port of Seattle*.

Tax Collection Procedures

The Commission levies property taxes in specific dollar amounts. The rates for all taxes levied for all taxing districts in the County are determined, calculated and fixed by the Assessor, based upon the assessed value of the taxable property within the various taxing districts in the County. The Assessor extends the tax levied within each taxing district upon a tax roll, which contains the total amounts of taxes levied and to be collected, and assigns a tax account number to each tax lot. The tax roll is delivered to the County Treasurer, who is responsible for the billing and collection of taxes due for each account. Tax bills are required to be sent in February. All taxes are due and payable on April 30 of each tax year, but if the amount due from a taxpayer exceeds $50, one-half may be paid by April 30 and the balance no later than October 31 of that year. A penalty of three percent is assessed for taxes delinquent as of January 1 and a penalty of eight percent is assessed for taxes delinquent as of July 1. Interest, at a rate of 12 percent per annum, computed monthly on the full tax amount, is also assessed on delinquent tax bills.

During a state of emergency declared under RCW 43.06.010(12), the county treasurer, on the treasurer's own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any such taxes as the treasurer deems proper. Further, during a declared state of emergency, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. In response to the COVID-19 pandemic, pursuant to RCW 43.06.010(12), on March 30, 2020 the King County Executive issued an executive order extending the first-half 2020 property tax deadline from April 30 to June 1. The executive order applied to individual residential and commercial taxpayers who pay property taxes themselves, rather than to mortgage lenders. Similar orders were made in other counties in the State, including Snohomish, Pierce, and Spokane Counties. The County Executive did not extend the second-half 2020 property tax payment deadline or any property tax deadlines in 2021.

The Washington Legislature passed, and the Governor signed into law, a bill granting certain qualifying businesses a property tax deferral during the COVID-19 pandemic (HB 1332). Under the new law, county treasurers must grant a deferral for any unpaid, non-delinquent property taxes payable in 2021, if the taxpayer can demonstrate a revenue loss of at least 25 percent of its revenue attributable to that real property for calendar year 2020 compared to calendar year 2019. For such qualifying taxpayers, the county treasurer must establish a property tax payment plan, and cannot apply penalties or interest on the taxes due so long as the taxpayer complies with the plan's terms. The new law affords county treasurers discretion in setting terms. Treasurers must, however, consider the financial impacts to all relevant taxing jurisdictions, and must prioritize payment plan expenditures to protect scheduled bond payments. Notably, a county treasurer may refuse to grant a deferral to an otherwise eligible taxpayer if the deferral would result in any taxing jurisdiction being unable to make such bond payments. Taxpayers seeking a deferral must apply by April 30, 2021, and county treasurers must process all applications by June 30, 2021. The bill expires January 1, 2022.

The methods of giving notice of payment of taxes due, accounting for the money collected, dividing the taxes collected among the various taxing districts (including the Port), and giving notice of delinquency and collection procedures are all determined by detailed statutes. The lien for personal property taxes that have been levied by the Commission prior to filing of federal tax liens is prior to such federal tax liens. In all other respects, the lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County Treasurer may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency, but may not sell property eligible for deferral of taxes.

Tax Collection Records

The following table shows the Port's Tax Levy for 2016 through 2020 and the amount and percentages of the tax collected in the year due and as of December 31, 2020.

TABLE D-2
TAX COLLECTION RECORD
2016-2020

Year	Amount of Tax Levy[1][2]	Amount Collected in Year Due	% Collected in Year Due	Amount Collected as of 12/31/2020[2]	% of Tax Levy Collected as of 12/31/2020
2020	$76,396,432	$75,251,765	98.50	$75,251,765	98.50
2019	74,161,765	73,352,793	98.91	73,932,984	99.69
2018	72,012,220	71,149,641	98.80	71,922,614	99.88
2017	72,010,668	71,143,056	98.80	71,997,986	99.98
2016	72,015,418	71,114,870	98.75	72,027,728	100.02

(1) The amount of the actual Tax Levy varies from the budgeted amounts shown in Table D-1 because of adjustments in assessed values and levy rates made by the County.
(2) The amounts of Tax Levy receipts were derived from the King County Tax Receivables Summary but include supplements and cancellations and may differ from the totals reported by the County by an immaterial amount.
Source: Port of Seattle, from King County Tax Receivables Summary.

Principal Taxpayers

The following table lists the 10 largest taxpayers in the County and the assessed value of their property for the purposes of the Tax Levy for collection in 2021.

TABLE D-3
KING COUNTY LARGEST TAXPAYERS
TAX LEVY FOR COLLECTION IN 2021

Taxpayer	2021 Assessed Value	Percent of Total Assessed Value
Boeing	$ 4,105,247,066	0.62%
Microsoft	4,049,640,673	0.61
Amazon.com	3,411,621,830	0.52
Puget Sound Energy/Gas/Electric	2,441,591,280	0.37
Essex Property Trust	2,039,516,447	0.31
Union Square LLC	1,159,853,000	0.18
C/O Prologis - RE Tax	1,089,009,900	0.17
Acorn Development LLC	929,495,150	0.14
Altus Group US Inc.	914,629,000	0.14
Pointe Gadea Seattle LLC	892,586,000	0.14
Total assessed value of top 10 taxpayers	$ 21,033,190,346	3.19%
Total assessed value of all other taxpayers	$638,501,690,991	96.81%
Total 2020 assessed value for taxes due in 2021	$659,534,881,337	100.00%

Source: King County Department of Assessments.

OTHER PORT TAXING AUTHORITY

Voted Tax Levy for Unlimited Tax General Obligation Bonds

If general obligation bonds are approved by a vote of the electors, the Port may impose an excess levy to produce funds equal to the amount required to make principal and interest payments on unlimited tax general obligation bonds. Such excess levy would not be subject to any current statutory limitations. The Port currently has no such unlimited tax general obligation bonds outstanding and none approved for issuance.

The Industrial Development Levy

For improvements within industrial development districts created by a port district, an additional $0.45 per $1,000 assessed value of taxable property within the Port district (the "Industrial Development Levy") may be levied for up to 12 years. The Port levied the Industrial Development Levy for six years, but has not levied this tax for the seventh through twelfth years. To levy the Industrial Development Levy for the remaining six years, the Port would be required to publish notice of intent to impose such a levy not later than June 1 of the first year of the levy. If at least eight percent of voters who voted in the last gubernatorial election protest the levy within a 90-day period, a special election must be held and a majority of the voters of the Port district voting on the levy must approve the levy. The State Legislature (the "Legislature"), in the 2015 legislative session, provided an additional multi-year levy option for port districts' Industrial Development Levy (RCW 53.36.160). Port districts, if they meet certain criteria, may levy the Industrial Development Levy for up to three multi-year levy periods. Each multi-year levy period may exceed 20 years from the date of the first levy in that period. First- and second-year levy periods do not have to be consecutive and may not overlap. The aggregate revenue that may be collected during each of the first- and second-year levy periods may not exceed the sum of: (i) $2.70/$1,000 of assessed value multiplied by the assessed valuation for taxes collected in the base year; plus (ii) the difference between (A) the maximum allowable amount that could have been collected under RCW 84.55.010 for the first six years of the collection period and (B) the amount calculated in (i). If a port district elects to use multi-year levy periods, the second multi-year levy period is subject to the potential election requirement described above.

The Port last levied the Industrial Development Levy in 1968 and has no current plans to levy all or any portion of the remaining Industrial Development Levy.

The Dredging Levy

With the approval of the majority of voters within the Port district, an additional $0.45 per $1,000 assessed value of taxable property within the Port district may be levied for dredging, canal construction, leveling, or filling (the "Dredging Levy"). The Port has never imposed the Dredging Levy.

DEBT INFORMATION

Port District General Obligation Debt Limitation

Under State law, the Port may incur G.O. indebtedness payable from *ad valorem* taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the Port district without a vote of the electors. With the assent of three-fifths of the electors voting thereon, subject to a validation requirement, the Port may incur additional G.O. indebtedness, provided the total indebtedness of the Port at any time does not exceed three-fourths of one percent of the value of the taxable property in the Port district. The limit on incurring indebtedness does not apply to obligations payable from revenues (special funds) or assessments.

The following tables provide information regarding the outstanding general obligation debt of the Port (excluding the undrawn line of credit).

TABLE D-4

OUTSTANDING GENERAL OBLIGATION DEBT[1]

Limited Tax General Obligation Bonds	Final Maturity	Amount Outstanding
Limited Tax General Obligation Refunding Bonds, 2011 (AMT)	12/01/2025	$29,965,000
Limited Tax General Obligation Refunding Bonds, 2013A (Non-AMT)	11/01/2023	27,630,000
Limited Tax General Obligation Refunding Bonds, 2013B (Taxable)	11/01/2025	4,055,000
Limited Tax General Obligation and Refunding Bonds, 2015	06/01/2040	130,450,000
Limited Tax General Obligation Bonds, 2017	01/01/2042	116,030,000
Total Nonvoted General Obligation Debt		**$308,130,000**
Unlimited Tax General Obligation Bonds		
None		
Voted Bonds Total		**$0**
Total General Obligation Direct Debt of the Port		**$308,130,000**

(1) As of May 2, 2021. Excludes the line of credit with JPMorgan Chase Bank, National Association up to $150 million with a final repayment date of June 4, 2023. The Port has not drawn on the line but may do so at any time and use the proceeds for any lawful purpose.

Source: Port of Seattle.

The following table reflects the estimated 2020 general obligation debt limit for the Port.

TABLE D-5

ESTIMATED DEBT LIMIT[1]

Total Assessed Value (determined in 2020 for 2021 Tax Levy)[2]	$656,203,218,952
Debt Limit, Nonvoted Debt, Including LTGO Bonds (0.25% of Value of Taxable Property)	1,640,508,047
Less: Outstanding LTGO Bonds[3] (including capital leases)	(308,130,000)
Remaining Capacity for LTGO Debt	$1,332,378,047
Debt Limit, Total, Voted and Nonvoted Debt, General Obligation Debt (0.75% of Value of Taxable Property)	$4,921,524,142
Less: Outstanding LTGO Bonds (including capital leases)	(308,130,000)
Less: Outstanding Unlimited Tax General Obligation Bonds	-
Remaining Capacity for Total General Obligation Debt	$4,613,394,142

(1) As of May 2, 2021.
(2) Per King County Assessor's Office Annual Report.
(3) Excludes the undrawn line of credit.

Source: *Port of Seattle and King County Assessor's Office.*

APPENDIX E

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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June 30, 2021

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New York, New York

Morgan Stanley & Co. LLC
New York, New York

Drexel Hamilton, LLC
New York, New York

Siebert Williams Shank & Co., LLC
New York, New York

Re: Port of Seattle First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT) — $43,015,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), in the aggregate principal amount of $43,015,000 (the "Series 2021 Bonds"), issued pursuant to Resolution No. 3577 of the Port Commission (the "Master Resolution") and Resolution No. 3787 of the Port Commission (the "Series Resolution" and, together with the Master Resolution, the "Resolution") for the purpose of (i) refunding certain outstanding obligations of the Port, and (ii) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution.

The Series 2021 Bonds are not subject to redemption prior to their stated maturities.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2021 Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2021 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2021 Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Revenue Bond Fund, Series 2021" (the "Series 2021 Bond Fund") and the Common Reserve Fund.

2. The Port has obligated and bound itself to set aside and pay into the Series 2021 Bond Fund out of Net Revenues and money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2021 Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and money in the Revenue Fund into the Series 2021 Bond Fund and into the Common Reserve Fund shall be a first and prior lien and charge upon the Gross Revenue, subject to the payment of Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds, and any other revenue bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to issue bonds in the future with a lien against the Net Revenues on a parity with the lien thereon of the Outstanding Parity Bonds.

4. Interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series 2021 Bonds for any period during which such Series 2021 Bonds is held by a "substantial user" of the facilities financed or refinanced by the Series 2021 Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the Series 2021 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021 Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2021 Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

The Series 2021 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021 Bonds. Owners of the Series 2021 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021 Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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Drexel Hamilton, LLC
New York, New York

Siebert Williams Shank & Co., LLC
New York, New York

Re: Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT) — $47,025,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT), in the aggregate principal amount of $47,025,000 (the "Series 2021A Bonds"), issued pursuant to Resolution No. 3540 of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3786 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) paying or reimbursing costs of capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2021A Bonds, (iii) refunding certain outstanding obligations of the Port, (iv) making a deposit to the Intermediate Lien Reserve Account, and (v) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2021A Bonds, the Port is issuing its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), and its Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT), and its Intermediate Lien Revenue Bonds, Series 2021D (Taxable).

The Series 2021A Bonds are not subject to redemption prior to their stated maturities.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2021A Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2021A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2021A Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2021A Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Port comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021A Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2021A Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

The Port has not designated the Series 2021A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021A Bonds. Owners of the Series 2021A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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Siebert Williams Shank & Co., LLC
New York, New York

Re: Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT) — $148,765,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT), in the aggregate principal amount of $148,765,000 (the "Series 2021B Bonds"), issued pursuant to Resolution No. 3540 of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3786 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) refunding certain outstanding obligations of the Port, (ii) making a deposit to the Intermediate Lien Reserve Account, and (iii) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2021B Bonds, the Port is issuing its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT), and its Intermediate Lien Revenue Bonds, Series 2021D (Taxable).

The Series 2021B Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Contract.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2021B Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2021B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2021B Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2021B Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series 2021B Bonds for any period during which such Series 2021B Bonds is held by a "substantial user" of the facilities financed or refinanced by the Series 2021B Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2021B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the Series 2021B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021B Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2021B Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

The Series 2021B Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021B Bonds. Owners of the Series 2021B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021B Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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Siebert Williams Shank & Co., LLC
New York, New York

Re: Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT) — $514,390,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT), in the aggregate principal amount of $514,390,000 (the "Series 2021C Bonds"), issued pursuant to Resolution No. 3540 of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3786 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) paying or reimbursing costs of capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2021C Bonds, (iii) refunding certain outstanding obligations of the Port, (iv) making a deposit to the Intermediate Lien Reserve Account, and (v) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2021C Bonds, the Port is issuing its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT), and its Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT), and its Intermediate Lien Revenue Bonds, Series 2021D (Taxable).

The Series 2021C Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Contract.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2021C Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2021C Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2021C Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2021C Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2021C Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series 2021C Bonds for any period during which such Series 2021C Bonds is held by a "substantial user" of the facilities financed or refinanced by the Series 2021C Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the Series 2021C Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021C Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the Series 2021C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021C Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2021C Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

The Series 2021C Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021C Bonds. Owners of the Series 2021C Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021C Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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New York, New York

Siebert Williams Shank & Co., LLC
New York, New York

Re: Port of Seattle Intermediate Lien Revenue Bonds, Series 2021D (Taxable) — $41,395,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue Bonds, Series 2021D (Taxable), in the aggregate principal amount of $41,395,000 (the "Series 2021D Bonds"), issued pursuant to Resolution No. 3540 of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3786 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) paying or reimbursing costs of capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2021D Bonds, (iii) making a deposit to the Intermediate Lien Reserve Account, and (iv) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2021D Bonds, the Port is issuing its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT), and its Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT), and its Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT).

The Series 2021D Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Contract.

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2021D Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2021D Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2021D Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2021D Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2021D Bonds is not excludable from gross income for federal income tax purposes under existing law.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2021D Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2021D Bonds. Owners of the Series 2021D Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2021D Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

APPENDIX F

DTC AND ITS BOOK-ENTRY SYSTEM

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DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The Port makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Series 2021 Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for the aggregate principal amount of the Series 2021 Bonds, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed

amendments to the Series 2021 Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2021 Bond certificates are required to be printed and delivered.

10. To the extent permitted by law, the Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

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

APPENDIX G

COPIES OF THE FIRST LIEN MASTER RESOLUTION AND THE SERIES RESOLUTION

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AMENDED AND RESTATED
MASTER RESOLUTION

RESOLUTION NO. 3577

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AMENDED AND RESTATED MASTER RESOLUTION NO. 3577

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING A LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

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

WHEREAS, the Port, on February 2, 1990, adopted Resolution No. 3059, as amended, (the "Original Master Resolution") establishing a new lien of revenue bonds for the Port ("Parity Bonds"); and

WHEREAS, the Original Master Resolution No. 3059 has been amended previously by Resolution No. 3214, adopted on March 26, 1996 (the "First Amendment"), Resolution No. 3241, adopted on April 8, 1997 (the "Second Amendment"), and Resolution No. 3436, adopted on July 11, 2000 (the "Third Amendment"); and

WHEREAS, Section 10 of Resolution No. 3059 permits supplements or amendments which add to the covenants for the benefit of Parity Bondholders without the consent of the owners of any such Parity Bond; and

WHEREAS, the Port has issued and there presently are outstanding Parity Bonds of the Port issued under the following dates and in the following principal amounts (as of January 30, 2007):

Resolution Number	Date of Issue		Original Principal Amt.	Currently Outstanding	Final Maturity Dates
3155	02/01/1994	(A)	$27,135,000	$1,845,000	12/1/2007
3215	04/01/1996	(B)	74,520,000	6,955,000	09/1/2017
3242	05/01/1997	(A)	120,375,000	4,595,000	10/1/2007
3275	05/01/1998	(A)	73,180,000	31,455,000	06/1/2017
3430	08/10/2000	(B)	221,590,000	203,900,000	02/1/2024
3430	09/06/2000	(D)	28,085,000	11,765,000	02/1/2011
3462/3467	10/17/2001	(A)	176,105,000	176,105,000	04/1/2031
3462/3467	10/17/2001	(B)	251,380,000	243,660,000	04/1/2024
3462/3467	10/17/2001	(C)	12,205,000	12,205,000	12/1/2014
3462/3467	08/07/2002	(D)	68,580,000	57,705,000	11/1/2017
3509	08/20/2003	(A)	190,470,000	188,190,000	07/1/2033
3509	08/20/2003	(B)	164,900,000	164,900,000	07/1/2029
3528	06/30/2004		24,710,000	22,045,000	06/1/2017

; and

WHEREAS, the Commission deems it advisable and in the best interest of the Port to provide for the establishment of a common debt service reserve fund for series of Parity Bonds identified in future series resolutions from to time; and

WHEREAS, the Commission desires to amend and restate the Original Master Resolution as amended by the First Amendment, the Second Amendment, the Third Amendment and this Amended and Restated Master Resolution into a single document, consistent in all respects with the intent and principles set forth in the Original Master Resolution;

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

Section 1. Definitions. As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the Series Resolution as the amount representing the initial principal amount of such Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Bonds.

Aggregate Annual Debt Service means Annual Debt Service for all Outstanding Bonds and all Bonds authorized but unissued under a Series Resolution unless such Bonds are authorized to provide permanent financing in connection with the issuance of short-term obligations.

Annual Debt Service means the total amount of Debt Service for any Bond or series of Bonds in any fiscal year or Base Period.

Balloon Maturity Bonds means any Bonds which are so designated in the Series Resolution pursuant to which such Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

Base Period means any consecutive 12-month period selected by the Port out of the 30-month period next preceding the date of issuance of an additional series of Bonds.

Bonds means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 4 hereof. The term "Bonds" may include reimbursement obligations of the Port to the issuer of a Credit Facility.

Capital Appreciation Bonds means Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Bonds. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Commission means the Commission of the Port, or any successor thereto as provided by law.

Common Reserve Fund means the fund of that name created by Section 8 of this resolution.

Common Reserve Fund Requirement(s) a dollar amount equal to the lesser of (i) 50% of Maximum Annual Debt Service on all Outstanding Covered Bonds and (ii) the Tax Maximum for all Outstanding Covered Bonds, determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds).

Consultant means at any time an independent consultant nationally recognized in marine or aviation matters or an engineer or engineering firm or other expert appointed by the Port to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by

Section 5 hereof, the term Consultant shall also include any independent national public accounting firm appointed by the Port to make such calculation or to provide such certificate or nationally recognized financial advisor appointed by the Port for purposes of making such calculation.

Costs of Construction means all costs paid or incurred by the Port in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

Coverage Requirement means Net Revenues equal to or greater than 135% of Aggregate Annual Debt Service.

Covered Bonds means those Bonds designated in the series resolution authorizing their issuance as Covered Bonds secured by the Common Reserve Fund.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment or provide funds for the payment of financial obligations of the Port, including but not limited to payment of the principal of, interest on or purchase price of Bonds or meeting reserve requirements therefor.

Date of Commercial Operation means the date upon which any Facilities are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port or, if used with reference to Facilities to be acquired, shall mean the date on which such acquisition is final.

Debt Service means, for any period of time,

(1) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(2) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such Bonds due or subject to mandatory redemption during such period and

for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Bonds, plus (C) all interest payable during such period on any such Bonds Outstanding and with respect to Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Bonds on the date specified in the Series Resolution authorizing such Bonds; and

(3) with respect to all other series of Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Bonds during such period computed on the assumption that the amount of Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Port with the approval of the Consultant, if applicable) selected by the Port and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 5 hereof, then within ten days of such certificate, (iii) to provide for essentially level annual debt service of principal and interest over such period.

With respect to any Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Bonds. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized in a Series Resolution.

Designated Port Representative means the Executive Director or the chief financial officer of the Port or such other person as may be directed from time to time by resolution of the Port Commission.

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

Fixed Rate Bonds means those Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

Gross Revenue means all income and revenue derived by the Port from time to time from any source whatsoever except:

(1) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in the Common Reserve Fund or any other reserve funds),

(2) income and revenue which may not legally be pledged for revenue bond debt service,

(3) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(4) payments made under Credit Facilities issued to pay or secure the payment of a particular series of Bonds;

(5) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(6) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that nothing in this subparagraph (6) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility which shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and

(7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

Maximum Annual Debt Service means, with respect to any Outstanding series of Bonds, the highest remaining Annual Debt Service for such series of Bonds.

Net Revenues means Gross Revenue less any part thereof that must be used to pay Operating Expenses.

Operating Expenses means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles, in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

Original Issue Discount Bonds means Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

Outstanding means, as of any date, any Bonds theretofore issued except such Bonds deemed to be no longer Outstanding as provided in the resolution authorizing the issuance thereof.

Parity Bonds means any Bonds issued in the future under a Series Resolution which provides that such Bonds shall be on a parity of lien with other series of Bonds, as provided in Section 5 hereof.

Paying Agent shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution to act as paying agent for one or more series of Bonds.

Port means the Port of Seattle, a municipal corporation of the State of Washington, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) by issuing its policies causes obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

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

Rate Covenant has the meaning given such term in Section 7(a) of this resolution.

Rating Agencies means Moody's Investors Service or its successors and assigns, Standard & Poor's Ratings Service or its successors and assigns, Fitch Investors Services or its successors and assigns and/or such other securities rating agency selected by the Port to provide a rating with respect to a series of Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any series of Bonds or any portion thereof.

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

Registrar means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution, to act as registrar for one or more series of Bonds.

Repair and Renewal Fund means the special fund authorized to be created pursuant to Section 2(b) of this resolution.

Revenue Fund means, collectively, the Port's General Fund, Airport Development Fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenues.

Series Resolution means a resolution authorizing the issuance of a series of Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

Special Facilities means particular facilities financed with the proceeds of Special Revenue Bonds.

Special Revenue Bonds means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such facilities.

Tax Maximum means the maximum dollar amount permitted by the Internal Revenue Code of 1986, as amended, including applicable regulations thereunder, to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

Treasurer of the Port means the Chief Financial Officer of the Port or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

Section 2. Priority of Use of Gross Revenue; Repair and Renewal Fund. (a) The Port's Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

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

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

Third, to make all payments required to be made into the Common Reserve Fund and all other reserve account(s) to secure the payment of any Bonds;

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

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

Sixth, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

(b) There is hereby authorized to be created and the Treasurer of the Port is directed to create a separate fund of the Port to be designated as the "Repair and Renewal Fund." The Port hereby covenants and agrees that it will make deposits into the Repair and Renewal Fund from the Gross Revenue, after making provision for the payments provided in paragraphs First through Fourth of subsection (a) of this Section 2 sufficient to maintain a balance therein at least equal to $5,000,000. Money in the Repair and Renewal Fund may be used by the Port to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, additions, repairs and renewals of the Facilities of the Port. If withdrawals are made from the Repair and Renewal Fund such that the remaining balance therein is less than $5,000,000, the Port will restore said balance within the next 36-month period.

Section 3. Authorization of Bonds. Revenue bonds of the Port, unlimited in amount, to be known as the "Port of Seattle, Washington, Revenue Bonds," are hereby authorized to be issued in series, and each such series may be issued from time to time pursuant to this resolution in such amounts and upon such terms and conditions as the Commission may from time to time deem to be necessary or advisable, for any purposes of the Port now or hereafter permitted by law.

The Bonds and the lien thereof created and established hereunder shall be obligations only of the special fund(s) established in the Series Resolution authorizing their issuance and, for Covered Bonds, the Common Reserve Fund. The Bonds shall be payable solely from and secured solely by Net Revenues available after providing for the payments specified in paragraph First of Section 2(a) of this resolution; provided, however, that any series of Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Bonds.

From and after the time of issuance and delivery of the Bonds of each series and so long thereafter as any of the same remain Outstanding, the Port hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of Bonds out of Net Revenues, on or prior to the date on which the interest on or principal of and interest on the Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Bonds of such series.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Bonds issued under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of this Master Resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the Port or of the State of Washington, or of any political subdivision of the State of Washington.

Section 4. Authorization of Series of Bonds. The Port may issue hereunder from time to time one or more series of Bonds by means of a Series Resolution for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

(a) the authorized maximum principal amount, designation and series of such Bonds;

(b) the general purpose or purposes for which such series of Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Bonds of such series;

(c) the date or dates, and the maturity date or dates, of the Bonds of such series, and the principal amount maturing on each maturity date; provided that the Series Resolution may authorize the Executive Director of the Port to fix the maturity date or dates of the Bonds of such series, and the principal amount maturing on each maturity date under such terms and conditions approved by resolution of the Commission;

(d) the interest rate or rates on the Bonds of such series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates; provided that the Series Resolution may authorize the Executive Director of the Port to fix the interest rate or rates on the Bonds of such series (which may be a rate of zero) and the interest payment date or dates therefore under such terms and conditions approved by resolution of the Commission;

(e) the circumstances, if any, under which the Bonds of such series will be deemed to be no longer Outstanding;

(f) the currency or currencies in which the Bonds of such series are payable;

(g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such series;

(h) the Paying Agent or Paying Agents, if any, for the Bonds of such series and the duties and obligations thereof;

(i) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Bonds of such series;

(j) the tender agent or tender agents, if any, for the Bonds of such series and the duties and obligations thereof;

(k) the remarketing agent or remarketing agents, if any, for the Bonds of such series and the duties and obligations thereof;

(l) the Registrar or Registrars, if any, for the Bonds of such series and the duties and obligations thereof;

(m) the form or forms of the Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Bonds of such series;

(n) the terms and conditions, if any, for the redemption of the Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; provided that the Series Resolution may authorize the Executive Director of the Port to fix the terms and conditions for the redemption of the Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms under such terms and conditions approved by resolution of the Commission;

(o) the terms and conditions, if any, for the purchase of the Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; provided that the Series Resolution may authorize the Executive Director of the Port to fix the terms and conditions for the tender of the Bonds of such series prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms under such terms and conditions approved by resolution of the Commission;

(p) the manner of sale of the Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount Bonds; provided that the Series Resolution may authorize the Executive Director of the Port to establish the issue price of the Bonds, including a premium or a discount, under such terms and conditions approved by resolution of the Commission;

(q) if so determined by the Port, the authorization of and any terms and conditions with respect to credit or liquidity support for the Bonds of such series and the pledge or provision

of moneys, assets or security other than Net Revenues to or for the payment of the Bonds of such series or any portion thereof;

(r) a special fund or account to provide for the payment of the Bonds of such series and, if so determined by the Port, any other special funds or accounts, including, without limitation, reserve funds or accounts for Bonds other than Covered Bonds, for the Bonds of such series and the application of moneys or security therein;

(s) if so determined by the Port, the designation of such series of Bonds as Covered Bonds secured by the Common Reserve Fund; and

(t) any other provisions which the Port deems necessary or desirable in connection with the Bonds of such series.

Section 5. Parity Bonds. All Bonds authorized to be issued under Series Resolutions shall be Parity Bonds, having an equal lien and charge upon the Net Revenues of the Port upon fulfillment of the conditions of this resolution, whether at the time of authorization or issuance of such Bonds. Except as provided in subsection (a) below, the Port shall not issue any series of Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (on a parity of lien with Bonds at the time Outstanding) unless (i) the Port shall not have been in default of its covenant under Section 7(a) of this resolution for the immediately preceding fiscal year, and (ii) there shall have been filed a certificate (prepared as described in subsection (b) or (c) below) demonstrating fulfillment of the Coverage Requirement, commencing with the first full fiscal year following the earlier of (1) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Bonds or (2) the date on which any portion of interest on the series of Bonds then being issued no longer will be paid from the proceeds of such series of Bonds and for the following two fiscal years.

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

(1) if the Bonds being issued are for the purpose of refunding Outstanding Bonds upon compliance with the provisions of Section 6 of this resolution; or

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

(b) Certificate of the Port Without A Consultant. A certificate may be delivered by the Port without a Consultant if the Net Revenues, based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, demonstrate that the Coverage Requirement will be fulfilled commencing with the first full fiscal year following the earlier of (1) the date of Commercial Operation of the Facilities to be financed with the proceeds of the Bonds as reasonably estimated by the Port, or (2) the date on which any portion of interest on the series of Bonds then being issued will not be paid from the proceeds of such series of Bonds and for the following two fiscal years.

(c) Certificate of a Consultant. Except as provided in subsections (a) and (b), compliance with the coverage requirements of this Section 5 shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement of this Section 5, the Consultant shall use as a basis the Net Revenues for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable.

Section 6. Refunding Bonds. The Port, by means of a Series Resolution adopted in compliance with the provisions of Section 4 hereof, may issue refunding Bonds hereunder as follows:

(a) Bonds may be issued at any time for the purpose of refunding (including by purchase) Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in Section 5 hereof. Such refunding Bonds also may be issued without a certificate if the Maximum Annual Debt Service to be Outstanding after the issuance of the refunding Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(b) Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Port, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Bonds the Port must provide a certificate if required by Section 5 hereof.

(c) Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Bonds for the payment of which sufficient Net Revenues or other moneys are not available, without the requirement of a certificate pursuant to Section 5 hereof.

Section 7. Specific Covenants. The Port hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain Outstanding as follows:

(a) That it will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its business for as long as any Bonds are Outstanding that

will produce Net Revenues in each fiscal year at least equal to the greater of (1) 135% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on Outstanding Bonds, or (2) amounts required to be deposited during such fiscal year from Net Revenues into bond funds and reserve funds established for Outstanding Bonds and into the Repair and Renewal Fund, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service (herein referred to as the "Rate Covenant").

The Port hereby covenants that it will not construct, operate or enter into any agreement permitting or facilitating the construction or operation of any facilities which will compete with the operations of the Port in a manner which will materially and adversely affect its ability to comply with the covenant set forth in this subsection (a). Compliance with the covenant set forth in the preceding sentence may be demonstrated by a certificate based upon reasonable belief of the Designated Port Representative.

If the Net Revenues in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Net Revenues in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default under this Section 7(a) or Default under the provisions of Section 21(c) of this resolution during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) That it will duly and punctually pay or cause to be paid out of the bond fund for each series of Bonds the principal of and interest on the Bonds at the times and places as provided in each Series Resolution and in said Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Bonds.

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

(d) That in the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

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

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

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

Section 8. Common Reserve Fund. The Common Reserve Fund is hereby authorized to be created for the purpose of securing the payment of the principal of, premium, if any, and interest on Covered Bonds. The Common Reserve Fund shall be maintained in an amount not less than the Common Reserve Fund Requirement, subject to permitted withdrawals of amounts in excess of the Common Reserve Fund Requirement, of amounts to pay debt service on Covered Bonds in the event of a deficiency in a bond fund for Covered Bonds, of amounts to pay the principal of, premium, if any, and interest on all Outstanding Covered Bonds, of amounts being replaced by Qualified Insurance or a Qualified Letter of Credit, and of amounts required to prevent any Bonds from becoming "arbitrage bonds, in each case as provided herein. The Common Reserve Fund Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Fund, all or a portion of the money on hand in the Common Reserve Fund shall be transferred to the fund or account, specified by the Designated Port Representative within the limitations permitted by the tax covenants, if any, for the Covered Bonds. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be marked-to-market, at least once annually and at the time of any withdrawal from the Common Reserve Fund. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand

deposits and certified or cashier's checks; and the deposit to the Common Reserve Fund may be satisfied by the transfer of qualified investments to such account. If a deficiency in the Common Reserve Fund shall exist as a result of the foregoing valuation, such deficiency shall be made up in equal monthly installments within a year thereafter.

If the balance on hand in the Common Reserve Fund is sufficient to satisfy the Common Reserve Fund Requirement, interest earnings thereon shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the bond funds for the Covered Bonds and the Common Reserve Fund to pay the principal of, premium, if any, and interest on all Outstanding Covered Bonds, the money in the Common Reserve Fund may be used to pay such principal and interest. So long as the money left remaining on deposit in the Common Reserve Fund is not less than the Common Reserve Fund Requirement, money in the Common Reserve Fund may be transferred to the fund or account specified in writing by the Designated Port Representative within the limitations permitted by the tax covenants for the Covered Bonds. The Port also may transfer out of the Common Reserve Fund any money required to prevent any Bonds from becoming "arbitrage bonds."

If a deficiency in any bond fund for a series of Covered Bonds shall occur immediately prior to an interest payment date, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose (including cash provided by the sale or redemption of obligations held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to the Covered Bonds), and if a deficiency in any bond fund for a series of Covered Bonds still exists immediately prior to the interest payment date for such series of Covered Bonds and after the transfer of cash from the Common Reserve Fund to such bond fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Common Reserve Fund in sufficient amount to make up the deficiency. If the amount in the Common Reserve Fund is insufficient to make up all deficiencies in the bond fund(s) for all Covered Bonds coming due on a Covered Bond payment date, the deficiencies shall be made up on a pro rata basis based on the principal, if any, and interest payments coming due on Covered Bonds on such interest payment date. Any draw on a Qualified Letter of Credit or Qualified Insurance shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of Section 2(a) of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for the Covered Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Bonds shall be permitted, and no remedies that adversely affect the beneficial owners of the Bonds shall be permitted. Any deficiency created in the Common Reserve Fund by reason of any such withdrawal shall be made up within one year, from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into the bond funds for Covered Bonds within such year.

In making the payments and credits to the Common Reserve Fund required by this Section 8, to the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Common Reserve Fund such amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Common Reserve Fund by this Section 8 to the extent that such payments and credits to be made are to be made or insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. In the event of termination of a Qualified Letter of Credit, if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence or if the letter of credit or insurance otherwise ceases to be a Qualified Letter of Credit or Qualified Insurance, respectively, the Common Reserve Fund Requirement shall be satisfied (a) within one year after the termination, insolvency or incapacity, with other Qualified Insurance or another Qualified Letter of Credit, or (b) within three years (in three equal annual installments) after the termination, insolvency or incapacity, out of Net Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the bond funds for Bonds.

Section 9. Adoption of Supplemental Resolutions and Purposes Thereof. The Port may adopt at any time and from time to time and without the consent or concurrence of the owner of any Bond, a resolution or resolutions amendatory or supplemental to this resolution for any one or more of the following purposes:

(a) To provide for the issuance of a series of Bonds pursuant to Section 4 hereof, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add covenants and agreements of the Port for the purpose of further securing the payment of the Bonds; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Port contained in this resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Port payable from the Net Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Port by the terms of this resolution;

(e) To confirm as further assurance any pledge or provision for payment of the Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Net Revenues or of any other moneys, securities or funds;

(f) To cure any ambiguity or defect or inconsistent provision in this resolution or to insert such provisions clarifying matters or questions arising under this resolution as are necessary or desirable; provided that such modifications shall not materially and adversely affect the rights of any owners;

(g) To qualify this resolution under the Trust Indenture Act of 1939, as amended;

(h) To modify the provisions of this resolution to obtain from any Rating Agency a rating on any series of Bonds or any portion thereof which is higher than the rating which would be assigned without such modification so long as the rating on any other series of Bonds or portion thereof is not adversely affected; or

(i) To modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Bondowners. Notwithstanding anything in this Section 9 to the contrary, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Bonds; (2) reduce the percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount or Accreted Value of any Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto.

The provisions of this resolution also may be modified at any time or from time to time by a resolution supplemental hereto, subject to the consent of Bondowners in accordance with and subject to the provisions of Sections 10 through 18 hereof.

Section 10. Call of Bondowners' Meetings. The Port or the owners of not less than 25% in principal amount or Accreted Value of the Bonds of any series then Outstanding or the owners of not less than 25% in principal amount or Accreted Value of all Bonds then Outstanding may at any time call a meeting of the owners of the Bonds of such series or of all Bonds, as the case may be. Every such meeting shall be held at such place as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and the time of the meeting and in general terms the business to be submitted, shall be mailed to the owners of each series of Bonds for which the meeting is to be held by the Port or the Bondowners calling such meeting not less than 30 nor more than 60 days before such meeting, and shall be published at least once a week for four successive fiscal weeks on any day of the week, the date of first publication to be not less than 30 days nor more than 60 days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. Any meeting of Bondowners shall, however, be valid without notice if the owners of all Bonds of the affected series then Outstanding are present in person or by proxy or if notice is waived before or within 30 days after the meeting by those not so present.

Section 11. **Notice to Bondowners**. Except as otherwise specifically provided in this resolution, any provision in this resolution for the mailing of a notice or other paper to owners of Bonds of any series shall be fully complied with if it is mailed by first class mail, postage prepaid, to each registered owner of any of the Bonds of that series then Outstanding at his address, if any, appearing upon the registration books maintained by or on behalf of the Port, and to each owner of any of the Bonds of that series payable to bearer who shall have filed with the Port an address for notices. Any provision in this resolution contained for publication of a notice or other matter shall require the publication thereof in a financial journal or daily newspaper printed in the English language and customarily published on each business day and of general circulation in each of the cities of Seattle, Washington and New York, New York. If, because of the temporary or permanent suspension of the publication or general circulation of any financial paper or newspaper in any particular city, the Port deems it impossible to publish any such notice in such city in the manner herein provided, then there shall be made in lieu thereof such publication as shall be decided upon by the Port, and the same shall constitute a sufficient publication of such notice.

Section 12. **Proxies; Proof of Ownership of Bonds; Execution of Instruments by Bondowners**. Attendance and voting by Bondowners at such meetings may be in person or by proxy. Owners of registered Bonds or coupon Bonds registered as to principal, may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to vote at any meeting for them.

In order that owners of Bonds payable to bearer and their proxies may attend and vote without producing their Bonds, the Port may make and from time to time vary such regulations as it shall think proper for the deposit of Bonds with or exhibit of Bonds to any bank, bankers or trust companies, or other depositaries, including firms and corporations which are members of The National Association of Securities Dealers, wherever situated, and for the issuance by them to the persons depositing or exhibiting such Bonds, of certificates in form approved by the Port, which shall constitute proof of ownership entitling the owners thereof to be present and vote at any such meeting in the same way and if the persons so present and voting, either personally or by proxy, were the actual bearers of the Bonds in respect of which such certificates shall have been issued, and any regulations so made shall be binding and effective. Copies of such regulations shall be kept on file by any Paying Agents, officers or nominees of the Port may be present or represented at such meeting and take part therein, but shall not be entitled to vote, except as such officers or nominees are Bondowners or proxies for Bondowners.

Any registered owner of Bonds and any owners of a certificate provided for in this Section 12 shall be entitled in person or by proxy to attend and vote at bondowners meetings as holder of the Bonds registered or certified in his name without producing such Bonds (unless the Bonds described in such certificate shall be registered in the name of, or be produced by, some other person at such meeting), and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting (appointed as hereinafter provided). All other persons seeking to attend or vote in such meeting must produce the Bonds claimed to be owned or represented at such meeting.

The vote at any such meeting of the owner of any Bond entitled to vote shall be binding upon such owner and upon every subsequent owner of such Bond (whether or not such subsequent owner has notice thereof).

Any request, direction, consent, revocation of consent, approval, objection or other instrument in writing required or permitted by this resolution to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by an agent duly appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this resolution, if made in the following manner: the fact and date of the examination by any person of any such instrument may be proved by either (A) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, (B) an affidavit of a witness to such execution sworn to before such a notary public or other officer, or (C) a signature guarantee. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the Port to such proof, it being intended that the Port may accept any other evidence of the matters herein stated which to it may seem sufficient.

The right of a proxy for a Bondowner to act may be proved (subject to the Port's right to require additional proof) by a written proxy executed by such Bondowner as aforesaid.

Section 13. **Quorum at Bondowners Meetings.** The owners of not less than a majority in principal amount or Accreted Value of the Bonds of a series at a meeting of the owners of the Bonds of that series or the owners of not less than a majority in principal amount or Accreted Value of the Bonds of all series at a meeting of all Bondowners must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that if such meeting is adjourned by less than a quorum for more than ten days, notice thereof shall be published by the Port at least five days prior to the adjourned date of the meeting.

Section 14. **Vote Required to Amend Resolution**. Any amendment of the provisions of this resolution or any Series Resolution in any particular, except the percentage of Bondowners whose approval is required to approve such amendment, may be made by a supplemental resolution of the Port and a resolution duly adopted either:

(a) at a duly convened and held meeting of the owners of Bonds whose contract with the Port will be altered by such amendment by an affirmative vote of the owners of not less than a majority in principal amount or Accreted Value of such Bonds whose owners are present at such meeting; or

(b) with written consent as hereinafter provided in Section 16 hereof, of the owners of not less than a majority in principal amount or Accreted Value of the Outstanding Bonds whose contract with the Port will be altered by such amendment;

provided, however, that, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Bonds; (2) reduce the aforesaid percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby and no such resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount of any Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; provided further, however, that no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto. Nothing herein contained shall be construed as making necessary the approval by the owners of the Bonds of any series of the adoption of any supplemental resolution authorized by Section 9 of this resolution or authorized by any Series Resolution.

Section 15. Obtaining Approval of Amendments at Bondowners Meetings. The Port may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. Upon the adoption of such resolution, a copy thereof, certified by the Secretary of the Commission, shall be filed with the Trustee for the affected series of Bonds, if theretofore appointed. At any time thereafter such resolution may be submitted by the Port for approval to a meeting of the owners of each series of Bonds whose contract with the Port will be altered by such resolution, duly convened and held in accordance with the provisions of this resolution. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the Port making such amendment shall be approved by a resolution duly adopted at such meeting of Bondowners pursuant to the provisions of Section 14 hereof, a notice stating that a resolution approving such amendment has been so adopted and briefly summarizing such amendment shall be mailed by the Port to the owners of Bonds affected thereby (but failure so to mail copies of such resolution shall not affect the validity of such resolution), and shall be published twice in the manner provided in Section 11 hereof, with an interval of not less than seven days between such publications, the first publication to be made not more than 15 days after the date of the adoption of such resolution. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the Bondowners' Trustee, if theretofore appointed for that series, and with the Port. Such amendatory resolution shall be deemed conclusively to be binding upon the Port, the Paying Agents and other agents, if any, for that series, and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice provided for in this Section.

Section 16. Alternate Method of Obtaining Approval of Amendments. The Port may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. A copy of such resolution (or summary thereof) together with a request to owners of all Bonds whose contract with the Port will be altered by such resolution for their consent thereto shall be mailed by the Port to the owners of such series of Bonds, and notice thereof shall be published once in each fiscal week for four successive fiscal weeks on any day of the week in the manner provided in Section 11 hereof (but failure to mail copies of such resolution and request shall not affect the validity of the resolution when consented to as in this Section provided). Such resolution shall not be effective unless and until there shall have been filed with the Port the written consents of the owners of a majority in aggregate principal amount or Accreted Value of the Outstanding Bonds of the Series whose contract with the Port will be altered by such resolution and notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds of the series for which such consent is given, which proof shall be such as is permitted by Section 12 hereof. Any such consent shall be binding upon the owner of the Bonds of the series giving such consent and on every subsequent owner of such Bonds (whether or not such subsequent owner has notice thereof). A notice, stating the substance of the resolution and stating that the resolution has been consented to by the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the series whose contract with the Port will be altered thereby and will be effective as provided in this Section, may be given to the owners of the Bonds of the affected series by mailing such notice to such Bondowners, and shall be given by publishing the same twice in the manner provided in Section 11 hereof, with an interval of not less than seven days between such publications, the first publication to be made not more than 15 days after the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the affected series shall have filed their consent to the resolution. A record, consisting of the papers required by this Section to be filed with the Port, shall be proof of the matters therein stated, and the resolution shall be deemed conclusively to be binding upon the Port the Paying Agents and other agents, if any, for that series and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice last provided for in this Section.

Section 17. Amendment of Resolution in any Respect by Approval of All Bondowners of a Series. Notwithstanding anything contained in the foregoing provisions of this Resolution, the rights and obligations of the Port and of the owners of the Bonds of any series and coupons, if any, appurtenant thereto, and the terms and provisions of the Bonds of any series and of this resolution and of any Series Resolution, may be amended in any respect with the consent of the Port by the affirmative vote of the owners of all of the Outstanding Bonds of the series whose contract with the Port will be altered by such amendment, at a meeting of Bondowners of that series called and held as hereinabove provided, or upon the adoption of a resolution by the Port and the consent of the owners of all of the Outstanding Bonds of the series whose contract with the Port will be altered by such amendment, such consent to be given as provided in Section 16, except that no notice to Bondowners either by mailing or publication shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all such owners of Bonds.

The issuer of any Credit Facility that is not solely a liquidity facility may be deemed in any Series Resolution authorizing Bonds to be the sole owner of any such Bonds issued on or after the effective date of this amended and restated resolution that are secured by such Credit Facility for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Series Resolution or applicable bond insurance commitment accepted by the Port as a condition of issuance of the Credit Facility, except for amendments that alter the interest rate on any such Bonds or their maturity date(s) or redemption terms or principal amounts.

Section 18. Endorsement of Amendment on Bonds. Bonds of any series delivered after the effective date of any action amending this resolution or the Series Resolution with respect to that series taken as hereinabove provided may bear a notation by endorsement or otherwise in form approved by the Port as to such action, and in that case, upon demand of the owner of any Outstanding Bond of that series at such effective date and presentation of his Bond for such purpose at the principal office of the Registrar therefor, suitable notation shall be made on such Bond by the Registrar as to any such action. If the Port shall so determine, new Bonds of such series, so modified as in the opinion of the Port and its counsel to conform to such Bondowners' action, shall be prepared, delivered and upon demand of the owner of any Bond of that series then Outstanding shall be exchanged without cost to such Bondowner for Bonds of that series then Outstanding hereunder, upon surrender of such Bonds with all unmatured coupons, if any, appurtenant thereto.

Section 19. Resolution and Laws a Contract with Bondowners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 53 of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Bond and the coupons, if any, appurtenant thereto, and the obligations of the Port and its Commission under said laws and under this resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Port shall be for the equal benefit, protection and security of the owners of any and all of the Bonds and the coupons, if any, appurtenant thereto.

Section 20. Moneys Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Bonds, moneys or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Bonds or coupons of a series which remain unclaimed for one year after the date when such Bonds or coupons are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by such Paying Agents at such date, or for one year after the date of deposit of such moneys if deposited with the Paying Agents after the date when such Bonds become due and payable, shall be repaid by the Paying Agents to the Port free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Bonds of the series payable

from such moneys shall look only to the Port for the payment of such Bonds and coupons or the purchase price thereof.

Section 21. Defaults and Remedies. The Port hereby finds and determines that the continuous operation of the Facilities and the collection, deposit and disbursement of Gross Revenue are essential to the payment and security of the Bonds and the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section are specified and adopted for the additional protection of the owners from time to time of the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution:

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

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

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

In such case, so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Bonds of any series by the owners of 51% in principal amount or Accreted Value of the Bonds of such series by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointment under the provisions of this Section shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount or Accreted Value of the Bonds Outstanding of the applicable series, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

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

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

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

No owner of any one or more of the Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same or coupons appertaining thereto, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed for such series as herein provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution, any Series Resolution or in the Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Net Revenues the principal of and interest on said Bonds to the respective owners thereof and the coupons appertaining thereto at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

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

Notwithstanding the foregoing, no default may be waived with respect to any series of Bonds or portion thereof secured or supported by a Credit Facility unless the Bondowners' Trustee with respect thereto has received written confirmation from the issuer thereof that such Credit Facility has been fully reinstated.

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

Section 22. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Bonds issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 27th day of February, 2007, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof and the seal of the Port impressed thereon.

<u>CERTIFICATE</u>

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

1. That the attached resolution numbered 3577 (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 27th day of February, 2007, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of February, 2007.

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SERIES RESOLUTION

PORT OF SEATTLE

RESOLUTION NO. 3787

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of revenue refunding bonds in one or more series in the aggregate principal amount of not to exceed $60,000,000, for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: _______________, 2021

Prepared by:

K&L GATES LLP
Seattle, Washington

Port of Seattle
Resolution No. 3787
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

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RESOLUTION NO. 3787

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of revenue refunding bonds in one or more series in the aggregate principal amount of not to exceed $60,000,000, for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the "Master Resolution"), each series being payable from the Net Revenues (as such term is defined in the Master Resolution); and

WHEREAS, the Port currently has outstanding five series of first lien revenue bonds pursuant to the Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3509	08/20/2003	(A)	$ 190,470,000	$ 12,830,000	07/01/2021
3619	07/16/2009	(B-2)	22,000,326[1]	51,848,202[1]	05/01/2031
3653	12/13/2011	(B)	97,190,000	57,790,000[2]	09/01/2026
3721	08/02/2016	(B)	124,380,000	115,885,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	5,475,000	10/01/2032

(1) Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of $29,847,876 through May 2, 2021.
(2) All or part of the Series 2011B Bonds are anticipated to be refunded pursuant to this resolution.

(the "Outstanding Parity Bonds"); and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding Parity Bonds permits the Port to issue its revenue bonds having a lien on Net Revenues (as such term is

defined in the Master Resolution) subordinate to the lien thereon of the Outstanding Parity Bonds; and

WHEREAS, the Port has authorized the issuance of revenue bonds subordinate to the lien thereon of the Outstanding Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the "Intermediate Lien Master Resolution"); and

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

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3637	08/04/2010	(B)	$ 221,315,000[1]	$ 184,995,000[1]	06/01/2040
3637	08/04/2010	(C)	128,140,000[1]	48,400,000[1]	02/01/2024
3658	03/14/2012	(A)	342,555,000	302,555,000	08/01/2033
3658	03/14/2012	(B)	189,315,000	68,215,000	08/01/2024
3684	12/17/2013		139,105,000	127,155,000	07/01/2029
3709	08/06/2015	(A)	72,010,000	64,380,000	04/01/2040
3709	08/06/2015	(B)	284,440,000	164,155,000	03/01/2035
3709	08/06/2015	(C)	226,275,000	198,585,000	04/01/2040
3722	08/02/2016		99,095,000	99,095,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	217,405,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	297,045,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	64,900,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	455,410,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	68,340,000	05/01/2028
3758	08/07/2019		457,390,000	452,775,000	04/01/2044

(1) Simultaneously with this issue, all or part of the Series 2010B Bonds and Series 2010C Bonds may be refunded pursuant to the Intermediate Lien Master Resolution.

(the "Outstanding Intermediate Lien Bonds"); and

WHEREAS, the Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues (as such term is defined in the

Intermediate Lien Master Resolution) subordinate to the lien thereon of the Intermediate Lien Bonds; and

WHEREAS, the Port currently has outstanding three series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3238	03/26/1997		$ 108,830,000	$ 19,235,000	09/01/2022
3456[(1)]	(CP)		250,000,000	48,470,000	06/01/2021
3598	06/17/2008		200,715,000	158,300,000	07/01/2033

[(1)] As amended by Resolution No. 3777, adopted on September 22, 2020, authorizing increasing the principal amount to $400,000,000 and extending the final maturity date to June 1, 2051.

(the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, the Port has outstanding certain Outstanding Parity Bonds described on Exhibit A attached hereto (the "Refunding Candidates") that may be defeased and/or refunded, thereby saving on debt service, by a portion of the proceeds of the Series 2021 First Lien Bonds authorized (and further defined) herein; and

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

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

WHEREAS, pursuant to RCW 53.40.030, the Port Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be refunded, the

interest rates, maturity dates, redemption rights, interest payment dates, and principal amounts under such terms and conditions as are approved by resolution; and

WHEREAS, it is necessary that the date, form, and maximum aggregate principal amount for all bonds to be issued pursuant to this series resolution (hereinafter together defined as the "Series 2021 First Lien Bonds"), that the determination of maturities, interest rates, redemption rights and principal amount of each series, and that the lien thereof on the Net Revenues of the Port be established as herein provided; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of the Series 2021 First Lien Bonds (hereinafter defined) pursuant to Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2021 First Lien Bonds be sold pursuant to negotiated sale as herein provided;

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

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

Acquired Obligations mean the noncallable Government Obligations acquired by the Port pursuant to Section 9(b) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2021 First Lien Bonds (including persons holding Series 2021 First Lien Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, of the Series 2021 First Lien Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2021 First Lien Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of Series 2021 First Lien Bonds pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means the Bond Purchase Contract for the Series 2021 First Lien Bonds, providing for the purchase of the Series 2021 First Lien Bonds by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 16 of this series resolution.

Bond Register means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2021 First Lien Bond or nominee of such owner and the principal amount and number of Series 2021 First Lien Bonds held by each owner or nominee.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations or revenue rulings issued or amended with respect thereto by the U.S. Treasury Department or the Internal Revenue Service, to the extent applicable to the Series 2021 First Lien Bonds.

Continuing Disclosure Undertaking means the undertaking for ongoing disclosure executed by the Port pursuant to Section 18 of this series resolution.

Costs of Issuance Agreement means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2021 First Lien Bonds.

Default has the meaning given such term in Section 15(b) of this series resolution.

Designated Port Representative, for purposes of this series resolution, means the Executive Director of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2021 First Lien Bonds pursuant to Section 6 hereof.

Escrow Agent means U.S. Bank National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

Escrow Agreement means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Series 2021 First Lien Bonds between the Port and the Escrow Agent to be executed in connection with the refunding of the Refunded Bonds.

Executive Director means the Executive Director of the Port, or any successor to the functions of his office.

Federal Tax Certificate means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2021 First Lien Bonds of a series that are issued on a federally tax-exempt basis.

Future Parity Bonds mean those revenue bonds or other revenue obligations that are issued by the Port in the future as Parity Bonds.

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

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

Master Resolution means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, and as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Outstanding Parity Bonds mean the Port's outstanding revenue bonds identified in the recitals to this series resolution.

Parity Bonds mean and include the Outstanding Parity Bonds, the Series 2021 First Lien Bonds and any Future Parity Bonds and has the meaning ascribed to "Bonds" in the Master Resolution.

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

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2021 First Lien Bonds is due and payable.

Refunded Bonds mean the Refunding Candidates that are designated by the Executive Director pursuant to Section 16 of this series resolution.

Refunding Candidates mean the outstanding revenue bonds of the Port described on Exhibit A.

Registered Owner means the person named as the registered owner of a Series 2021 First Lien Bond in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2021 First Lien Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 First Lien Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

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

Series 2021 Bond Fund means the Port of Seattle Revenue Bond Fund, Series 2021 created in the office of the Treasurer by Section 7(a) of this series resolution.

Series 2021 First Lien Bonds mean the Port of Seattle Revenue Refunding Bonds, Series 2021 (AMT), or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 3 of this series resolution.

Subordinate Lien Bond Resolutions mean, collectively, Resolution No. 3238, as amended, Resolution No. 3456, as amended, as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

Surety Bond means one or more of the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2021 First Lien Bonds of a series for the purpose of satisfying all or a portion of the Common Reserve Fund Requirement; provided that the Surety Bond meets the requirements for "Qualified Insurance" at the time of issuance of the Surety Bond. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer or Surety Bond Issuers means the surety bond issuer(s), if any, issuing a surety bond for the purpose of satisfying all or a portion of the Common Reserve Fund Requirement. There may be more than one Surety Bond Issuer.

Underwriters mean, collectively, Barclays Capital Inc., BofA Securities, Inc.; J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Drexel Hamilton, LLC; and Siebert Williams Shank & Co., LLC.

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

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

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

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

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

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

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance. The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance and/or refunding depending upon market conditions. The final selection of the maturities, if any, within the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or be refunded by the Series 2021 First Lien Bonds shall be made by the Executive Director pursuant to the authority granted in Section 16 of this series resolution.

Section 3. Authorization of Series 2021 First Lien Bonds. The Port shall issue the Series 2021 First Lien Bonds for the purpose of refunding all or a portion of the Refunding Candidates. The proceeds of the Series 2021 First Lien Bonds shall be used for the purposes of providing the funds necessary to refund the Refunded Bonds, to make a deposit, if any, to the Common Reserve Fund, or to purchase one or more Surety Bonds, and to pay all or a portion of the costs incidental to the foregoing and to the issuance of the Series 2021 First Lien Bonds.

The aggregate principal amount of the Series 2021 First Lien Bonds to be issued under this series resolution shall not exceed $60,000,000 and shall be determined by the Executive Director, pursuant to the authority granted in Section 16 of this series resolution.

Section 4. Series 2021 First Lien Bond Details.

(a) *Series 2021 First Lien Bonds*. The Series 2021 First Lien Bonds shall be issued in one or more series, shall be designated as "Port of Seattle Revenue Refunding Bonds, Series 2021," with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of $5,000 each or any integral multiple of $5,000 within a series and maturity, bearing interest as and at the rates set

forth in the Bond Purchase Contract and as approved by the Executive Director pursuant to Section 16. The Series 2021 First Lien Bonds shall bear interest from their date of delivery to the Underwriters until the Series 2021 First Lien Bonds bearing such interest have been paid or their payment duly provided for, payable semiannually on the dates set forth in the Bond Purchase Contact for each series and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by the Executive Director pursuant to Section 16 of this series resolution.

(b) *Limited Obligations*. The Series 2021 First Lien Bonds shall be obligations only of the Series 2021 Bond Fund and the Common Reserve Fund and shall be payable and secured as provided in the Master Resolution and herein.

The Series 2021 First Lien Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 5. Redemption and Purchase.

(a) *Optional Redemption*. One or more series and maturities of Series 2021 First Lien Bonds may be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 16 of this series resolution.

(b) *Mandatory Redemption.* One or more Series 2021 First Lien Bonds may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 16 of this series resolution.

(c) *Purchase of Series 2021 First Lien Bonds for Retirement*. The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the Master Resolution, including the payments required by paragraphs First through Seventh of the priority for use of Gross Revenue set forth in the Subordinate Lien Bond Resolutions, to purchase for retirement any of the Series 2021 First Lien Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d) *Selection of Series 2021 First Lien Bonds for Redemption*. If Series 2021 First Lien Bonds are called for optional redemption, the maturities of such Series 2021 First Lien Bonds to be redeemed shall be selected by the Port. If any Series 2021 First Lien Bonds to be redeemed (optional or mandatory) then are held in book entry only form, the selection of such Series 2021 First Lien Bonds to be redeemed within a maturity shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2021 First Lien Bonds to be redeemed are no longer held in book entry only form, the selection of such Series 2021 First Lien Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2021 First Lien Bonds having the same maturity date within a series, the particular Series 2021 First Lien Bonds or portions of Series 2021 First Lien Bonds to be redeemed within the series and maturity shall be selected by lot (or in such other random manner determined by the Registrar) in increments of $5,000. In the case of a Series 2021 First Lien Bonds within a maturity of a denomination greater than $5,000, the Port and Registrar shall treat each Series 2021 First Lien Bonds of the applicable maturity as representing such number of separate Series 2021 First Lien Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2021 First Lien Bonds of the applicable maturity by $5,000. In the event that only a portion of the principal amount of a Series 2021 First Lien Bond is redeemed, upon surrender of such Series 2021 First Lien Bond at the principal office of the Registrar there shall be issued to

the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2021 First Lien Bond or, at the option of the Registered Owner, a Series 2021 First Lien Bond of like maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2021 First Lien Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2021 First Lien Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2021 First Lien Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2021 First Lien Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2021 First Lien Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2021 First Lien Bonds of a series are to be redeemed, the identification by maturity and series (and, in the case of partial redemption, the principal amounts) of the Series 2021 First Lien Bonds to be redeemed, (4) whether, in the case of optional redemption, the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2021 First Lien Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2021 First Lien Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2021 First Lien Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2021 First Lien Bonds, (6) that the Series 2021 First Lien Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2021 First Lien Bonds being redeemed, (8) the dated date of the Series 2021 First Lien Bonds being redeemed, (9) the rate of interest for each Series 2021 First Lien Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2021 First Lien Bonds being redeemed.

Upon the payment of the redemption price of Series 2021 First Lien Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, series, and maturity, the Series 2021 First Lien Bonds being redeemed with the proceeds of such check or other transfer.

(f) *Effect of Redemption*. Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2021 First

Lien Bonds to be redeemed shall become due and payable on the date fixed for redemption, the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2021 First Lien Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2021 First Lien Bonds, then from and after the date fixed for redemption for such Series 2021 First Lien Bond or portion thereof, interest on each such Series 2021 First Lien Bond shall cease to accrue and such Series 2021 First Lien Bond or portion thereof shall cease to be Outstanding.

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

Section 6. Registration, Exchange and Payments.

(a) *Registrar/Bond Register*. The Port hereby specifies and adopts the system of registration and transfer for the Series 2021 First Lien Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2021 First Lien Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 First Lien Bonds (the "Registrar"). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2021 First Lien Bonds (the "Bond Register"), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC (or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2021 First Lien Bonds transferred or exchanged in accordance with the provisions of such Series 2021 First Lien Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2021 First Lien Bonds.

(b) *Registered Ownership*. Except as provided in Section 6(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 18 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2021 First Lien Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2021 First Lien Bond shall be made only as described in subsection (h) of this Section 6, but the transfer of such Series 2021 First Lien Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 6 shall be valid and shall satisfy the liability of the Port upon such Series 2021 First Lien Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations*. The Series 2021 First Lien Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2021 First Lien Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2021 First Lien Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2021 First Lien Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC (or any successor or alternate depository)), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2021 First Lien Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2021 First Lien Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2021 First Lien Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the Series 2021 First Lien Bonds and so long as the Bond Insurer is not in default under its Bond Insurance Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository*.

(1) The Series 2021 First Lien Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2021 First Lien Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2021 First Lien Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2) below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2021 First Lien Bonds, together with a written request on behalf of the Port, issue a single new Series 2021 First Lien Bond for each series and maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained,

or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2021 First Lien Bonds of any series that the Series 2021 First Lien Bonds of that series be provided in certificated form, the ownership of such Series 2021 First Lien Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2021 First Lien Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2021 First Lien Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2021 First Lien Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2021 First Lien Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2021 First Lien Bonds; Change in Denominations*. The transfer of any Series 2021 First Lien Bond may be registered and any Series 2021 First Lien Bond may be exchanged, but no transfer of any Series 2021 First Lien Bond shall be valid unless the Series 2021 First Lien Bond is surrendered to the Registrar with the assignment form appearing on such Series 2021 First Lien Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2021 First Lien Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2021 First Lien Bond (or Series 2021 First Lien Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2021 First Lien Bond, in exchange for such surrendered and canceled Series 2021 First Lien Bond. Any Series 2021 First Lien Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2021 First Lien Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2021 First Lien Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2021 First Lien Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2021 First Lien Bonds, after the mailing of notice of the call of such Series 2021 First Lien Bonds for redemption.

(f) *Registrar's Ownership of Series 2021 First Lien Bonds*. The Registrar may become the Registered Owner of any Series 2021 First Lien Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2021 First Lien Bonds.

(g) *Registration Covenant*. The Port covenants that, until all Series 2021 First Lien Bonds issued on a tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2021 First Lien Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. The principal of, premium, if any, and interest on the Series 2021 First Lien Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2021 First Lien Bonds shall be calculated on the basis of a

360-day year and twelve 30-day months. For so long as all Series 2021 First Lien Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2021 First Lien Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2021 First Lien Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2021 First Lien Bonds shall be payable by check upon presentation and surrender of such Series 2021 First Lien Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least $1,000,000 aggregate principal amount of Series 2021 First Lien Bonds, interest will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 7. Series 2021 Bond Fund and Designation as Covered Bonds.

(a) *Series 2021 Bond Fund*. A special fund of the Port designated the "Port of Seattle Revenue Bond Fund, Series 2021" (the "Series 2021 Bond Fund") is hereby authorized to be created in the office of the Treasurer for the purpose of paying and securing the payment of the Series 2021 First Lien Bonds. The Series 2021 Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of the Series 2021 First Lien Bonds.

The Series 2021 First Lien Bonds shall be Covered Bonds and secured by the Common Reserve Fund maintained pursuant to the Master Resolution. The Series 2021 First Lien Bonds shall be obligations only of the Series 2021 Bond Fund and Common Reserve Fund and shall be payable and secured as provided herein. The Series 2021 First Lien Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional and statutory provisions and limitations of the laws of the State of Washington.

The Port hereby irrevocably obligates and binds itself for so long as any Series 2021 First Lien Bonds remain Outstanding to set aside and pay into the Series 2021 Bond Fund from Net Revenues or money in the Revenue Fund, on or prior to the respective dates on which the same become due:

(1) such amounts as are required to pay the interest scheduled to become due and redemption premium, if any, on Outstanding Series 2021 First Lien Bonds; and

(2) such amounts as are required to pay maturing principal or principal being redeemed of Outstanding Series 2021 First Lien Bonds.

(b) *Pledge and Lien*. The Port does hereby pledge and bind itself to set aside from Net Revenues, and to pay into the Series 2021 Bond Fund and the Common Reserve Fund the various amounts required herein to be paid into and maintained in said Funds, all within the times provided herein. Said amounts so pledged to be paid into the Series 2021 Bond Fund and the Common Reserve Fund are hereby declared to be a prior lien and charge upon Gross Revenues superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to the lien and charge thereon of the Outstanding Parity Bonds, and to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(c) *Use of Excess Money*. Money in the Series 2021 Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Series 2021 First Lien Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Series 2021 First Lien Bonds within the limitations provided herein, subject to the further limitations set forth in the Federal Tax Certificate, and in Section 2 of the Master Resolution. Money in the Series 2021 Bond Fund, and money in the Revenue Fund of the Port may be invested in any investments legal for port districts and, with respect to the Series 2021 Bond Fund, subject to the further limitations set forth in the Federal Tax Certificate with respect to Series 2021 First Lien Bonds issued on a tax-exempt basis.

(d) *Surety Bond Agreement.* The Designated Port Representative may solicit bids from surety bond issuers, and the Designated Port Representative is hereby authorized to select a proposal and to execute the Surety Bond Agreement(s), which may include such covenants and conditions as shall be approved by the Designated Port Representative.

<u>Section 8</u>. <u>Defeasance</u>. Except as otherwise set forth in the Bond Purchase Contract, the Series 2021 First Lien Bonds shall be subject to defeasance as follows. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner thereof at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2021 First Lien Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment of such Series 2021 First Lien Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2021 First Lien Bonds (or portion thereof) of such series are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been

delivered to the Registrar, then no further payments need be made into the Series 2021 Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on such Series 2021 First Lien Bonds (or portion thereof) so provided for and the Series 2021 First Lien Bonds shall then cease to be entitled to any lien, benefit or security of the Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2021 First Lien Bonds (or portion thereof) shall no longer be deemed to be Outstanding hereunder, under the Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2021 First Lien Bonds to the Registered Owners of the Series 2021 First Lien Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 18 of this series resolution.

Section 9. Refunding Procedures.

(a) *Application of Series 2021 First Lien Bond Proceeds*. The net proceeds of the Series 2021 First Lien Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the Common Reserve Fund Requirement, together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(b) *Defeasance of Refunded Bonds*. Subject to and in accordance with the resolutions authorizing the issuance of the Refunded Bonds, the net proceeds of the Series 2021 First Lien Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds or to purchase the Government Obligations specified by the Designated Port Representative (which obligations so purchased, are herein called "Acquired Obligations") and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolutions authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the dates fixed for redemption and the redemption price (the principal amount plus any premium required) on the redemption dates for the Refunded Bonds. Subject to compliance with all conditions set forth in the respective resolutions authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

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

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

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

(d) *Authorizing Appointment of Escrow Agent and Verification Agent*. The Commission hereby authorizes and directs the Designated Port Representative (if the Designated

Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

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

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Series 2021 First Lien Bonds.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Series 2021 First Lien Bonds.

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

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

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Series 2021 First Lien Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

Section 11. Tax Covenants.

(a) *General*. The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 First Lien Bonds issued on a federally tax-exempt basis and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 First Lien Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to the Series 2021 First Lien Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification*. The Series 2021 First Lien Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 12. Lost, Stolen, Mutilated or Destroyed Series 2021 First Lien Bonds. In case any Series 2021 First Lien Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2021 First Lien Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2021 First Lien Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2021 First Lien Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 13. Form of Series 2021 First Lien Bonds and Registration Certificate.

(a) *Series 2021 First Lien Bonds*. The Series 2021 First Lien Bonds shall be in substantially the following form with modifications to reflect a particular series:

[STATEMENT OF INSURANCE, if any]
[DTC LEGEND]

UNITED STATES OF AMERICA

NO. ______ $____________

STATE OF WASHINGTON
PORT OF SEATTLE
REVENUE REFUNDING BOND, SERIES 2021 (AMT)

Maturity Date: _________, _____ CUSIP No. _______

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Bond Fund, Series 2021" (the "Series 2021 Bond Fund") created by Resolution No. 3787 (together with Resolution No. 3059, as amended, and as amended and restated by Resolution No. 3577, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Series 2021 Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each _______ and _________ beginning on _______________. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. The principal, premium, if any, and

interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of $__________, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity, and is issued pursuant to the Bond Resolution to refund certain outstanding revenue bonds. [Simultaneously herewith, the Port is issuing its Intermediate Lien Revenue Refunding Bonds, Series 2021[A][B][C][D] [(Non-AMT)][(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)] in the principal amount of $_________.]

The bonds of this issue maturing on and prior to ____________ are not subject to redemption in advance of their scheduled maturity. The bonds of this issue maturing on and after _____________ are subject to redemption at the option of the Port on and after ___________ in whole or in part on any date, and if in part, with maturities to be selected by the Port at the price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

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

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. Except as provided in the Bond Resolution, the Port and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

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

The Port does hereby pledge and bind itself to set aside from Gross Revenue after payment of Operating Expenses, and to pay into the Series 2021 Bond Fund and the Common Reserve Fund the various amounts required by the Bond Resolution to be paid into and maintained in such Funds, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into the Series 2021 Bond Fund and Common Reserve Fund are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to payment of the Operating Expenses of the Port and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds, the Series 2021 First Lien Bonds and any revenue bonds of the Port hereafter issued on a parity with the bonds of this issue.

The Port has further bound itself to maintain all of its properties and facilities that contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenues (as the same are defined in the Bond Resolution) in an amount equal to or greater than the Rate Covenant defined in the Master Resolution.

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

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

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted or otherwise reproduced hereon as of the ____ day of __________, 2021.

PORT OF SEATTLE

By _______________/s/_______________
President, Port Commission

(SEAL)

ATTEST:

___________/s/_______________
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _______________

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Revenue Refunding Bonds, Series 2021 (AMT) of the Port of Seattle, dated ____________, 2021.

WASHINGTON STATE FISCAL AGENT, as Registrar

By ____
Authorized Signer

In the event any Series 2021 First Lien Bonds are no longer in fully immobilized form, the form of such Series 2021 First Lien Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 14. Execution. The Series 2021 First Lien Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Series 2021 First Lien Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2021 First Lien Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2021 First Lien Bonds shall cease to be such officer or officers of the Port before the Series 2021 First Lien Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the

Port, such Series 2021 First Lien Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2021 First Lien Bond may also be signed and attested on behalf of the Port by such persons as at the actual date of execution of such Series 2021 First Lien Bond shall be the proper officers of the Port although at the original date of such Series 2021 First Lien Bond any such person shall not have been such officer.

Section 15. Additional Covenant; Defaults and Remedies.

(a) *Disposal of Income Properties*. In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of the marine and aviation properties, assets or facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Series 2021 First Lien Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected facilities and provided further that all Gross Revenue from such facilities continues to be pledged to all Series 2021 First Lien Bonds then Outstanding.

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

(1) The Port shall fail to make payment of the principal of any Series 2021 First Lien Bond when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; or

(2) The Port shall fail to make payments of any installment of interest on any Series 2021 First Lien Bond when the same shall become due and payable; or

(3) The Port shall default in the observance or performance of any other covenants other than conditions, or agreements on the part of the Port contained in Section 17 of this series resolution, and such default shall have continued for a period of 90 days.

In determining whether a payment default has occurred or whether a payment on the Series 2021 First Lien Bonds has been made under this series resolution, no effect shall be given to payments made under the Bond Insurance Policy, if any. Upon the occurrence and continuation of any Default, the Registered Owners of the Series 2021 First Lien Bonds shall be entitled to exercise the remedies specified in Section 21 of the Master Resolution; but only with respect to the Series 2021 First Lien Bonds.

Section 16. Designation of Refunded Bonds; Sale of Series 2021 First Lien Bonds.

(a) *Designation of Refunded Bonds*. As outlined in Section 2 and Section 10 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be refunded with the proceeds of the Series 2021 First Lien Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the "Refunded Bonds" in the Bond Purchase Contract.

(b) *Series 2021 First Lien Bond Sale*. The Series 2021 First Lien Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The

Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2021 First Lien Bonds and to execute the Bond Purchase Contract, with such terms (including the designation of the Refunded Bonds) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Master Resolution. The Port Commission has been advised by the Port's financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2021 First Lien Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2021 First Lien Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2021 First Lien Bonds does not exceed the maximum principal amount set forth in Section 3, and (B) so long as the true interest cost for the Series 2021 First Lien Bonds does not exceed 2.50% per annum.

In designating the Refunded Bonds and determining the interest rates, prices, maturity dates, aggregate principal amount, principal maturities, redemption rights or provisions of the Series 2021 First Lien Bonds for approval, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the Series 2021 First Lien Bonds, including, but not limited to, current financial market conditions and current interest rates for

obligations comparable in tenor and quality to the Series 2021 First Lien Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2021 First Lien Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on December 31, 2021. If a Bond Purchase Contract for the Series 2021 First Lien Bonds has not been executed by December 31, 2021, the authorization for the issuance of the Series 2021 First Lien Bonds shall be rescinded, and the Series 2021 First Lien Bonds shall not be issued nor their sale approved unless the Series 2021 First Lien Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2021 First Lien Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2021 First Lien Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port, including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2021 First Lien Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2021 First Lien Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and to approve and deem final any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Series 2021 First Lien Bonds and the distribution of the Series 2021 First Lien Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2021 First Lien Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2021 First Lien Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent, if any, verification agent, financial advisory services, escrow structuring services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5 of the Master Resolution, as follows:

First: The Port is not and has not been in default of its covenant under Section 7 of the Master Resolution for the immediately preceding fiscal year (2020); and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2021 First Lien Bonds, the Port will meet the conditions set forth in Section 6 of the

Master Resolution and/or will deliver a certificate (prepared as prescribed by the Master Resolution) demonstrating fulfillment of the Coverage Requirement, commencing on the first full fiscal year following the earlier of (1) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Series 2021 First Lien Bonds as reasonably estimated by the Port or (2) the date on which any portion of interest on the Series 2021 First Lien Bonds will not be paid from the proceeds thereof and for the following two fiscal years.

The limitations contained in the conditions provided in Section 5 of the Master Resolution having been complied with, the payments required herein to be made out of the Net Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2021 First Lien Bonds shall constitute a lien and charge upon such Net Revenues equal in rank to the lien and charge thereon of the Outstanding Parity Bonds.

Section 18. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 19. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2021 First Lien Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 20. Resolution and Laws a Contract with the Series 2021 First Lien Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2021 First Lien Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2021 First Lien Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2021 First Lien Bonds set forth shall be for the equal benefit of the owners of the Series 2021 First Lien Bonds.

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

Section 22. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed meeting thereof, held this _______ day of _______________, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

____

____

____

____

____
Commissioners

EXHIBIT A

REFUNDING CANDIDATES

Port of Seattle Revenue Refunding Bonds, Series 2011B (AMT)[(1)]

Maturity Dates (September 1)	Principal Amounts	Interest Rates
2021	$ 8,405,000	5.00%
2022	8,935,000	5.00
2023	9,385,000	5.00
2024	9,855,000	5.00
2025	10,345,000	5.00
2026	10,865,000	5.00

[(1)] Callable at any time on and after September 1, 2021, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

CERTIFICATE

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

1. That the attached resolution numbered 3787 (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the _______ day of ______________, 2021, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _______ day of _______________, 2021.

____
Secretary

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APPENDIX H

COPIES OF THE INTERMEDIATE LIEN MASTER RESOLUTION AND THE SERIES RESOLUTION

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PORT OF SEATTLE

RESOLUTION NO. 3540, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING AN INTERMEDIATE LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

ADOPTED: June 14, 2005

Prepared by:

PRESTON GATES & ELLIS LLP
Seattle, Washington

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RESOLUTION NO. 3540, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING AN INTERMEDIATE LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

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

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, adopted on February 2, 1990 and most recently amended by Resolution No. 3436, adopted on July 11, 2000 (the "First Lien Master Resolution"); and

WHEREAS, the Port has issued and currently has outstanding 18 series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Resolution Number	Date of Issue		Original Principal Amt.	Currently Outstanding (6/2/05)	Final Maturity Dates
3111	04/01/1992	(A)	$25,450,000	$ 395,000	11/1/2005
3155	02/01/1994	(A)	27,135,000	17,495,000	12/1/2011
3155	02/01/1994	(C)	51,755,000	17,845,000	07/1/2009
3215	04/01/1996	(A)	31,820,000	31,820,000	09/1/2021
3215	04/01/1996	(B)	74,520,000	53,315,000	09/1/2017
3242	05/01/1997	(A)	120,375,000	120,375,000	10/1/2022
3242	05/01/1997	(B)	19,985,000	2,230,000	10/1/2005
3275	05/01/1998	(A)	73,180,000	32,640,000	06/1/2017
3430	08/10/2000	(A)	130,690,000	130,690,000	02/1/2030
3430	08/10/2000	(B)	221,590,000	210,125,000	02/1/2024
3430	09/06/2000	(D)	28,085,000	13,135,000	02/1/2011
3462	10/17/2001	(A)	176,105,000	176,105,000	04/1/2031
3462	10/17/2001	(B)	251,380,000	251,380,000	04/1/2024
3462	10/17/2001	(C)	12,205,000	12,205,000	12/1/2014
3462/3467	08/07/2002	(D)	68,580,000	65,075,000	11/1/2017
3509	08/20/2003	(A)	190,470,000	190,470,000	07/1/2033
3509	08/20/2003	(B)	164,900,000	164,900,000	07/1/2029
3528	06/30/2004		24,710,000	23,380,000	06/1/2017

("Outstanding First Lien Bonds"); and

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

WHEREAS, the Port has issued and currently has outstanding six series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Original Principal Amt.	Currently Outstanding (6/2/05)	Final Maturity Dates
3238[1]	03/26/1997	$108,830,000	$ 108,830,000	09/01/2022
3276[2]	05/01/1998	27,930,000	20,605,000	08/01/2017
3354[3]	09/01/99 (A)	127,140,000	121,840,000	09/01/2024
3354[3]	09/01/99 (B)	116,815,000	102,560,000	09/01/2016
3456	(CP)	250,000,000	59,255,000	06/01/2021
3510	08/20/03 (C)	200,000,000	200,000,000	07/01/2033

[1] Amended by Resolution No. 3351, as amended, adopted on August 24, 1999.
[2] Amended by Resolution No. 3353, as amended, adopted on August 24, 1999.
[3] Amended by Resolution No. 3496, as amended, adopted on November 12, 2002.

(the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, each of the resolutions, as amended, authorizing the issuance of the Outstanding Subordinate Lien Bonds (identified in the chart above) authorized the Port to issue revenue obligations having a prior lien on the revenues available to pay debt service on the Outstanding Subordinate Lien Bonds; and

WHEREAS, the Commission deems it advisable and in the best interest of the Port to establish a separate lien of revenue bonds of the Port that may hereafter be issued for any of its legal purposes under the provisions, terms and conditions of this resolution; and

WHEREAS, the principal of and interest on the bonds authorized by this resolution shall be payable solely from and shall constitute a lien and charge against Available Intermediate Lien Revenues (hereinafter defined);

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

Section 1. Definitions. As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such Intermediate Lien Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Intermediate Lien Parity Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds.

The ***Amount Due*** (for purposes of the Rate Covenant) in each fiscal year of the Port shall be equal to (a) Scheduled Debt Service, plus (b) amounts required to be deposited during

such fiscal year from Available Intermediate Lien Revenues into the Intermediate Lien Reserve Account plus (c) any other amounts due to any Credit Facility Issuer or any Liquidity Facility Issuer, but excluding from the foregoing (i) payments made or to be made from refunding debt and capitalized debt service or other money irrevocably (by Commission resolution) set aside for such payment and (ii) Intermediate Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative.

Annual Debt Service means the total amount of Debt Service for any series of Outstanding Intermediate Lien Parity Bonds in any fiscal year or Base Period.

Available Coverage Amount means the unrestricted balance in the Revenue Fund at the end of the two most recent fiscal years of the Port, whichever is lower. No amounts may be included in the Available Coverage Amount unless such amounts are legally available for payment of debt service on Intermediate Lien Parity Bonds.

Available Intermediate Lien Revenues mean the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 2 of this resolution, excluding any Released Revenues.

Available Intermediate Lien Revenues as First Adjusted means Available Intermediate Lien Revenues increased (without duplication) by Prior Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative and subject to further adjustment to reflect the following:

(a) It is the intent of the Port that regularly scheduled net payments under derivative products (interest rate hedges) with respect to Port revenue obligations (regardless of lien position) be reflected in the calculation of debt service obligations with respect to those revenue obligations and not as adjustments to Gross Revenue or Operating Expenses; and

(b) Gross Revenue and Operating Expenses may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit) in order to more fairly reflect the Port's annual operating performance.

Available Intermediate Lien Revenues as Second Adjusted means Available Intermediate Lien Revenues as First Adjusted plus the Available Coverage Amount.

Balloon Maturity Bonds means any Intermediate Lien Parity Bonds that are so designated in the Series Resolution pursuant to which such Intermediate Lien Parity Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

Base Period means any consecutive 12-month period selected by the Designated Port Representative out of the 30-month period next preceding the date of issuance of an additional series of Intermediate Lien Parity Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Intermediate Lien Parity Bonds (including persons holding Intermediate Lien Parity Bonds through nominees, depositories or other intermediary).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this resolution applicable to the use of that term.

BMA Municipal Swap Index means the Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Bond Market

Association; *provided*, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then BMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated Port Representative.

Capital Appreciation Bonds means Intermediate Lien Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such Intermediate Lien Parity Bonds. If so provided in the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Intermediate Lien Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Certificate Period means a period commencing with the year of issuance of the proposed series of Intermediate Lien Parity Bonds and ending with the third complete fiscal year following the earlier of (i) the projected Date of Commercial Operation of the Facilities to be financed with the proceeds of the proposed Intermediate Lien Parity Bonds; or (ii) the date on which no portion of the interest on the proposed series of Intermediate Lien Parity Bonds will be paid from the proceeds of such Intermediate Lien Parity Bonds (such date to be determined in accordance with the Port's proposed schedule of expenditures).

Commission means the elected governing body of the Port, or any successor thereto as provided by law.

Consultant means at any time an independent consultant recognized in marine or aviation matters or an engineer or engineering firm or other expert appointed by the Port to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by Section 5 hereof, the term Consultant shall also include any independent public accounting firm appointed by the Port to make such calculation or to provide such certificate or the financial advisor appointed by the Port to make such calculation or to provide such certificate.

Costs of Construction means all costs paid or incurred by the Port in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Intermediate Lien Parity Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Intermediate Lien Parity Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

A ***Credit Event*** occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) a Qualified Letter of Credit or Qualified Insurance no longer meets the requirements established therefor in the definition thereof.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations

of the Port, including but not limited to payment of the scheduled principal of and interest on Intermediate Lien Parity Bonds.

Credit Facility Issuer means the issuer of any Credit Facility.

Date of Commercial Operation means the date upon which any Facilities are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port or, if used with reference to Facilities to be acquired, shall mean the date on which such acquisition is final.

Debt Service means, for any period of time and for the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 and for the purpose of calculating the Intermediate Lien Reserve Requirement,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance and that have not been associated with a Parity Derivative Product, the principal amount equal to the Accreted Value thereof maturing, converting or scheduled for redemption in such period, including the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds that have not been associated with a Parity Derivative Product, an amount equal to (1) the principal amount of such Intermediate Lien Parity Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such Intermediate Lien Parity Bonds, plus (3) all interest payable during such period on any such Intermediate Lien Parity Bonds Outstanding and, with respect to Intermediate

Lien Parity Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Intermediate Lien Parity Bonds on the date specified in the Series Resolution authorizing such Intermediate Lien Parity Bonds;

(c) with respect to all other series of Intermediate Lien Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Intermediate Lien Parity Bonds bearing variable rates of interest and that have not been associated with a Parity Derivative Product, an amount for any period equal to the amount which would be payable (1) as principal on such Intermediate Lien Parity Bonds during such period (computed on the assumption that the amount of Intermediate Lien Parity Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the BMA Municipal Swap Index, plus (B) 1.5%;

(d) With respect to Intermediate Lien Parity Bonds that bear variable rates of interest and have been associated with a Parity Derivative Product with fixed Port Parity Payments, an amount equal to:

(1) principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (c)(1) above, plus

(2) assumed interest equal to

(A) the fixed Port Parity Payments to be paid to a Reciprocal Payor, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Intermediate Lien Parity Bonds bear interest that is exempt from general federal income taxation interest on the associated Intermediate Lien Parity Bonds calculated at the average BMA Municipal Swap Index during the previous 12 months, or (ii) if the Intermediate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average one-month LIBOR during the 12-month period immediately preceding the date of calculation;

(e) With respect to Intermediate Lien Parity Bonds that bear variable rates of interest and have been associated with a Parity Derivative Product with variable Port Parity Payments, an amount equal to:

(1) principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (c)(1) above, plus

(2) assumed interest equal to

(A) the variable Port Parity Payments calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Intermediate Lien Parity Bonds bear interest that is exempt from general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average Municipal Swap Index during the previous 12 months, or (ii) if the Intermediate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average one-month LIBOR during the 12-month period immediately preceding the date of calculation; and

(f) With respect to any Fixed Rate Bonds that have been associated with a Parity Derivative Product, an amount equal to:

(1) the principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (b)(1) and (b)(2) above, plus

(2) assumed interest equal to:

(A) the Port Parity Payment, calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment to be paid to the Port; provided that if the Reciprocal Parity Payment is based on a variable rate then the Reciprocal Parity Payment shall be calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12

months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) the interest on the associated Fixed Rate Bonds calculated as set forth in (b)(3) above.

With respect to any Intermediate Lien Parity Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds. With respect to any series of Intermediate Lien Parity Bonds that is associated with a Parity Derivative Product with a notional amount that is less than the then Outstanding principal amount of such series of Intermediate Lien Parity Bonds, Debt Service shall be calculated separately for the portion of such Intermediate Lien Parity Bonds associated with the Parity Derivative Product and, without duplication, the portion not so associated.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any Intermediate Lien Parity Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 (and not for the purposes of calculating the Intermediate Lien Reserve Requirement), Debt Service also shall be net of Intermediate Lien Debt Service Offsets, subject to the conditions set forth in Section 5.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized herein or in another Series Resolution.

Designated Port Representative means the Chief Executive Officer of the Port, the Deputy Chief Executive Officer of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

Facilities means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Intermediate Lien Parity Bonds of the Port shall be Outstanding) owned, operated, used, leased or managed by the Port.

First Lien Bonds means the Outstanding First Lien Bonds and any bonds issued by the Port in the future under a "Series Resolution", as defined in the First Lien Master Resolution, and pursuant to Section 7 of the First Lien Master Resolution, which provides that such bonds shall be on a parity of lien with other series of First Lien Bonds.

First Lien Master Resolution means Resolution No. 3059, as amended by Resolution No. 3214, Resolution No. 3241, and Resolution No. 3436 of the Commission, and as the same may be amended in the future in accordance with its terms.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Port Representative.

Fixed Rate Bonds means those Intermediate Lien Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Intermediate Lien Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in

the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of Intermediate Lien Parity Bonds simultaneously issued under a Series Resolution and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

Gross Revenue means all income and revenue derived by the Port from any source whatsoever except:

(a) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds);

(b) income and revenue that may not legally be pledged for revenue bond debt service;

(c) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(d) payments made under Credit Facilities issued to pay or secure the payment of a particular series of obligations;

(e) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(f) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, *provided that* nothing in this subparagraph (f) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility that shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and

(g) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

Notwithstanding the foregoing, the Port may elect to pledge the foregoing exceptions from Gross Revenue and/or any other receipts at any time as additional security for any one or more series of obligations and thereby include such exception and/or receipts in Gross Revenue for such series of obligations; but if and only to the extent that such receipts may legally be used to pay debt service on such series of obligations.

Intermediate Lien Bond Fund means the fund of that name established pursuant to Section 3 of this resolution.

Intermediate Lien Debt Service Offsets means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Intermediate Lien Parity Bonds, but excluding any receipts that have been designated as Prior Lien Debt Service Offsets.

Intermediate Lien Parity Bonds means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 3 hereof. The term ***Intermediate Lien Parity Bonds*** may include reimbursement obligations of the Port to the issuer of a Credit Facility.

Intermediate Lien Reserve Account means the account of that name established within the Intermediate Lien Bond Fund pursuant to Section 3 of this resolution.

Intermediate Lien Reserve Requirement means a dollar amount equal to average Annual Debt Service on all Outstanding Intermediate Lien Parity Bonds, determined and calculated as of

the date of issuance of each Series of Intermediate Lien Parity Bonds (and recalculated upon the issuance of a subsequent Series of Intermediate Lien Parity Bonds and also, at the Port's option, upon the payment of principal of Intermediate Lien Parity Bonds).

LIBOR means the rate offered for U.S. dollar deposits on the London Inter-Bank Market, or any comparable successor rate.

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of Intermediate Lien Parity Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Maximum Annual Debt Service means, with respect to any Outstanding series of Intermediate Lien Parity Bonds, the highest remaining Annual Debt Service for such series of Intermediate Lien Parity Bonds.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Port Representative.

Net Payments means, for a period of time and with respect to a Parity Derivative Product, the difference between Reciprocal Parity Payments and Port Parity Payments which may be reflected as a positive or negative number on the financial statements of the Port (i.e., the net amount to be received by or paid by the Port for a period of time as a result of netting Reciprocal Parity Payments and Port Parity Payments).

Net Revenues means Gross Revenue less any part thereof that must be used to pay Operating Expenses.

Operating Expenses means the current expenses incurred for operation or maintenance of the Facilities (other than Special Facilities), as defined under generally accepted accounting principles applicable to the Port, in effect from time to time, excluding (i) any allowances for depreciation or amortization, or (ii) interest on any obligations of the Port incurred in connection with and payable from Gross Revenue.

Original Issue Discount Bonds means Intermediate Lien Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

Other Derivative Product means a payment agreement entered into in connection with one or more series of Intermediate Lien Parity Bonds between the Port and a counterparty permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, which is not a Parity Derivative Product.

Outstanding, when used as of a particular time with reference to Intermediate Lien Parity Bonds, means all Intermediate Lien Parity Bonds delivered under a Series Resolution except those identified as no longer "Outstanding" under the terms established in the respective Series Resolution.

Outstanding First Lien Bonds means, collectively, the Port's outstanding Revenue Bonds, Series 1992A, issued pursuant to Resolution No. 3111, as amended; Revenue Bonds, Series 1994A and Revenue Bonds, Series 1994C issued pursuant to Resolution No. 3155, as amended, Revenue Bonds, Series 1996A and Series 1996B issued pursuant to Resolution No. 3215, as amended; Revenue Bonds, Series 1997A and Series 1997B issued pursuant to

Resolution No. 3242, as amended; and Revenue Refunding Bonds, Series 1998 issued pursuant to Resolution No. 3275, as amended; Revenue Bonds, Series 2000A and Series 2000B and Revenue Refunding Bonds, Series 2000D issued pursuant to Resolution No. 3430, as amended; Revenue Bonds, Series 2001A and Series 2001B and Revenue Refunding Bonds, Series 2001C issued pursuant to Resolution No. 3462, as amended; Revenue Refunding Bonds, Series 2001D issued pursuant to Resolution No. 3462, as amended, and Resolution No. 3467; and Revenue Bonds, Series 2003A and Series 2003B issued pursuant to Resolution No. 3509, as amended, and Revenue Refunding Bonds, 2004 (Taxable) issued pursuant to Resolution No. 3528, as amended.

Outstanding Subordinate Lien Bonds means, collectively, the Port's outstanding Subordinate Lien Revenue Bonds, Series 1997 issued pursuant to Resolution No. 3238, as amended by Resolution No. 3351, as amended, adopted on August 24, 1999; Subordinate Lien Refunding Revenue Bonds, 1998 issued pursuant to Resolution No. 3276, as amended by Resolution No. 3353, as amended, adopted on August 24, 1999; Subordinate Lien Revenue Bonds, Series 1999A and Series 1999B, issued pursuant to Resolution No. 3354, as amended; and Subordinate Lien Revenue Notes (Commercial Paper) issued pursuant to Resolution No. 3456, as amended; and Subordinate Lien Revenue Bonds, Series 2003C issued pursuant to Resolution No. 3510, as amended.

Parity Derivative Product means a written contract or agreement between the Port and a Reciprocal Payor permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, obligating the Port to make Net Payments on a parity of lien with Intermediate Lien Parity Bonds.

Paying Agent shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution to act as paying agent for one or more series of Intermediate Lien Parity Bonds.

Permitted Prior Lien Bonds means and includes the First Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs First, Second, and Third of Section 2 of this resolution and having a lien on Net Revenues superior to the lien thereon of the Intermediate Lien Parity Bonds.

Port means the Port of Seattle, a municipal corporation of the State of Washington, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

Port Parity Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under a Parity Derivative Product and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Port Other Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under an Other Derivative Product and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

Prior Lien Debt Service Offsets means receipts of the Port that are not included in Gross Revenue and that are legally available and/or pledged by the Port to pay debt service on Permitted Prior Lien Bonds.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies, the obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

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

Rate Covenant has the meaning given such term in Section 6(a) of this resolution.

Rating Agency means Fitch, Moody's or S&P.

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

Reciprocal Parity Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under a Parity Derivative Product by the Reciprocal Payor and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Reciprocal Other Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under an Other Derivative

Product by the Port's counterparty and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

Reciprocal Payor means any counterparty to a Parity Derivative Product that is obligated to make one or more Reciprocal Parity Payments thereunder and that satisfies then existing State law requirements for such counterparties.

Registered Owner means the person named as the registered owner of an Intermediate Lien Parity Bond in the bond register maintained by the Registrar for such Intermediate Lien Parity Bonds.

Registrar means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution, to act as registrar for one or more series of Intermediate Lien Parity Bonds.

Released Revenues shall mean income or revenue of the Port previously included in Available Intermediate Lien Revenue in respect of which the following have been delivered by or to the Port:

(a) a certificate of the Designated Port Representative identifying the income or revenue to be removed from the definition of Available Intermediate Lien Revenue and certifying the Port is in compliance with all requirements of this resolution;

(b) a certificate of an independent certified public accountant to the effect that Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for each of the two audited fiscal years prior to the date of such certificate were equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(c) a certificate of a Consultant to the effect that based upon current knowledge of the operations of the Port, Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for the current fiscal year will be equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(d) Rating Agency confirmation that the ratings then assigned to any Intermediate Lien Parity Bonds by such Rating Agency will not be reduced or withdrawn as a result of such withdrawal of Released Revenues; and

(e) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Available Intermediate Lien Revenues and from the pledge, charge and lien of this resolution will not in and of itself cause the interest on any Outstanding Intermediate Lien Parity Bond issued as tax-exempt securities to be included in gross income for purposes of federal income tax.

Repair and Renewal Fund means the special fund authorized to be created pursuant to Section 4(B) of the First Lien Master Resolution.

Reserved Lien Revenue Bonds means those revenue bonds and other revenue obligations issued or incurred by the Port payable from Gross Revenue and having liens on Net Revenues subordinate to that of the Intermediate Lien Parity Bonds and prior to the lien thereon of the Subordinate Lien Parity Bonds.

Revenue Fund means, collectively, the Port's general fund, airport development fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenues.

Scheduled Debt Service means the amounts required in a fiscal year to be paid by the Port as scheduled debt service (principal and interest) on Outstanding Intermediate Lien Parity Bonds, adjusted by Net Payments during such fiscal year.

Series Resolution means a resolution authorizing the issuance of a series of Intermediate Lien Parity Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Port Representative.

Special Facilities means particular facilities financed with the proceeds of Special Revenue Bonds.

Special Revenue Bonds means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such facilities.

Subordinate Lien Parity Bonds means and includes the Outstanding Subordinate Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs <u>First</u> through <u>Eighth</u> of Section 2 of this resolution.

Tax Maximum means the maximum dollar amount permitted by the Internal Revenue Code of 1986, as amended, including applicable regulations thereunder, to be allocated to a bond

reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

Treasurer means the Chief Financial Officer of the Port, or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

<u>Interpretation</u>. In this resolution, unless the context otherwise requires:

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

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

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

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

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

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

Representative or his or her designee, respectively, and all references herein to the Designated Port Representative shall be deemed to include references to his or her designee, as the case may be.

Section 2. Priority of Use of Gross Revenue. The Port's Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

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

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

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

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

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Intermediate Lien Parity Bonds to pay the principal of and interest on Intermediate Lien Parity Bonds and, without duplication, to make Net Payments due

with respect to any Parity Derivative Product secured by a pledge of and lien on Available Intermediate Lien Revenues on an equal and ratable basis with Outstanding Intermediate Lien Parity Bonds;

Sixth, to make all payments required to be made into the Intermediate Lien Reserve Account;

Seventh, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Reserved Lien Revenue Bonds to pay the principal of and interest on Reserved Lien Revenue Bonds;

Eighth, to make all payments required to be made into any reserve account(s) securing Reserved Lien Revenue Bonds;

Ninth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Subordinate Lien Parity Bonds, including, but not limited to the Subordinate Lien Bond Fund to pay the principal of and interest on Subordinate Lien Parity Bonds;

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

Eleventh, to make all payments required to be made into the Repair and Renewal Fund under the terms of the First Lien Master Resolution to maintain any required balance therein; and

Twelfth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Port as authorized in the various resolutions of the Commission authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Facilities, or any other lawful Port purposes.

Notwithstanding the foregoing, the obligations of the Port to make nonscheduled payments under a Parity Derivative Product (i.e., any termination payment or other fees) and/or make any payment pursuant to an Other Derivative Product may be payable from Gross Revenue available after Sixth above, as set forth in such Parity Derivative Product or Other Derivative Product.

Section 3. Authorization of Intermediate Lien Parity Bonds; Intermediate Lien Bond Fund; Intermediate Lien Reserve Account. Subject to Section 5 of this resolution, revenue bonds of the Port, unlimited in amount, to be known as the "Port of Seattle Intermediate Lien Revenue Bonds," are hereby authorized to be issued in series, and each such series may be issued from time to time pursuant to this resolution in such amounts and upon such terms and conditions as the Commission may from time to time deem to be necessary or advisable, for any purposes of the Port now or hereafter permitted by law.

The Intermediate Lien Parity Bonds and the lien thereof created and established hereunder shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account therein (herein created). The Intermediate Lien Parity Bonds shall be payable solely from and secured solely by Available Intermediate Lien Revenues available after providing for the payments specified in paragraph First through Fourth of Section 2 of this resolution; provided, however, that any series of Intermediate Lien Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Intermediate Lien Parity Bonds.

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

Lien Parity Bonds. The Intermediate Lien Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of Intermediate Lien Parity Bonds.

The Port hereby irrevocably obligates and binds itself for as long as any Intermediate Lien Parity Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

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

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

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

The Bonds shall not in any manner or to any extent constitute general obligations of the Port or of the State of Washington, or of any political subdivision of the State of Washington.

An Intermediate Lien Reserve Account (the "Intermediate Lien Reserve Account") is hereby authorized to be created by the Treasurer of the Port within the Intermediate Lien Bond Fund for the further purpose of securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port shall make deposits therein as provided in this section so that the balance therein shall be at least equal to the Intermediate Lien Reserve Requirement.

The Intermediate Lien Reserve Requirement may be funded at the date of issuance of Intermediate Lien Parity Bonds or may be funded in equal monthly deposits over a period of time (not greater than three years) established in Series Resolution(s); provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a Series of Intermediate Lien Parity Bonds shall not be greater than the Tax Maximum. If the dollar amount required to be contributed at the time of issuance of a Series exceeds the Tax Maximum, then the amount required to be contributed shall be equal to the Tax Maximum; the Intermediate Lien Reserve Requirement shall be adjusted accordingly and remain in effect until the earlier of (i) at the Port's option, a payment of principal of Intermediate Lien Parity Bonds or (ii) the issuance of a subsequent Series of Intermediate Lien Parity Bonds (when the Intermediate Lien Reserve Requirement shall be re-calculated).

The Intermediate Lien Reserve Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated Port Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Intermediate Lien Reserve Requirement. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or

Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Intermediate Lien Reserve Account, all or a portion of the money on hand in the Intermediate Lien Reserve Account shall be transferred to the fund or account specified by the Designated Port Representative. In computing the amount on hand in the Intermediate Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued on a marked to market basis, at least once annually. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Intermediate Lien Reserve Account may be satisfied by the transfer of investments to such account. If a deficiency in the Intermediate Lien Reserve Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within a year thereof.

If the balance on hand in the Intermediate Lien Reserve Account is sufficient to satisfy the Intermediate Lien Reserve Requirement, amounts in excess of such Intermediate Lien Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account to pay the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds, the money in the Intermediate Lien Reserve Account may be used to pay such principal and interest. If the balance on deposit in the Intermediate Lien Reserve Account is at least equal to the Intermediate Lien Reserve Requirement, money in the Intermediate Lien

Reserve Account in excess of the Intermediate Lien Reserve Requirement may be transferred to the fund or account specified in writing by the Designated Port Representative.

If a deficiency in the Intermediate Lien Bond Fund shall occur, such deficiency shall be made up from the Intermediate Lien Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Intermediate Lien Reserve Account, in such amounts as will provide cash in the Intermediate Lien Reserve Account sufficient to make up any such deficiency with respect to the Intermediate Lien Parity Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the transfer of cash from the Intermediate Lien Reserve Account to the Intermediate Lien Bond Fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Intermediate Lien Reserve Account for the Intermediate Lien Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First through Fifth of Section 2 of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for Intermediate Lien Parity Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Intermediate Lien Parity Bonds shall be permitted, and no remedies that adversely affect Registered Owners of the Intermediate Lien Parity Bonds shall be permitted. Any deficiency created in the Intermediate Lien Reserve Account by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of

Credit or out of Available Intermediate Lien Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into the Intermediate Lien Bond Fund within such year.

To the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 3, amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Intermediate Lien Reserve Account by this Section 3 to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. If a Credit Event occurs, the Intermediate Lien Reserve Requirement shall be satisfied (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event, out of Available Intermediate Lien Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Intermediate Lien Bond Fund.

Section 4. Authorization of Series of Intermediate Lien Parity Bonds. The Port may issue hereunder from time to time one or more series of Intermediate Lien Parity Bonds by means of a Series Resolution for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of Intermediate Lien Parity Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Intermediate Lien Parity Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

(a) the authorized maximum principal amount, designation and series of such Intermediate Lien Parity Bonds;

(b) the general purpose or purposes for which such series of Intermediate Lien Parity Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Intermediate Lien Parity Bonds of such series;

(c) the maximum interest rate or rates on the Intermediate Lien Parity Bonds of such series (which may be a rate of zero) or, if the interest rate or rates shall be variable, the method for determining such interest rates;

(d) the circumstances, if any, under which the Intermediate Lien Parity Bonds of such series will be deemed to be no longer Outstanding;

(e) the currency or currencies in which the Intermediate Lien Parity Bonds of such series are payable;

(f) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Intermediate Lien Parity Bonds of such series;

(g) the Paying Agent or Paying Agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Intermediate Lien Parity Bonds of such series;

(i) the tender agent or tender agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(j) the remarketing agent or remarketing agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(k) the Registrar or Registrars, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(l) the form or forms of the Intermediate Lien Parity Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Intermediate Lien Parity Bonds of such series;

(m) the terms and conditions, if any, for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms under such terms and conditions approved by resolution of the Commission;

(n) the terms and conditions, if any, for the purchase of the Intermediate Lien Parity Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the tender of the Intermediate Lien Parity Bonds of such series prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms under such terms and conditions approved by resolution of the Commission;

(o) the manner of sale of the Intermediate Lien Parity Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount

Intermediate Lien Parity Bonds; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to establish the issue price of the Intermediate Lien Parity Bonds, including a premium or a discount, under such terms and conditions approved by resolution of the Commission;

(p) if so determined by the Port, the authorization of and any terms and conditions with respect to credit or liquidity support for the Intermediate Lien Parity Bonds of such series and the pledge or provision of moneys, assets or security other than Net Revenues to or for the payment of the Intermediate Lien Parity Bonds of such series or any portion thereof;

(q) a special fund or account to provide for the payment of the Intermediate Lien Parity Bonds of such series and, if so determined by the Port, any other special funds or accounts for the Intermediate Lien Parity Bonds of such series and the application of moneys or security therein;

(r) the amount, if any, to be deposited or credited to the Intermediate Lien Reserve Account; and

(s) any other provisions which the Port deems necessary or desirable in connection with the Intermediate Lien Parity Bonds of such series.

Section 5. Permitted Prior Lien Bonds; Conditions of Issuance of Intermediate Lien Parity Bonds.

(a) *Permitted Prior Lien Bonds.* As provided in the First Lien Master Resolution, the Port reserves the right to issue one or more series of First Lien Bonds by means of a "Series Resolution" (as such term is defined and required under the First Lien Master Resolution) for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of First Lien Bonds set forth in the

First Lien Master Resolution. In addition, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 2 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Intermediate Lien Parity Bonds and the Outstanding Subordinate Lien Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Intermediate Lien Parity Bonds - General Provisions.* All Intermediate Lien Parity Bonds authorized to be issued under Series Resolutions, upon fulfillment of the conditions of this resolution, shall be issued on a parity of lien with one another, having an equal lien and charge upon the Available Intermediate Lien Revenues of the Port.

The Port hereby further covenants and agrees with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding that it will not issue any Intermediate Lien Parity Bonds that constitute a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds, unless at the time of the issuance of such Intermediate Lien Parity Bonds the Port is not in default under this resolution, and the Port meets the conditions set forth in subsection (c) below or meets either of the conditions described in (1) or (2) below.

(1) Certificate Required. There shall have be delivered prior to or on the date of the issuance of the Intermediate Lien Parity Bonds, either

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

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

If Intermediate Lien Debt Service Offsets or Prior Lien Debt Service Offsets are or have been used in order to comply with Section 6(a)(1) or (2), then for the purposes of meeting the conditions of this Section 5, the Port shall, by resolution (which may be a Series Resolution), identify and irrevocably pledge the receipts that constitute such Intermediate Lien Debt Service Offset or Prior Lien Debt Service Offsets for a period not less than the duration of the Certificate Period.

The Designated Port Representative's certificate, described in (A) above shall be based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period.

In making the computations of projected Available Intermediate Lien Revenues for the purpose of certifying compliance with the conditions specified in (B) above, the Consultant shall use as a basis the Available Intermediate Lien Revenues for the Base Period corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. The Consultant shall make such adjustments to Available Intermediate Lien Revenues (including those described in establishing Available Intermediate

Lien Revenues as First Adjusted) in order to compute projected Available Intermediate Lien Revenues as he/she/it deems reasonable as set forth in writing to the Port.

Compliance with the coverage requirements of this Section 5 shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (b).

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

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

(B) if the Intermediate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, stating that the scope, nature and purpose of such Facilities has not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities.

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

(1) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Intermediate Lien Parity Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of

Credit or Qualified Insurance, any termination amount with respect to an associated Parity Derivative Product or Other Derivative Product, and the expenses of issuing the Intermediate Lien Parity Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(2) above. Such refunding Intermediate Lien Parity Bonds also may be issued without a certificate if:

(A) the latest maturity of the Intermediate Lien Parity Bonds to be issued is not later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) $25,000 or (ii) 5% of such Annual Debt Service on the Intermediate Lien Parity Bonds to be refunded; or

(B) the latest maturity of the Intermediate Lien Parity Bonds to be issued is later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all Intermediate Lien Parity Bonds to be Outstanding after the issuance of the refunding Intermediate Lien Parity Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any Permitted Prior Lien Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, any termination amount with respect to an associated derivative product, and the expenses of issuing the Intermediate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the

issuance of such Intermediate Lien Parity Bonds the Port must provide a certificate if such a certificate would be required by subsection (c)(1) of this section if the Permitted Prior Lien Bonds to be refunded were Intermediate Lien Parity Bonds. For the purposes of determining whether a certificate is required by subsection (c)(1) and for the purpose of preparing any such certificate, the debt service on the Permitted Prior Lien Bonds shall be calculated as if such Permitted Prior Lien Bonds were Intermediate Parity Lien Bonds.

(3) Intermediate Lien Parity Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any Permitted Prior Lien Indebtedness or Intermediate Lien Parity Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Available Intermediate Lien Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption,.

(d) *Liens Subordinate to Intermediate Lien Parity Bonds*. Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations (including any Other Derivative Product) which are a charge upon the Available Intermediate Lien Revenues junior or inferior to the payments required by this resolution to be made out of such Available Intermediate Lien Revenues to pay and secure the payment of any Intermediate Lien Parity Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to an Other Derivative Product or a Parity Derivative Product.

Section 6. Specific Covenants. The Port hereby makes the following covenants and agreements with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding.

(a) *Rate Covenant.* The Port will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Intermediate Lien Parity Bonds are Outstanding that will produce in each fiscal year

(1) Available Intermediate Lien Revenues as First Adjusted at least equal to 110% of the Amount Due; and

(2) Available Intermediate Lien Revenues as Second Adjusted at least equal to 125% of the Amount Due.

Subsections (a)(1) and (2) are separate rather than cumulative calculations regarding the sufficiency of Available Intermediate Lien Revenues and are together to be considered as the Port's "Rate Covenant".

If the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien Revenues as Second Adjusted in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien

Revenues as Second Adjusted in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default under this Section 6(a) during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) *Payment of Intermediate Lien Parity Bonds.* The Port will duly and punctually pay or cause to be paid out of the Intermediate Lien Bond Fund the principal of and interest on the Intermediate Lien Parity Bonds at the times and places as provided in each Series Resolution and in said Intermediate Lien Parity Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Intermediate Lien Parity Bonds.

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

(d) *Sale of Certain Facilities.* In the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

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

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

(g) *Maintenance of Books and Records.* The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. On or before 120 days after each fiscal year the Port will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port and shall be open to inspection at any reasonable time by the owners of Intermediate Lien Parity Bonds.

(h) *Disposal of Income Properties.* In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of its Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Intermediate Lien Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected Facilities and provided further that all Available Intermediate Lien Revenue from such Facilities continues to be pledged to all Intermediate Lien Parity Bonds then Outstanding.

Section 7. Derivative Products. The Port hereby reserves the right to enter into Parity Derivative Products and Other Derivative Products. The Port may amend this resolution, within the limitations permitted in Sections 8 or 9, to accommodate new or modified definitions of Debt Service in connection with a Parity Derivative Product if the Parity Derivative Product includes Port Parity Payments or Reciprocal Parity Payments not then contemplated or otherwise addressed by the definition of Debt Service. If the Port enters into a Parity Derivative Product with respect to previously Outstanding Intermediate Lien Parity Bonds or Intermediate Lien Parity Bonds to be issued subsequent to the effective date of the Parity Derivative Product, the Port shall not be required to satisfy the conditions set forth in Section 5 of this resolution with respect to the Parity Derivative Product. Each Parity Derivative Product shall set forth the manner in which the Port Parity Payments and Reciprocal Parity Payments are to be calculated and a schedule of payment dates. This resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Parity Derivative Product; *provided, however*, that termination amounts under Derivative Parity Products must be subordinate to the lien of Intermediate Lien Parity Bonds.

Section 8. Amendments Without Bondowner Consent. This resolution may be amended or supplemented from time to time, without the consent of the Registered Owners by a resolution or resolutions amendatory or supplemental to this resolution adopted by the Commission for one or more of the following purposes:

(a) to add additional covenants of the Commission or to surrender any right or power herein conferred upon the Port; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Port contained in this resolution;

(b) to confirm as further assurance any pledge or provision for payment of the Intermediate Lien Parity Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Available Intermediate Lien Revenues or of any other moneys, securities or funds;

(c) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this resolution in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution, provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(d) to prescribe further limitations and restrictions upon the issuance of Intermediate Lien Parity Bonds and the incurring of indebtedness by the Port payable from the Available Intermediate Lien Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(e) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Bonds; or

(f) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; or

(g) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on any Intermediate Lien Parity Bonds as is deemed necessary by the Port; or

(h) to qualify this resolution under the Trust Indenture Act of 1939, as amended;

(i) for any purpose, if such amendment becomes effective only following a mandatory tender of all Intermediate Lien Parity Bonds for purchase; or

(j) to modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Intermediate Lien Parity Bondowners or that such modifications shall not take effect until all then Outstanding Intermediate Lien Parity Bonds are no longer Outstanding.

Notwithstanding anything in this Section 8 to the contrary, without the specific consent of the Registered Owners of each Intermediate Lien Parity Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall reduce the percentage of Intermediate Lien Parity Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any Intermediate Lien Parity Bond or Intermediate Lien Parity Bonds any preference over any other Intermediate

Lien Parity Bond or Intermediate Lien Parity Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Intermediate Lien Parity Bond, or reduce the principal amount or Accreted Value of any Intermediate Lien Parity Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Intermediate Lien Parity Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bond) without the specific consent of the Registered Owner of that Intermediate Lien Parity Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Intermediate Lien Parity Bonds without its written assent thereto.

Section 9. Amendments With Registered Owners' Consent. This resolution may be amended from time to time by a supplemental resolution approved by the Registered Owners of a majority in aggregate principal amount of the Intermediate Lien Parity Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Intermediate Lien Parity Bonds without the consent of the Registered Owners of a majority in aggregate principal amount of the Intermediate Lien Parity Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any Intermediate Lien Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any Intermediate Lien Parity Bonds, this Section 9 without the consent of the Registered Owners of all Outstanding Intermediate Lien Parity Bonds affected thereby. For the purpose of consenting to amendments under this Section 9 except for amendments that alter the interest rate on any Intermediate Lien

Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from such Credit Facility and that are then Outstanding.

Section 10. Resolution and Laws a Contract with Intermediate Lien Parity Bondowners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 53 of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Intermediate Lien Parity Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Intermediate Lien Parity Bond, and the obligations of the Port and its Commission under said laws and under this resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Port shall be for the equal benefit, protection and security of the owners of any and all of the Intermediate Lien Parity Bonds.

Section 11. Defaults and Remedies. The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a default under this resolution:

(a) The Port shall fail to make a payment of the principal of any Intermediate Lien Parity Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; provided, that a failure to make a payment of the principal of a Series shall not constitute a payment default under any other Series not otherwise in default;

(b) The Port shall fail to make a payment of any installment of interest on any Intermediate Lien Parity Bonds when the same shall become due and payable; provided, that a failure to make payment of interest on a Series shall not constitute a payment default under any other Series not otherwise in default; or

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

In determining whether a payment default has occurred or whether a payment on the Intermediate Lien Parity Bonds has been made under this resolution no effect shall be given to payments made under a Credit Facility that is a policy of municipal bond insurance or surety bond. Upon the occurrence and continuation of a default, a Credit Facility Issuer of a Credit Facility that is not a line of credit shall be entitled to waive any default or to exercise, on behalf of the owners of Intermediate Lien Parity Bonds insured by such Credit Facility Issuer, any of the remedies provided under this section and, for as long as such Credit Facility Issuer is not in default of its obligations under the Credit Facility, such Credit Facility Issuer shall be the only party entitled to waive any default or exercise the remedies provided under this section. There may not be any acceleration of the Intermediate Lien Parity Bonds, and a default under one Series of Intermediate Lien Parity Bonds shall not constitute a default under another Series of Intermediate Lien Parity Bonds not then in default.

Upon the occurrence of a default and so long as such default shall not have been remedied and subject to the foregoing paragraph, a Bondowners' Trustee may be appointed for

the Intermediate Lien Parity Bonds by the owners of a majority in principal amount of the Outstanding Intermediate Lien Parity Bonds of the series then in default by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointed under the provisions of this Section 11 shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount of the Intermediate Lien Parity Bonds Outstanding of the series then in default, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

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

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

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

Subject to the rights of a Credit Facility Issuer set forth in this section, no owner of any one or more of the Intermediate Lien Parity Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein

provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution or in the Intermediate Lien Parity Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Available Intermediate Lien Revenues the principal of and interest on said Intermediate Lien Parity Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

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

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

Section 12. Moneys Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Intermediate Lien Parity Bonds, moneys or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Intermediate Lien Parity Bonds which remain unclaimed for one year after the date when such Intermediate Lien Parity Bonds are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by such Paying Agents at such date, or for one year after the date of deposit of such moneys if deposited with the Paying Agents after the date when such Intermediate Lien Parity Bonds become due and payable, shall be repaid by the Paying Agents to the Port free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Intermediate Lien Parity Bonds of the series payable from such moneys shall look only to the Port for the payment of such Intermediate Lien Parity Bonds.

Section 13. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Intermediate Lien Parity Bonds issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 14th day of June, 2005, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

CERTIFICATE

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

1. That the attached resolution numbered 3540, as amended (the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 14th day of June, 2005, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of June, 2005.

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INTERMEDIATE LIEN
SERIES RESOLUTION

PORT OF SEATTLE

RESOLUTION NO. 3786

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed $950,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: ___________, 2021

Prepared by:

K&L GATES LLP

PORT OF SEATTLE
Resolution No. 3786
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

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RESOLUTION NO. 3786

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed $950,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port has authorized the issuance of passenger facility charge revenue bonds in one or more series pursuant to Resolution No. 3284, as amended, adopted on July 16, 1998 (the "PFC Master Resolution"), each series being payable from PFC Revenue (as such term is defined in the PFC Master Resolution); and

WHEREAS, the Port currently has outstanding one series of passenger facility charge revenue bonds pursuant to the PFC Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3643	12/01/2010	(A)	$ 79,770,000	$ 51,110,000	12/01/2023

(the "Outstanding PFC Revenue Bonds"); and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission, adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the "First Lien Master Resolution"), each series being payable from the Net Revenues (as such term is defined in the First Lien Master Resolution); and

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

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3509	08/20/2003	(A)	$ 190,470,000	$ 12,830,000	07/01/2021
3619	07/16/2009	(B-2)	22,000,326(1)	51,848,202(1)	05/01/2031
3653	12/13/2011	(B)	97,190,000	57,790,000(2)	09/01/2026
3721	08/02/2016	(B)	124,380,000	115,885,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	5,475,000	10/01/2032

(1) Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of $29,847,876 through May 2, 2021.
(2) Simultaneously with this issue, all or part of the Series 2011B Bonds may be refunded pursuant to the First Lien Master Resolution and Series Resolution.

(the "Outstanding First Lien Bonds"); and

WHEREAS, the Port has authorized the issuance of intermediate lien revenue bonds having a lien on Net Revenues subordinate to the lien thereon of the Outstanding First Lien Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the "Intermediate Lien Master Resolution"); and

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

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3637	08/04/2010	(B)	$ 221,315,000	$ 184,995,000[1]	06/01/2040
3637	08/04/2010	(C)	128,140,000	48,400,000[1]	02/01/2024
3658	03/14/2012	(A)	342,555,000	302,555,000	08/01/2033
3658	03/14/2012	(B)	189,315,000	68,215,000	08/01/2024
3684	12/17/2013		139,105,000	127,155,000	07/01/2029
3709	08/06/2015	(A)	72,010,000	64,380,000	04/01/2040
3709	08/06/2015	(B)	284,440,000	164,155,000	03/01/2035
3709	08/06/2015	(C)	226,275,000	198,585,000	04/01/2040
3722	08/02/2016		99,095,000	99,095,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	217,405,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	297,045,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	64,900,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	455,410,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	68,340,000	05/01/2028
3758	08/07/2019		457,390,000	452,775,000	04/01/2044

(1) All or part of the Series 2010B Bonds and Series 2010C Bonds may be refunded pursuant to this resolution.

(the "Outstanding Intermediate Lien Parity Bonds"); and

WHEREAS, the First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues and Available Intermediate Lien Revenues (as such terms are defined in the Intermediate Lien Master Resolution) subordinate to the lien thereon of the Outstanding Intermediate Lien Parity Bonds; and

WHEREAS, the Port currently has outstanding three series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (05/02/2021)	Final Maturity Date
3238	03/26/1997		$ 108,830,000	$ 19,235,000	09/01/2022
3456 [1]	(CP)		250,000,000	48,470,000	06/01/2021
3598	06/17/2008		200,715,000	158,300,000	07/01/2033

(1) As amended by Resolution No. 3777, adopted on September 22, 2020, authorizing increasing the principal amount to $400,000,000 and extending the final maturity date to June 1, 2051.

(the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, the Port has certain Outstanding PFC Revenue Bonds, Outstanding Intermediate Lien Parity Bonds and Outstanding Subordinate Lien Bonds described on Exhibit A attached hereto (together, the "Refunding Candidates") that may be defeased and/or refunded, thereby saving on debt service, through the issuance of the Series 2021 Bonds; and

WHEREAS, the Port wishes to finance or refinance certain capital improvements to aviation facilities (hereinafter defined as the "Projects") through the issuance of the Series 2021 Bonds (as hereinafter defined); and

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

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

WHEREAS, pursuant to RCW 53.40.030, the Port Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be defeased and/or refunded, the interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are approved by resolution; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of certain Series 2021 Bonds as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2021 Bonds be sold pursuant to one or more negotiated sale(s) as herein provided;

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

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

Acquired Obligations mean the noncallable Government Obligations acquired by the Port pursuant to Section 8(c) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2021 Bonds (including persons holding Series 2021 Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, all or a portion of the Series 2021 Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2021 Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of the Series 2021 Bonds, pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means each of the Bond Purchase Contract(s) for the Series 2021 Bonds of one or more series, providing for the purchase of the Series 2021 Bonds of such series by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 7 of this series resolution.

Bond Register means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2021 Bond or nominee of such owner and the principal amount and number of Series 2021 Bonds held by each owner or nominee.

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

Continuing Disclosure Undertaking means each undertaking for ongoing disclosure executed by the Port pursuant to Section 15 of this series resolution.

Costs of Issuance Agreement means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2021 Bonds.

Designated Port Representative, for purposes of this series resolution, means the Executive Director of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2021 Bonds pursuant to Section 5 of this series resolution.

Escrow Agent means U.S. Bank National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

Escrow Agreement means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Refunding Bonds between the Port and the Escrow Agent to be executed in connection with the defeasance and/or refunding of some or all of the Refunded Bonds.

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

Federal Tax Certificate means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2021 Bonds issued on a federally tax-exempt basis.

First Lien Master Resolution means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

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

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

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

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Outstanding Intermediate Lien Parity Bonds mean the Port's outstanding intermediate lien revenue bonds identified in the recitals to this series resolution.

Outstanding PFC Revenue Bonds mean the Port's outstanding passenger facility charge revenue bonds identified in the recitals to this series resolution.

Outstanding Subordinate Lien Bonds mean the Port's outstanding subordinate lien revenue bonds identified in the recitals to this series resolution.

Project Bonds mean the Series 2021 Bonds issued for the purpose of funding all or part of the Projects, capitalizing interest, funding the Series 2021 Reserve Account Deposit and paying all or a portion of allocable costs of issuance.

Projects mean the capital projects listed in Exhibit B hereto.

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2021 Bonds is due and payable.

Refunded Bonds mean the Refunding Candidates that are designated by the Executive Director pursuant to authority delegated by Section 2 and Section 7 of this series resolution.

Refunding Bonds means the Series 2021 Bonds issued for the purpose of defeasing and/or refunding the Refunded Bonds.

Refunding Candidates mean the outstanding revenue bonds of the Port as described on Exhibit A.

Registered Owner means the person named as the registered owner of a Series 2021 Bond in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2021 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

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

Series 2021 Bonds mean the Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021, or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 2 of this series resolution.

Series 2021 Reserve Account Deposit means the amount, if any, that is required to be added to the reserve account balances in the Intermediate Lien Reserve Account to satisfy the Intermediate Lien Reserve Requirement and that is identified in a closing certificate or certificates of the Port.

Subordinate Lien Bond Resolutions mean, collectively, Resolution No. 3238, as amended; Resolution No. 3456, as amended, as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

Surety Bond means the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2021 Bonds for the purpose of satisfying the Series 2021 Reserve Account Deposit. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer means any issuer(s) of the Surety Bond(s).

Underwriters mean, collectively, Barclays Capital Inc., BofA Securities, Inc.; J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Drexel Hamilton, LLC; and Siebert Williams Shank & Co., LLC.

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

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

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

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

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

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

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance; Authorization of Series 2021 Bonds.

(a) *Plan of Finance*. The Port intends to undertake improvements to its airport facilities at the locations described on Exhibit B (the "Projects") attached hereto and incorporated by this reference herein. A portion of the costs of the Projects are expected to be paid, refinanced or reimbursed with the proceeds of the Project Bonds.

The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance and/or refunding depending on market conditions. The final selection of the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or refunded by the Refunding Bonds shall be made by the Executive Director pursuant to the authority granted in Section 7 of this series resolution.

(b) *Authorization of Series 2021 Bonds*. The Port shall issue bonds in one or more series (the "Series 2021 Bonds") consisting of the Project Bonds and the Refunding Bonds, if any. The proceeds of the Project Bonds shall be used for the purpose of providing part of the funds necessary to (i) pay (or pay subordinate lien commercial paper notes issued to pay) or to reimburse the Port for all or a portion of the costs of the Projects; (ii) pay and redeem and/or

defease subordinate lien commercial paper notes issued for Port purposes; (iii) at the option of the Designated Port Representative, capitalize interest on all or a portion of the Series 2021 Bonds; (iv) make a Series 2021 Reserve Account Deposit or purchase a Surety Bond therefor, if required; and (v) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Project Bonds. The proceeds of the Refunding Bonds, if any, shall be used for the purpose of providing the funds necessary to (i) pay and redeem and/or defease certain subordinate lien commercial paper notes issued for refunding purposes; and (ii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Refunding Bonds.

(c) *Maximum Principal Amount*. The aggregate principal amount of the Series 2021 Bonds to be issued under this series resolution shall not exceed $950,000,000. The aggregate principal amount of the Project Bonds and the aggregate principal amount of Refunding Bonds shall be determined by the Executive Director, pursuant to the authority granted in Section 7 of this series resolution.

Section 3. Series 2021 Bond Details.

(a) *Series 2021 Bonds*. The Series 2021 Bonds shall be issued in one or more series, shall be designated as "Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2021," with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of $5,000 each or any integral multiple of $5,000 within a series and maturity. The Series 2021 Bonds of each series shall bear interest from their date of delivery to the Underwriters until the Series 2021 Bonds bearing such interest have been paid or their payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract for each series and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Limited Obligations.* The Series 2021 Bonds shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account created under the Intermediate Lien Master Resolution and shall be payable and secured as provided in the Intermediate Lien Master Resolution and this series resolution. The Series 2021 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 4. Redemption and Purchase.

(a) *Optional Redemption.* The Series 2021 Bonds of one or more series and maturities may be subject to optional redemption on the dates, at the prices and under the terms relating to such series set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Mandatory Redemption.* The Series 2021 Bonds of one or more series and maturities may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(c) *Purchase of Series 2021 Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the First Lien Master Resolution, including the payments required by paragraphs First through Eleventh of the priority for use of Gross Revenue set forth in the Intermediate Lien Master Resolution, to purchase for retirement any of the

Series 2021 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d) *Selection of Series 2021 Bonds for Redemption.* If Series 2021 Bonds are called for optional redemption, the series, maturities, and interest rates of such Series 2021 Bonds to be redeemed shall be selected by the Port. If any Series 2021 Bonds to be redeemed (optional or mandatory) then are held in book-entry-only form, the selection of such Series 2021 Bonds within a series, maturity, and interest rate to be redeemed within a maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2021 Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2021 Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2021 Bonds having the same maturity date and interest rate within a series, the particular Series 2021 Bonds or portions of Series 2021 Bonds to be redeemed within the series, maturity, and interest rate shall be selected by lot (or in such other random manner determined by the Registrar) in increments of $5,000. In the case of a Series 2021 Bond within a series, maturity, and interest rate of a denomination greater than $5,000, the Port and Registrar shall treat each Series 2021 Bond of the applicable series, maturity and interest rate as representing such number of separate Series 2021 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2021 Bonds of the applicable series, maturity, and interest rate by $5,000. In the event that only a portion of the principal amount of a Series 2021 Bond is redeemed, upon surrender of such Series 2021 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2021 Bond or, at the option of the Registered Owner, a Series 2021 Bond of like series, maturity, and interest rate in any of the denominations herein authorized. *Provided however,* that the manner of selection of Series 2021 Bonds issued on a federally taxable basis for redemption may be set forth in the Bond Purchase Contract relating to such series and as approved by the Designated Port Representative.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2021 Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2021 Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2021 Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2021 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2021 Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2021 Bonds of a series are to be redeemed, the identification by series, maturity, and interest rate (and, in the case of partial redemption, the principal amounts) of the Series 2021 Bonds to be redeemed, (4) whether, in the case of optional redemption, the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been

rescinded) such Series 2021 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2021 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2021 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2021 Bonds, (6) that the Series 2021 Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2021 Bonds being redeemed, (8) the dated date of the Series 2021 Bonds being redeemed, (9) the rate of interest for each Series 2021 Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2021 Bonds being redeemed.

Upon the payment of the redemption price of Series 2021 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, series and maturity, the Series 2021 Bonds being redeemed with the proceeds of such check or other transfer, or in the case of a payment to DTC shall be accompanied by an informational communication evidencing the CUSIP and related informational details with respect to each security being paid by wire transfer.

(f) *Effect of Redemption.* Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2021 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2021 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2021 Bonds then from and after the date fixed for redemption for such Series 2021 Bond or portion thereof, interest on each such Series 2021 Bond shall cease to accrue and such Series 2021 Bond or portion thereof shall cease to be Outstanding.

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

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Bond Register*. The Port hereby specifies and adopts the system of registration and transfer for the Series 2021 Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2021 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2021 Bonds (the "Registrar"). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2021 Bonds (the "Bond Register"), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC (or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar

hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2021 Bonds transferred or exchanged in accordance with the provisions of such Series 2021 Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2021 Bonds.

(b) *Registered Ownership*. Except as provided in the last sentence of Section 5(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2021 Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2021 Bond shall be made only as described in subsection (h) of this Section 5, but the transfer of such Series 2021 Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 5 shall be valid and shall satisfy the liability of the Port upon such Series 2021 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations*. The Series 2021 Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2021 Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2021 Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2021 Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC or any successor or alternate depository), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2021 Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2021 Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2021 Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the Series 2021 Bonds and so long as the Bond Insurer is not in default under its Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository.*

(1) The Series 2021 Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2021 Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2021 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2)

below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2021 Bonds, together with a written request on behalf of the Port, issue a single new Series 2021 Bond for each series and maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2021 Bonds of any series that the Series 2021 Bonds of that series be provided in certificated form, the ownership of such Series 2021 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2021 Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2021 Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2021 Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2021 Bonds of such series shall be issued in the

appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2021 Bonds; Change in Denominations*. The transfer of any Series 2021 Bond may be registered and any Series 2021 Bond may be exchanged, but no transfer of any Series 2021 Bond shall be valid unless the Series 2021 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2021 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2021 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2021 Bond (or Series 2021 Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2021 Bond, in exchange for such surrendered and canceled Series 2021 Bond. Any Series 2021 Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2021 Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2021 Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2021 Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2021 Bonds, after the mailing of notice of the call for redemption of such Series 2021 Bonds.

(f) *Registrar's Ownership of Series 2021 Bonds*. The Registrar may become the Registered Owner of any Series 2021 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2021 Bonds.

(g) *Registration Covenant*. The Port covenants that, until all Series 2021 Bonds issued on a federally tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2021 Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. The principal of, premium, if any, and interest on the Series 2021 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2021 Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Series 2021 Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2021 Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2021 Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2021 Bonds shall be payable by check upon presentation and surrender of such Series 2021 Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least $1,000,000 aggregate principal amount of Series 2021 Bonds of a series, interest on such Series 2021 Bonds will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 6. Pledge of Available Intermediate Lien Revenues; Series 2021 Reserve Account Deposit.

(a) *Pledge of Available Intermediate Lien Revenue.* Pursuant to the Intermediate Lien Master Resolution, the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account have been created for the purpose of paying and securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port hereby irrevocably obligates and binds itself for as long as any Series 2021 Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Series 2021 Bonds; and

(2) Such amounts with respect to Series 2021 Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Series 2021 Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for (i) Operating Expenses, (ii) liens and charges thereon of Permitted Prior Lien Bonds, and (iii) liens and charges equal in rank that have or may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Outstanding Intermediate

Lien Parity Bonds and any Intermediate Lien Parity Bonds issued in the future under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of the Intermediate Lien Master Resolution.

(b) *Reserve Account Deposit.* The Series 2021 Reserve Account Deposit shall be deposited in the Intermediate Lien Reserve Account (or shall be satisfied through the issuance of one or more Surety Bonds) on the date of issuance of the Series 2021 Bonds. Together with existing reserve account balances in the Intermediate Lien Reserve Account, the Series 2021 Reserve Account Deposit shall be at least sufficient to meet the Intermediate Lien Reserve Requirement.

The Designated Port Representative may decide to utilize one or more Surety Bonds to satisfy the Series 2021 Reserve Account Deposit; provided that each Surety Bond meets the qualifications for Qualified Insurance. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Section 7. Designation of Refunded Bonds; Sale of Series 2021 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 9 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be defeased and/or refunded with the proceeds of the Series 2021 Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the "Refunded Bonds" in the Bond Purchase Contract if and to the extent that the criteria set forth in subsection (b) are met.

(b) *Series 2021 Bond Sale.* The Series 2021 Bonds shall be sold at one or more negotiated sale(s) to the Underwriters pursuant to the terms of the applicable Bond Purchase

Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2021 Bonds and to execute one or more Bond Purchase Contracts, with such terms (including the designation of the Refunded Bonds and the Series 2021 Reserve Account Deposit) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Intermediate Lien Master Resolution. The Port Commission has been advised by the Port's financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2021 Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2021 Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2021 Bonds does not exceed the maximum principal amount set forth in Section 2, and (B) so long as the true interest cost for the Series 2021 Bonds of a series issued on a federally tax-exempt basis does not exceed 4.00% per annum, and so long as the true interest cost for the Series 2021 Bonds of a series issued on a federally taxable basis does not exceed 5.00% per annum.

In designating the Refunded Bonds, determining the number of series, final series designations, the date of sale, tax status of each series, interest rates, prices, maturity dates,

aggregate principal amount, principal maturities, redemption rights or provisions of the Series 2021 Bonds for approval and the Series 2021 Reserve Account Deposit, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the Series 2021 Bonds of a series, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2021 Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, the number of series, final series designations, the date of sale, tax status of each series, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2021 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on December 31, 2021. If a Bond Purchase Contract for the Series 2021 Bonds has not been executed by December 31, 2021, the authorization for the issuance of the Series 2021 Bonds of that series shall be rescinded, and the Series 2021 Bonds shall not be issued nor their sale approved unless the Series 2021 Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2021 Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2021 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2021 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2021 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2021 Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2021 Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of the Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent, if any, verification agent, financial advisory services, independent consultant, and other expenses customarily incurred in connection with the issuance and sale of bonds.

The Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the final official statement(s) (and to approve, deem final and deliver any preliminary official statement) and any supplement thereto relating to the issuance and sale of the Series 2021 Bonds and the distribution of the Series 2021 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 8. Application of Series 2021 Bond Proceeds.

(a) *Application of Project Bond Proceeds*. The proceeds of the Project Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the

Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium) shall be applied as follows:

(1) An amount(s), if any, specified by the Designated Port Representative shall be deposited into one or more capitalized interest accounts (hereinafter authorized to be created);

(2) An amount specified by the Designated Port Representative as required to pay the Series 2021 Reserve Account Deposit shall be deposited into the Intermediate Lien Reserve Account; and

(3) An amount specified by the Designated Port Representative shall be deposited into one or more capital project accounts, used to refinance commercial paper, and used to pay costs of issuance and, together with other available moneys, to pay costs of the Projects.

If interest on the Project Bonds is to be capitalized, the Treasurer of the Port is hereby authorized and directed to create one or more capitalized interest accounts for the purpose of holding certain Project Bond proceeds and interest earnings thereon to be used and disbursed to pay interest on the Series 2021 Bonds through the date or dates specified by the Designated Port Representative.

The Treasurer shall invest the net proceeds of the Project Bonds in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, may be used for Port purposes or transferred to the Intermediate Lien Bond Fund for the uses and purposes therein provided.

The Port shall maintain books and records regarding the use and investment of proceeds of Series 2021 Bonds issued on a federally tax-exempt basis in order to maintain compliance with its obligations under its Federal Tax Certificate.

(b) *Application of Refunding Bond Proceeds*. The net proceeds of the Refunding Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the Intermediate Lien Reserve Requirement), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds and/or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(c) *Defeasance of Refunded Bonds*. Subject to and in accordance with the resolution authorizing the issuance of the Refunded Bonds, the net proceeds of the Refunding Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem Refunded Bonds and/or to purchase the noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States specified by the Designated Port Representative (the "Acquired Obligations") and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolution authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price (the principal amount plus any premium required) on the date fixed for redemption of the Refunded Bonds. Subject to compliance with all conditions set forth in the

resolution authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

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

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

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

(e) *Authorizing Appointment of Escrow Agent and Verification Agent*. The Commission hereby authorizes and directs the Designated Port Representative (if the Designated Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

Section 9. Redemption of Refunded Bonds. The Commission hereby calls the callable Refunded Bonds for redemption on the redemption date specified by the Designated Port Representative in accordance with the provisions of the resolution authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their maturity dates.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Refunding Bonds and if a notice of redemption has been disseminated, such notice may be revoked at the option of the Designated Port Representative.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Refunding Bonds.

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

The Port or the Escrow Agent, if any, on behalf of the Port, shall be authorized and directed to pay to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 8(d) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Refunding Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

Section 10. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 Bonds issued on a federally tax-exempt basis, and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2021 Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to such Series 2021 Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification.* The Series 2021 Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 11. Lost, Stolen, Mutilated or Destroyed Series 2021 Bonds. In case any Series 2021 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2021 Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2021 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2021 Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 12. Form of Series 2021 Bonds and Registration Certificate. The Series 2021 Bonds shall be in substantially the following form:

[DTC HEADING]

UNITED STATES OF AMERICA

NO. ______ $___________

STATE OF WASHINGTON
PORT OF SEATTLE
INTERMEDIATE LIEN REVENUE [AND] [REFUNDING] BOND,
SERIES 2021[A][B][C][D]
[(Non-AMT)][(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)]

Maturity Date: ________, _____ CUSIP No. _______

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Intermediate Lien Bond Fund" (the "Intermediate Lien Bond Fund") created by Resolution No. 3540, as amended (the "Intermediate Lien Master Resolution" and together with Resolution No. 3786, hereinafter collectively referred to as the "Bond Resolution"), the Principal Amount indicated above and to pay interest thereon from the Intermediate Lien Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each __________ and __________ beginning on __________ 1, 20___. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal, premium, if any, and interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC") (or its successor or alternate depository) or other registered owner. Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of $__________, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to [pay costs of capital improvement projects][to defease and/or refund certain outstanding Port revenue obligations]. [Simultaneously herewith, the Port is issuing ___ other series of revenue bonds: its Intermediate Lien Revenue [Refunding] Bonds, Series 2021[A][B][C][D] [(Non-AMT)] [(Private Activity - Non-AMT)][(Private Activity - AMT)] [(Taxable)][, and Revenue Refunding Bonds, Series 2021,] in the principal amount of $___________].

The bonds of this issue maturing on and after ________ 1, ____ shall be subject to optional redemption in advance of their scheduled maturity on and after ____________ in whole or in part on any date at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on _______ 1, ___ shall be redeemed by the Port on _______ 1 of the following years in the following principal amounts at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	$

* Final Maturity]

[The bonds of this series are [not] private activity bonds.] The bonds of this series are not "qualified tax-exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. [The Port has taken no action to cause the interest on this bond to be exempt from general federal income taxation.]

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

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

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

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

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

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

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the ____ day of __________, 2021.

PORT OF SEATTLE

By /s/
President, Port Commission

ATTEST:

/s/
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _______________

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2021[A][B][C][D] [(Non-AMT)] [(Private Activity - Non-AMT)][(Private Activity - AMT)][(Taxable)] of the Port of Seattle, dated _____________, 2021.

WASHINGTON STATE FISCAL AGENT, as Registrar

By ______________________
Authorized Signer

* * * * * * * *

In the event any Series 2021 Bonds are no longer in fully immobilized form, the form of such Series 2021 Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 13. Execution. The Series 2021 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 2021 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2021 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2021 Bonds shall cease to be such officer or officers of the Port before the Series 2021 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2021 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2021 Bond may also be signed and attested on behalf of the Port by such persons as on the actual date of execution of such Series 2021 Bond shall be the proper officers of the Port although on the original date of such Series 2021 Bond any such person shall not have been such officer.

Section 14. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2021 Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment such Series 2021 Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2021 Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Intermediate Lien Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds so provided for and such Series 2021 Bonds shall then cease to be entitled to any lien, benefit or security of the Intermediate Lien Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2021 Bonds shall no longer be deemed to be Outstanding hereunder, under the Intermediate Lien Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2021 Bonds to the Registered Owners of the Series 2021 Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution.

Section 15. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 16. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2021 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5(b) of the Intermediate Lien Master Resolution, as follows:

First: The Port is not in default of its covenant under Section 5 of the Intermediate Lien Master Resolution; and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2021 Bonds, the Port will meet the conditions set forth in Section 5(c) of the Intermediate Lien Master Resolution and/or will deliver either:

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

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

The limitations contained in the conditions provided in Section 5(b) of the Intermediate Lien Master Resolution having been complied with, the payments required herein to be made out of the Available Intermediate Lien Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds shall constitute a lien and charge upon such a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds.

Section 18. Resolution and Laws a Contract with the Series 2021 Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2021 Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2021 Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2021 Bonds set forth shall be for the equal benefit of the owners of the Series 2021 Bonds.

Section 19. Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Intermediate Lien Parity Bonds.

Section 20. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at duly noticed meeting thereof, held this ____ day of ________, 2021, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

____

____

____

____

____
Commissioners

EXHIBIT A

REFUNDING CANDIDATES

Port of Seattle Passenger Facility Charge Revenue Refunding Bonds, Series 2010A(1)

Maturity Dates (December 1)	Principal Amounts	Interest Rates
2021	$ 16,210,000	5.00%
2022	17,025,000	5.00
2023	17,875,000	5.00

Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2010B (Private Activity, Non-AMT)(2)

Maturity Dates (June 1)	Principal Amounts	Interest Rates
2022	$ 5,995,000	5.00%
2023	6,305,000	5.00
2024	6,630,000	5.00
2025	2,870,000	4.25
2025	4,090,000	5.00
2030*	40,450,000	5.00
2040*	118,655,000	5.00

* Term Bonds

Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2010C (Private Activity, AMT)(3)

Maturity Dates (February 1)	Principal Amounts	Interest Rates
2022	$ 15,480,000	5.00%
2023	16,275,000	5.00
2024	16,645,000	5.00

Port of Seattle Subordinate Lien Revenue Notes (Commercial Paper) $20,430,000 Principal Amount

(1) Callable at any time on and after December 1, 2020, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

(2) Callable at any time on and after June 1, 2020, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

(3) Callable at any time on and after February 1, 2021, as a whole or in part or any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

EXHIBIT B

PROJECTS

Runway, apron and safety areas construction, repairs and improvements; airfield infrastructure construction, repairs and upgrades; noise mitigation; Airport Terminal and parking garage construction, modification, repairs, improvements including equipment acquisition; roadway and ground transportation improvements; airport support systems and services improvements; planning work relating to future facilities on or near the Airport; property acquisitions for Airport expansion adjacent or near to the Airport and other airport improvements that are functionally related to the airfield, air terminal and Airport property improvements described above at Seattle-Tacoma International Airport, 17801 Pacific Highway South, Seatac, WA 98158, which is owned and operated by the Port.

CERTIFICATE

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

1. That the attached resolution numbered 3786 (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the _____ day of ________, 2021, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _______, 2021.

____
Secretary

APPENDIX I

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Port of Seattle (the "Port") in connection with the issuance of its First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT) (the "Series 2021 First Lien Bonds"), Intermediate Lien Revenue and Refunding Bonds, Series 2021A (Non-AMT) (the "Series 2021A Intermediate Lien Bonds"), Intermediate Lien Revenue Refunding Bonds, Series 2021B (Private Activity, Non-AMT) (the "Series 2021B Intermediate Lien Bonds"), Intermediate Lien Revenue and Refunding Bonds, Series 2021C (Private Activity, AMT) (the "Series 2021C Intermediate Lien Bonds"), Intermediate Lien Revenue Bonds, Series 2021D (Taxable) (the "Series 2021D Intermediate Lien Bonds" and, together with the Series 2021A Intermediate Lien Bonds, Series 2021B Intermediate Lien Bonds and Series 2021C Intermediate Lien Bonds, the "Series 2021 Intermediate Lien Bonds" and, together with the Series 2021 First Lien Bonds, the "Series 2021 Bonds"). The Port covenants and agrees as follows:

For purposes of the Port's undertaking (the "undertaking") pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021 Bond, including persons holding Series 2021 Bonds through nominees or depositories or other intermediaries.

(a) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report*. The Port covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2022 for the fiscal year ending December 31, 2021, the Port shall provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB"), an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (a). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (a); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (b), and if for any fiscal year the Port does not furnish an Annual Disclosure Report to the MSRB, by the Submission Date, the Port shall send to MSRB notice of its failure to furnish such report pursuant to subsection (c).

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

(A) *Audited financial statements*. Audited financial statements, prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis accounting, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain audited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating and Financial Information.* Annual financial information and operating data with respect to the Port, including historical financial information and operating data of the type provided in the final Official Statement for the Series 2021 Bonds dated June 17, 2021 under the headings "OUTSTANDING PORT INDEBTEDNESS" (e.g. outstanding principal amounts), "THE AIRPORT," "OTHER PORT BUSINESSES," "PORT FINANCIAL MATTERS" and in Appendix D under the heading "Tax Levy Rates, Records and Procedures" to the extent such information or data is not included in the Port's financial statements provided under subsection (A). The Port also will provide the following Seaport Alliance historical operating data: information regarding container facility leases of the type provided in "Table 15: Container Facility Leases" and information regarding annual container volumes of the type provided in "Table 16: Container Volumes for Seaport Alliance."

Any or all of the listed items may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Port shall identify clearly each document so included by reference.

(b) *Listed Events*. The Port agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2021 Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;
7. Modifications to the rights of Series 2021 Bond owners, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Series 2021 Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Port;[*]
13. The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the Port, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Port, any of which affect security holders, if material; and

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[*] For the purposes of the event identified in (b)(12), the event is considered to occur when any of the following occur: there is an appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Port, any of which reflect financial difficulties.

Solely for purposes of information, but without intending to modify the Port's undertaking, with respect to the notice regarding property securing the repayment of the Series 2021 Bonds, that there is no property securing the repayment of the Series 2021 Bonds.

(c) *Financial Obligation*. The term "financial obligation" means (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Obligated Person*. The term "Obligated Person" means the Port and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2021 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

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

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

(g) *Termination/Modification*. The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Series 2021 Bonds. The undertaking, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking, or any such provision, have been repealed retroactively or otherwise do not apply to the Series 2021 Bonds; and (2) notifies the MSRB of such opinion and the cancellation of the undertaking. The Port may amend the undertaking and any provision of the undertaking may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (a)(1), (a)(2) or (b) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an Obligated Person with respect to the Series 2021 Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2021 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Series 2021 Bonds.

In the event of any amendment of or waiver of a provision of the undertaking, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (b), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

PORT OF SEATTLE

By: ______________________________

Designated Port Representative

APPENDIX J

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

Historical and current population figures for the State as well as King County, Pierce County and Snohomish County (collectively the Seattle Metropolitan Area), the two largest cities in King County, and the unincorporated areas of King County are given below.

TABLE J-1

POPULATION[1]

Year	Washington	King County	Pierce County	Snohomish County	Seattle	Bellevue	Unincorporated King County
2020	7,656,200	2,260,800	900,700	830,500	761,100	148,100	249,100
2019	7,546,410	2,226,300	888,300	818,700	747,300	145,300	248,275
2018	7,427,570	2,190,200	872,220	805,120	730,400	142,400	247,240
2017	7,310,300	2,153,700	859,400	789,400	713,700	140,700	247,060
2016	7,183,700	2,105,100	844,490	772,860	686,800	139,400	245,920

(1) Estimates are as of April 1 of each year.
Source: State of Washington, Office of Financial Management.

Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Area, the County, the State, and the United States.

TABLE J-2

PER CAPITA INCOME

	2019[1]	2018	2017	2016	2015
Seattle Metropolitan Area [2]	$ 69,091	$ 66,111	$ 61,667	$ 58,845	$ 56,819
King County	94,974	91,161	83,383	79,323	76,226
State of Washington	64758	62,209	57,896	55,519	53,776
United States	56,490	54,606	51,640	49,246	48,451

(1) As of March 2020.
(2) Average of King County, Pierce County, and Snohomish County.
Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

Construction

The table below lists the value of housing construction for which building permits have been issued by entities within King County. The value of public construction is not included in this table.

TABLE J-3

RESIDENTIAL BUILDING PERMIT VALUES[1]
KING COUNTY

	New Single Family Units		New Multi-Family Units		
Year	Number	Value	Number	Value	Total Value
2021[2]	587	$225,615,389	2,403	$334,905,412	$560,520,801
2020	3,623	1,427,109,062	9,530	1,285,923,830	2,713,032,892
2019	3,789	1,490,543,327	14,140	2,070,898,593	3,561,441,920
2018	4,442	1,747,483,826	14,018	1,642,109,582	3,389,593,408
2017	4,356	1,735,074,421	14,285	2,174,576,693	3,909,651,114

(1) Estimates with imputation.
(2) Through February 2021.
Source: U S. Bureau of the Census.

Retail Activity

The following table presents taxable retail sales in King County, Pierce County, Snohomish County and the City of Seattle.

TABLE J-4

TAXABLE RETAIL SALES

Year	King County	Pierce County	Snohomish County	City of Seattle
2020[1]	$48,439,134,083	$14,037,050,273	$12,255,101,757	$18,863,518,272
2019	53,511,071,448	13,820,249,304	12,307,843,682	21,962,409,065
2018	69,018,354,390	17,592,771,533	15,673,269,688	28,292,069,881
2017	62,910,608,935	16,081,078,014	14,509,899,633	26,005,147,210
2016	59,530,882,870	14,878,550,727	13,618,314,632	24,287,539,378

(1) Through Third Quarter.
Source: Washington State Department of Revenue.

Industry and Employment

The following table presents State-wide employment data for certain major employers in the Puget Sound area.

TABLE J-5

MAJOR EMPLOYERS

Employer	Full-Time Employees in the State
The Boeing Company[(1)]	71,829
Amazon.com Inc.[(2)]	60,000
Microsoft Corp.	55,063
Joint Base Lewis-McChord	54,000
University of Washington	46,824
Providence Health & Services[(3)]	31,400
Wal-Mart Stores Inc.	19,412
Costco Wholesale Corp.	18,045
Multicare Health System	17,187
Fred Meyer Stores	16,164
King County Government	15,851
City of Seattle	15,733
Starbucks Coffee Co.	14,000
CHI Franciscan Health	12,516
Seattle Public Schools	11,886
Kaiser Permanente	10,000
Alaska Air Group Inc.	9,574
Nordstrom, Inc.[(4)]	9,200
Virginia Mason Health System	9,066
Washington State University	8,248
T-Mobile US Inc.	7,909
Google, Inc.[(5)]	5,441
Tacoma Public Schools	5,245
Comcast NBC Universal	4,558
Expedia Group[(6)]	4,363

(1) Boeing has said it will cut its workforce to 130,000 by the end of 2021 and has already cut more than 16,000 jobs, the majority of which were in Washington state.
(2) Amazon reported having more than 60,000 employees to the Puget Sound Business Journal, but did not provide an exact count.
(3) Employment numbers pertain to Providence. In the prior year's list, employment for Providence St. Joseph Health included employment numbers of Swedish.
(4) As of May 2019.
(5) *Linkedin.*
(6) Expedia reported to the Puget Sound Business Journal that it was planning "furloughs and reduced work week programs for select volume-based teams with limited work right now." In February 2020, Expedia had cut 3,000 jobs, including 500 at the company's new headquarters in Seattle.

Source: Puget Sound Book of Lists, as of July 30, 2020

TABLE J-6

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
SEATTLE METROPOLITAN DIVISION
(KING AND SNOHOMISH COUNTIES)
(NOT SEASONALLY ADJUSTED)

	2021[1]	2020	2019	2018	2017
Civilian Labor Force	1,765,096	1,766,052	1,729,943	1,689,157	1,656,633
Total Employment	1,667,456	1,720,900	1,680,738	1,629,509	1,594,791
Total Unemployment	97,640	45,152	49,205	59,648	61,842
Percent of Labor Force	5.5%	2.6%	2.8%	3.5%	3.7%

(1) Preliminary average through February 2021.
Source: Washington State Employment Security Department.

TABLE J-7

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
WASHINGTON STATE
(NOT SEASONALLY ADJUSTED)

	2021[1]	2020	2019	2018	2017
Civilian Labor Force	3,874,686	3,988,229	3,871,406	3,793,095	3,718,900
Total Employment	3,627,370	3,810,664	3,676,202	3,662,299	3,543,665
Total Unemployment	247,316	177,565	195,204	170,796	175,235
Percent of Labor Force	6.4%	4.5%	5.0%	4.5%	4.7%

(1) Preliminary average through February 2021.
Source: Washington State Employment Security Department.

TABLE J-8

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
UNITED STATES
(SEASONALLY ADJUSTED)[1]

	2021[2]	2020	2019	2018	2017
Civilian Labor Force	160,211,000	160,567,000	162,470,000	161,582,000	160,310,000
Total Employment	150,239,000	149,830,000	156,645,000	155,001,000	153,337,000
Total Unemployment	9,972,000	10,736,000	5,824,000	6,580,000	6,973,000
Percent of Labor Force	6.2%	6.7%	3.6%	4.1%	4.4%

(1) Data extracted on March 31, 2021.
(2) Preliminary average through February 2021.
Source: U.S. Department of Labor Bureau of Labor Statistics.

TABLE J-9

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
SEATTLE-BELLEVUE-EVERETT METROPOLITAN STATISTICAL AREA
(KING AND SNOHOMISH COUNTIES)
(NOT SEASONALLY ADJUSTED)

NAICS INDUSTRY	2021[1]	2020	2019	2018	2017	2016	2015
TOTAL NONFARM	1,656,100	1,655,200	1,740,860	1,724,233	1,685,275	1,644,425	1,592,692
Total Private	1,451,800	1,452,500	1,524,720	1,505,758	1,463,983	1,426,600	1,379,800
Goods Producing	247,600	247,100	270,420	264,817	259,592	262,183	258,467
Mining and Logging	800	800	800	800	792	775	800
Construction	105,400	104,000	103,640	102,258	96,800	92,445	86,133
Manufacturing	141,400	142,300	165,980	161,758	162,000	168,983	171,533
Service Providing	1,408,500	1,408,100	1,470,440	1,49,417	1,425,683	1,382,242	1,334,225
Trade, Transportation, and Utilities	327,800	336,300	322,340	323,692	316,533	301,850	291,825
Information	134,700	134,300	117,960	115,758	108,544	102,183	94,633
Financial Activities	85,100	86,000	88,000	86,558	84,275	83,242	82,058
Professional and Business Services	269,000	271,500	264,900	262,250	255,642	249,508	240,933
Educational and Health Services	220,700	216,800	228,240	221,267	213,842	207,767	200,258
Leisure and Hospitality	110,000	103,400	173,260	171,967	166,858	161,642	154,992
Other Services	56,900	57,100	59,600	59,450	58,708	58,225	56,633
Government	204,300	202,700	216,140	218,475	221,292	217,825	212,892
Workers in Labor/Management Disputes	0	0	0	0	0	0	0

(1) Annual average through February 2021.

Source: Washington State Employment Security Department.

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PORT OF SEATTLE • FIRST LIEN AND INTERMEDIATE LIEN REVENUE AND REFUNDING BONDS, SERIES 2021

Port of Seattle

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