BOOK ENTRY ONLY
NEW ISSUE

Moody's Rating: "Aaa"
Standard & Poor's Rating: "AA-"
Fitch's Rating: "AA-"
(See "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Port, interest on the 2022A Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any 2022A Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2022A 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 2022A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2022B Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.

Port of Seattle

$15,115,000	**$94,345,000**
Limited Tax General Obligation Bonds, 2022A (AMT)	**Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable)**

DATED: Date of Delivery **Due: December 1, as shown on inside cover page**

The Port of Seattle (the "Port") is issuing its Limited Tax General Obligation Bonds, 2022A (AMT) (the "2022A Bonds") and Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable) (the "2022B Bonds" and, together with the 2022A Bonds, the "Bonds"). The Bonds are to be issued as registered bonds in denominations of $5,000, and integral multiples thereof within a series and maturity, and are to be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds are to be payable by the fiscal agent of the State of Washington (the "State"). For so long as the Bonds remain in a "book-entry only" transfer system, such fiscal agent will make such payments only to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to Beneficial Owners of the Bonds as further described in APPENDIX D--"Book-Entry Only System."

Proceeds of the Bonds will be used (i) to finance eligible Port costs, including paying commercial paper issued to finance such costs; (ii) to refund all or a portion of the Port's outstanding Limited Tax General Obligation Refunding Bonds, 2011 (AMT); and (iii) to pay the costs of issuing the Bonds. See "SOURCES AND USES OF BOND PROCEEDS."

Interest on the Bonds from their date of delivery is payable on June 1 and December 1 of each year, commencing June 1, 2022. Principal of the Bonds is payable on December 1 in each of the years shown on the maturity schedule located on the inside cover page.

The 2022B Bonds are subject to optional redemption prior to maturity as described in this Official Statement. See "DESCRIPTION OF THE BONDS."

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of ad valorem taxes upon all the taxable property within the Port district subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other money legally available therefor) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the Port.

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.

The 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, and to other conditions. Certain legal matters will be passed upon by Pacifica Law Group LLP, Seattle, Washington, Disclosure Counsel to the Port. It is expected that delivery of the Bonds will be made through the facilities of DTC by *Fast Automated Securities Transfer* on or about January 26, 2022.

Dated: January 13, 2022

Maturity Schedules

Port of Seattle
$15,115,000
Limited Tax General Obligation Bonds, 2022A (AMT)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.*
2022	$ 1,370,000	5.00%	0.60%	103.711	735371QF6
2023	1,690,000	5.00	0.63	108.012	735371QG4
2024	1,775,000	5.00	0.80	111.798	735371QH2
2025	1,860,000	5.00	0.92	115.386	735371QJ8
2026	1,955,000	5.00	1.02	118.774	735371QK5
2027	2,050,000	5.00	1.17	121.583	735371QL3
2028	2,155,000	5.00	1.27	124.385	735371QM1
2029	2,260,000	5.00	1.36	127.003	735371QN9

Port of Seattle
$94,345,000
Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.*
2022	$ 3,085,000	0.50%	0.50%	100.000	735371QP4
2023	9,675,000	0.95	0.95	100.000	735371QQ2
2024	9,765,000	1.25	1.25	100.000	735371QR0
2025	8,695,000	1.45	1.45	100.000	735371QS8
2026	3,360,000	1.60	1.60	100.000	735371QT6
2027	3,415,000	1.75	1.75	100.000	735371QU3
2028	3,470,000	1.85	1.85	100.000	735371QV1
2029	3,535,000	1.95	1.95	100.000	735371QW9
2030	3,605,000	2.00	2.00	100.000	735371QX7
2031	3,675,000	2.10	2.10	100.000	735371QY5
2032	3,755,000	2.15	2.15	100.000	735371QZ2
2033	3,835,000	2.30	2.30	100.000	735371RA6
2034	3,925,000	2.45	2.45	100.000	735371RB4
2035	4,020,000	2.60	2.60	100.000	735371RC2
2036	4,125,000	2.70	2.70	100.000	735371RD0
2037	4,235,000	2.75	2.75	100.000	735371RE8
2038	4,350,000	2.85	2.85	100.000	735371RF5
2039	4,475,000	2.90	2.90	100.000	735371RG3
2040	4,605,000	2.93	2.93	100.000	735371RH1
2041	4,740,000	2.98	2.98	100.000	735371RJ7

Port of Seattle

PORT COMMISSION

Name	Office	Term Expires
Ryan Calkins	President	December 31, 2025
Sam Cho	Vice-President	December 31, 2023
Toshiko Hasegawa	Secretary	December 31, 2025
Fred Felleman	Commissioner	December 31, 2023
Hamdi Mohamed	Commissioner	December 31, 2025

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 98111
Telephone (206) 787-3000
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BOND COUNSEL

K&L Gates LLP
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

* 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.

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 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained by the Port from Port records and from other sources that are believed by the Port to be reliable, but the Port does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date 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 the emergence of variants of the virus that causes 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.

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

Neither the Port's independent auditors 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 yields set forth on the inside cover page hereof may be changed from time to time by the purchaser of the Bonds. The purchaser may offer and sell the Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover page hereof.

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 statutory and regulatory initiatives, litigation, population changes, developments regarding the COVID-19 pandemic including new variants, financial conditions of tenants and/or other users of Port 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

$15,115,000	**$94,345,000**
Limited Tax General Obligation Bonds, 2022A (AMT)	**Limited Tax General Obligation and Refunding Bonds, 2022B (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 its Limited Tax General Obligation Bonds, 2022A (AMT) (the "2022A Bonds") and Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable) (the "2022B Bonds" and, together with the 2022A Bonds, the "Bonds").

The Port is issuing the Bonds pursuant to Section 53.36.030 and chapters 39.46 and 39.53 of the Revised Code of Washington ("RCW") and pursuant to Resolution No. 3796 (the "Resolution"), adopted by the Port Commission (the "Commission") on November 16, 2021. Capitalized terms used in this Official Statement but not defined herein have the meanings set forth in the Resolution.

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 "APPENDIX B—ADDITIONAL PORT INFORMATION."

Purpose of the Bonds

Proceeds of the Bonds will be used (i) to finance eligible Port costs, including paying commercial paper issued to finance such costs; (ii) to refund all of the Port's outstanding Limited Tax General Obligation Refunding Bonds, 2011 (AMT); and (iii) to pay the costs of issuing the Bonds. See "SOURCES AND USES OF BOND PROCEEDS."

Security for the Bonds

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of *ad valorem* taxes upon all of the taxable property within the boundaries of the Port subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other legally available funds) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Audited Financial Statements

The Port's financial statements (for the Enterprise Fund and the Warehousemen's Pension Trust Fund, for the years ended December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019, and 2018, respectively) are included in this Official Statement as Appendix A. See "INDEPENDENT AUDITORS" and Appendix A.

Continuing Disclosure

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

Investment Considerations

The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the Bonds.

Miscellaneous

Brief descriptions of the Bonds, the Resolution and certain statutes and agreements are included in this Official Statement. 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

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. Since May 31, 2020, the State has been following phased re-opening plans. On June 30, 2021, the State re-opened, provided some restrictions on large indoor events have continued, subject to future evaluation. 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, to anyone 12 and older on May 13, 2021, and to anyone five and older on November 3, 2021. On September 14, 2021, the Port announced that its employees (with limited exemptions and deferrals) were required to be vaccinated as a condition of employment by November 15, 2021. As of that date, sixty-nine employees had not satisfied the requirement.

According to the State Department of Health COVID-19 Data Dashboard, as of December 20, 2021, 82.2% of Washingtonians 12 and older have received at least one dose of COVID-19 vaccine and 75.6% of people 12 and older are fully vaccinated. As of December 27, 2021, 85.1% of residents within the Port district who are 12 or older are fully vaccinated.

Governments throughout the world continue to take action to limit, and in some cases prohibit, non-essential travel in response to COVID-19. 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. Variants of the earlier form of the virus that causes COVID-19 continue to emerge. On November 26, 2021, the World Health Organization classified the Omicron variant as a Variant of Concern. The U.S. and other countries have announced restrictions, with certain exceptions, on travel from South Africa and neighboring countries due to concerns over Omicron. 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.

The Port took several actions in response to COVID-19. 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. 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.

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 assistance to U.S. commercial airports, apportioned based on various formulas. 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. 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 additional grant assistance to eligible U.S. airports and airport concessionaires to prevent, prepare for, and respond to the COVID-19 public health emergency. On March 11, 2021, the President signed into law the American

Rescue Plan Act of 2021 ("ARPA Act"). The ARPA Act provides additional financial assistance to eligible U.S. airports, including airport concessionaires, to prepare for and respond to the COVID-19 public health emergency. The following table summarizes the COVID-19 federal relief funding granted to the Port.

TABLE 1
COVID-19 RELIEF GRANTS[(1)]
($ millions)

Grant	2020 Receipt	2021 Estimated Receipt	Available for Future	Total
CARES	$147.2	$ 45.0	--	$192.2
CRRSA[(1)]	--	42.7	--	42.7
ARPA[(1)]	--	56.4	$119.4	175.8
TOTAL	$147.2	$144.1	$119.4	$410.7

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

SOURCES AND USES OF BOND PROCEEDS

Use of Proceeds

Proceeds of the Bonds will be used (i) to finance eligible Port costs, including paying commercial paper issued to finance such costs; (ii) to refund all of the Port's outstanding Limited Tax General Obligation Refunding Bonds, 2011 (AMT); and (iii) to pay the costs of issuing the Bonds. See "GENERAL OBLIGATION BOND PROJECTS."

Refunding Plan

The Port will use a portion of the proceeds of the 2022B Bonds to refund the following Limited Tax General Obligation Refunding Bonds, 2011 (AMT) (the "Refunded Bonds") for aggregate debt service savings.

TABLE 2:
REFUNDED BONDS

Limited Tax General Obligation Refunding Bonds, 2011 (AMT)

Maturity Date (December 1)	Interest Rate	Principal Amount	Call Date	Redemption Price	CUSIP Number
2023	5.50%	$ 6,210,000	01/26/2022	100%	735371LX2
2024	5.75	6,550,000	01/26/2022	100	735371LY0
2025	5.75	5,735,000	01/26/2022	100	735371NE2
TOTAL		**$ 18,495,000**			

[(1)] Term Bonds.
Source: Port of Seattle.

A portion of the net proceeds from the sale of the 2022B Bonds will be transferred to the paying agent for the Refunded Bonds to be applied to pay the interest on the callable Refunded Bonds coming due on their redemption date as described in the table above, and to redeem and retire the Refunded Bonds on that redemption date at a price of 100 percent of the principal amount thereof.

Sources and Uses of Bond Proceeds

The proceeds of the Bonds are to be applied, together with other funds, as follows.

TABLE 3:
ESTIMATED SOURCES AND USES OF BOND PROCEEDS[1]

	2022A Bonds	2022B Bonds	Total
Sources of Funds			
Principal Amount	$ 15,115,000	$ 94,345,000	$109,460,000
Original Issue Premium	2,627,085	-	2,627,085
Prior Bond Accrued Interest Contribution	-	160,102	160,102
Total	$ 17,742,085	$ 94,505,102	$112,247,187
Uses of Funds			
Project Fund	$ 17,655,000	$ 75,000,000	$ 92,655,000
Refunding of Refunded Bonds	-	18,655,102	18,655,102
Costs of Issuance[1]	87,085	850,000	937,085
Total	$ 17,742,085	$ 94,505,102	$112,247,187

(1) Totals may not foot due to rounding.

(2) Represents costs of issuing the Bonds, including legal fees, fees of the Municipal Advisor, underwriter's discount, printing costs, rating agency costs and additional proceeds.

DESCRIPTION OF THE BONDS

General

The Bonds. The Bonds are to be dated as of and bear interest from their date of delivery. Interest on the Bonds is to be payable on June 1, 2022 and semiannually on each December 1 and June 1 thereafter, at the rates set forth on the inside cover page of this Official Statement. The Bonds are to mature, subject to prior redemption in the case of the 2022B Bonds, 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.

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

For so long as all 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. "Record Date" means the close of business on the 15th day prior to each day on which a payment of interest on the Bonds of a series is due and payable.

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

Bond Registrar. The Port has adopted the system of registration for the Bonds approved by the State Finance Committee (the "Committee") from time to time through the appointment of the State fiscal agent. Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agents for bonds issued within the State. The State's fiscal agent, currently U.S. Bank National Association (the "Registrar"), will authenticate the Bonds and act as the paying agent and registrar for the purpose of paying the principal of and interest on the Bonds, recording the purchase and registration, exchange or transfer, and payment of Bonds and performing the other respective obligations of the paying agent and registrar. No resignation or removal of the Registrar shall become effective until a successor has been appointed and has accepted the duties of Registrar.

Optional Redemption of the 2022B Bonds

The 2022A Bonds are not subject to optional redemption prior to maturity.

The 2022B Bonds are subject to optional redemption prior to maturity at the option of the Port as a whole or in part on any date prior to December 1, 2031, at the "Make-Whole Redemption Price" price as described under "—Other Redemption Provisions" below. The 2022B Bonds maturing on or after December 1, 2032, are subject to redemption at the option of the Port on any date on or after December 1, 2031, as a whole or in part, at a price of par plus accrued interest to the date fixed for redemption.

Other Redemption Provisions

Make-Whole Call Provisions for 2022B Bonds. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the 2022B Bonds to be redeemed, and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2022B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2022B Bonds are to be redeemed, discounted to the date on which the 2022B 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" defined below, plus (i) 0 basis points for the 2022B Bonds maturing in years 2022 through 2026; (ii) 5 basis points for the 2022B Bonds maturing in years 2027 through 2031; and (iii) 15 basis points for the 2022B Bonds maturing in years 2032 through 2041.

"Treasury Rate" means, with respect to any redemption date for a particular 2022B Bond, the yield to maturity as of such Valuation Date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the Port (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2022B Bond (taking into account any sinking fund installments for such 2022B Bonds) to be redeemed; provided, however, that if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such 2022B Bonds) is less than one year, the weekly average yield on actual traded U.S. Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Port or the Registrar, the Make-Whole Redemption Price of the 2022B Bonds will be calculated by an independent accounting firm, investment banking firm, or municipal advisor retained by the Port at the Port's expense. The Port and the Registrar may conclusively rely on the determination of the Treasury Rate by the investment banking firm or municipal advisory firm and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm, or municipal advisor and will not be liable for such reliance.

"Valuation Date" means a Business Day not later than the third Business Day preceding the redemption date but no more than 45 calendar days prior to the redemption date.

Partial Redemption; Notice of Redemption; Cessation of Interest

The Resolution provides that, for so long as the Bonds are held in book-entry form with DTC, the selection for redemption of such Bonds within a series and maturity shall be made in accordance with the operational arrangements of DTC then in effect. See Appendix D. Bonds to be redeemed are to be selected in all cases in accordance with the operational arrangements of DTC in increments of $5,000 within a series and maturity and, in the case of the 2022B Bonds, on a *pro rata* distribution of principal basis.

The Resolution also provides that official notice of any such redemption (which notice, in the case of an optional redemption, may be conditional) shall be given by the Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar (which shall be DTC so long as such Bonds are held in book-entry form with DTC). The Resolution provides 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 Resolution also provides that, so long as the Bonds are in book–entry form with DTC, notice of redemption shall be given to Beneficial Owners of Bonds (or portions thereof) to be redeemed in accordance with the operational arrangements then in effect at DTC 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.

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

Purchase of Bonds for Retirement

The Port reserves the right to purchase at any time any of the Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

Defeasance

The Resolution provides that, in the event money and/or noncallable "Government Obligations" (as defined in chapter 39.53 RCW, as it may be amended) that are direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need to be made into the Bond Fund (defined under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS") for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Resolution except for the right to receive the moneys so set aside and pledged, and such Bonds shall no longer be deemed to be outstanding under the Resolution.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited tax general obligations of the Port. The Port has irrevocably covenanted that it will budget and make annual levies of *ad valorem* taxes upon all of the taxable property within the boundaries of the Port subject to taxation within and as a part of the tax levy permitted to be levied by the Port without a vote of the electors, in amounts sufficient (together with other legally available funds) to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the Port are irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. See "STATUTORY TAXING AUTHORITY."

The Resolution establishes the Port of Seattle Limited Tax General Obligation Bond Redemption Fund, 2022 (the "Bond Fund") in the office of the Treasurer of the Port for the purpose of paying and securing the payment of the Bonds. Under the Resolution, the Bond Fund is required to be held separate and apart from all other funds and accounts of the Port and is declared to be a trust fund for the owners of the Bonds. The taxes levied for the purpose of paying principal of and interest on the Bonds and other legally available funds to be used to pay the Bonds are to be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds. The Port may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds. Such funds, however, have not been pledged for such purpose.

No debt service reserves or property secures the payment of principal of or interest on the Bonds. The Bonds do not constitute a debt or indebtedness of King County (the "County"), the State, or any political subdivision thereof other than the Port. Bond owners do not have a perfected security interest in or an express statutory lien on particular revenues or assets of the Port. State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer and its officials. There is no express provision in the State Constitution or statutes on the priority of payment of debt service on general obligations incurred by a Washington municipality. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency and to other laws affecting the rights and remedies of creditors and to the exercise of judicial discretion.

STATUTORY TAXING AUTHORITY

Taxing Authority

The Port has statutory authority to levy property taxes within its boundaries (which are co-terminus with the boundaries of 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 2022 Tax Levy is budgeted to be $81.0 million (an estimated millage rate of $0.1125) as shown on Table 4, entitled "Recent Tax Levy Activity 2018-2022."

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. For 2022, the maximum levy is estimated to be $111 million providing the Port with $30 million of "banked capacity."

Exception to 101% Limitation for Tax Increment Financing Districts. In 2021, the Washington Legislature has adopted ESHB 1189 (the "TIF Act") authorizing the use of tax increment financing. The TIF Act took effect on July 25, 2021. 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, nonvoted 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 (a) state taxes, and (b) 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 as a sponsoring jurisdiction would receive the property 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 city will receive the property tax revenues allocated to a sponsoring jurisdiction (including taxes that are levied for the port and other taxing districts). The Port has not taken action to form any increment area.

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 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 (including the 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. See "GENERAL OBLIGATION BOND PROJECTS."

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 2018 through 2022.

TABLE 4
RECENT TAX LEVY ACTIVITY
2018 – 2022

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(5)
2022	$720,405,420,488	$111,273,604	$81,036,634	$0.112487	$39,362,770
2021	659,534,881,337	108,473,716	78,676,344	0.119291	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

(1) 2018-2021, per King County's Annual Reports for the purposes of the Tax Levy collected in the year identified in the column titled "Tax Year." 2022 per King County Preliminary Levy Limit worksheet as of October 13, 2021.

(2) Maximum amount that would be permitted to be collected within the statutory levy limitation, taking into account the Port's banked levy capacity. 2018-2021 amount is based on the assessed value provided in the County's Final Levy Limit worksheet, which may be different than the final assessed value provided in the County's Annual Report, 2022 is based on the Preliminary Levy Limit worksheet as of October 13, 2021.

(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 5, 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.

(5) Due and paid or payable.

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. In 2021, the Port levied $78,668,517, of which $77,005,454 (97.89%) has been collected as of November 30, 2021.

TABLE 5
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)(3)]	% of Tax Levy Collected as of 12/31/2020[(3)]
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 4 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 generally differ from the totals reported by the County by an immaterial amount.
(3) Preliminary.
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 6
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 not 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. Table 7 excludes the Port's undrawn line of credit with JPMorgan Chase Bank, National Association, entered into on June 4, 2020, for up to $150 million (up to $75 million commencing October 1, 2022) with a final repayment date of June 4, 2024 (the "Line of Credit"), as amended as of November 15, 2021. The Port has not drawn on the Line of Credit 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 Line of Credit is a limited tax general obligation of the Port, to which the Port has pledged its full faith and credit.

TABLE 7
OUTSTANDING GENERAL OBLIGATION DEBT[(1)]

Limited Tax General Obligation Bonds	Final Maturity	Amount Outstanding
Limited Tax General Obligation Refunding Bonds, 2013A (Non-AMT)	11/01/2023	$ 21,305,000
Limited Tax General Obligation Refunding Bonds, 2013B (Taxable)	11/01/2025	1,225,000
Limited Tax General Obligation and Refunding Bonds, 2015	06/01/2040	124,300,000
Limited Tax General Obligation Bonds, 2017	01/01/2042	112,830,000
The 2022A Bonds	12/01/2029	15,115,000
The 2022B Bonds	12/01/2041	94,345,000
Total Nonvoted General Obligation Debt		**$369,120,000**
Unlimited Tax General Obligation Bonds		
None		
Voted Bonds Total		**$0**
Total General Obligation Direct Debt of the Port		**$369,120,000**

(1) As of January 2, 2022. Excludes the undrawn Line of Credit.
Source: Port of Seattle.

The following table reflects the estimated 2022 general obligation debt limit for the Port.

TABLE 8
ESTIMATED DEBT LIMIT[(1)]

Total Assessed Value (determined in 2021 for 2022 Tax Levy)[(2)]	$720,405,420,488
Debt Limit, Nonvoted Debt, Including LTGO Bonds (0.25% of Value of Taxable Property)	1,801,013,551
Less: Outstanding LTGO Bonds (including capital leases)	(259,660,000)
Less: Undrawn Line of Credit	(150,000,000)
Less: The Bonds	(109,460,000)
Remaining Capacity for LTGO Debt	$1,281,893,551
Debt Limit, Total, Voted and Nonvoted Debt, General Obligation Debt (0.75% of Value of Taxable Property)	$5,403,040,654
Less: Outstanding LTGO Bonds (including capital leases and the Bonds)	(369,120,000)
Less: Undrawn Line of Credit	(150,000,000)
Less: Outstanding Unlimited Tax General Obligation Bonds	-
Remaining Capacity for Total General Obligation Debt	$4,883,920,654

(1) As of January 2, 2022.
(2) Per King County Preliminary Levy Limit worksheet as of October 13, 2021.

Source: *Port of Seattle and King County Assessor's Office.*

Direct and Estimated Overlapping Debt

A number of other taxing districts are located within all or a portion of the Port, including the County, cities and towns, school districts and other special purpose districts. Taxable property located within the Port is subject to property taxes imposed by these overlapping taxing districts including the Port. The following table sets forth the outstanding principal amount of general obligation debt of the Port, adjusted to reflect the issuance of the Bonds (the "Direct Debt"), and the outstanding principal amount of general obligation debt incurred by other governmental entities whose taxing jurisdiction includes a part or all of the Port and the estimated portion of that debt which is applicable to the property within the Port (the "Overlapping Debt"). The Port has obtained the information regarding the Overlapping Debt from the overlapping taxing districts, the County and other sources believed to be reliable, but has not independently verified the accuracy or completeness of such information. No person should rely upon such information as being accurate or complete. Furthermore, the amounts described below relate only to general obligation bonds issued by the various taxing districts and may not reflect certain leases or other contracts that may constitute indebtedness under State law. The table below reflects only existing general obligations payable from property taxes and does not reflect obligations secured by a pledge of other revenues such as utility revenues, excise taxes, sales taxes, and/or motor vehicle excise taxes (such as the obligations of Sound Transit paid from sales taxes and/or motor vehicle taxes). The taxing districts listed in the following table may have issued additional general obligation debt since the dates indicated below and these and other taxing districts may have plans for future general obligation debt issuances.

TABLE 9
TOTAL PORT AND ESTIMATED
OVERLAPPING GENERAL OBLIGATION DEBT

Total Port General Obligation Debt[(1)]	$	519,120,000
Estimated Overlapping General Obligation Debt[(2)]:		
King County		684,499,000
Cities and towns		1,779,001,000
School Districts		5,236,530,000
Other		399,194,000
Total Estimated Overlapping Debt	$	8,099,224,000
Total Port and Estimated Overlapping Debt	$	8,618,344,000

(1) Includes outstanding general obligation debt as of January 2, 2022 and the Bonds, including the undrawn Line of Credit.
(2) As of December 31, 2020.
Source: *King County Financial Management Section.*

Bonded Debt Ratios

The following are various ratios of indebtedness to population and assessed value for property in the Port district.

TABLE 10
BONDED DEBT RATIOS

Total Assessed Value (determined in 2021 for 2022 Tax Levy)[(1)]	$720,405,420,488
Estimated Population (2021)[(2)]	2,293,300
Port Limited Tax General Obligation Debt[(3)]	$519,120,000
Total Port Limited Tax General Obligation Debt and Estimated Overlapping Debt	$8,618,344,000
Port General Obligation Debt to Assessed Value (%)	0.07%
Per Capita Port General Obligation Debt	$226
Per Capita Assessed Value	$314,135
Port and Estimated Overlapping Debt to Assessed Value (%)	1.20%
Per Capita Port General Obligation Debt and Estimated Overlapping Debt	$3,758

(1) Per King County Preliminary Levy Limit worksheet as of October 13, 2021.
(2) Per the State of Washington Office of Financial Management.
(3) Includes outstanding general obligation debt as of January 2, 2022 and the Bonds, including the undrawn Line of Credit.

TABLE 11
LIMITED TAX GENERAL OBLIGATION BOND DEBT SERVICE
(Years Ending December 31)

	Outstanding LTGO Bonds[1]			The Bonds					
				2022A Bonds		2022B Bonds			
Year	Principal	Interest	Total Debt Service	Principal	Interest	Principal	Interest	Total 2022A and 2022B Bond Debt Service	Total LTGO Debt Service[1][2]
2022	$20,060,000	$12,051,367	$32,111,367	$1,370,000	$640,288	$3,085,000	$1,591,751	$6,687,040	$38,798,406
2023	21,080,000	11,035,992	32,115,992	1,690,000	687,250	9,675,000	1,863,364	13,915,614	46,031,605
2024	10,690,000	10,078,017	20,768,017	1,775,000	602,750	9,765,000	1,771,451	13,914,201	34,682,218
2025	12,455,000	9,530,017	21,985,017	1,860,000	514,000	8,695,000	1,649,389	12,718,389	34,703,405
2026	11,900,000	8,917,900	20,817,900	1,955,000	421,000	3,360,000	1,523,311	7,259,311	28,077,211
2027	12,510,000	8,307,650	20,817,650	2,050,000	323,250	3,415,000	1,469,551	7,257,801	28,075,451
2028	12,970,000	7,670,650	20,640,650	2,155,000	220,750	3,470,000	1,409,789	7,255,539	27,896,189
2029	13,580,000	7,052,075	20,632,075	2,260,000	113,000	3,535,000	1,345,594	7,253,594	27,885,669
2030	9,380,000	6,546,250	15,926,250	-	-	3,605,000	1,276,661	4,881,661	20,807,911
2031	9,805,000	6,113,550	15,918,550	-	-	3,675,000	1,204,561	4,879,561	20,798,111
2032	10,265,000	5,660,650	15,925,650	-	-	3,755,000	1,127,386	4,882,386	20,808,036
2033	10,735,000	5,186,500	15,921,500	-	-	3,835,000	1,046,654	4,881,654	20,803,154
2034	11,235,000	4,690,175	15,925,175	-	-	3,925,000	958,449	4,883,449	20,808,624
2035	11,755,000	4,170,525	15,925,525	-	-	4,020,000	862,286	4,882,286	20,807,811
2036	12,300,000	3,626,500	15,926,500	-	-	4,125,000	757,766	4,882,766	20,809,266
2037	12,865,000	3,057,050	15,922,050	-	-	4,235,000	646,391	4,881,391	20,803,441
2038	13,465,000	2,460,900	15,925,900	-	-	4,350,000	529,929	4,879,929	20,805,829
2039	14,090,000	1,836,675	15,926,675	-	-	4,475,000	405,954	4,880,954	20,807,629
2040	14,735,000	1,183,325	15,918,325	-	-	4,605,000	276,179	4,881,179	20,799,504
2041	8,280,000	642,250	8,922,250	-	-	4,740,000	141,252	4,881,252	13,803,502
2042	8,705,000	217,625	8,922,625	-	-	-	-	-	8,922,625
2043	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-
Total[2]	$262,860,000	$120,035,641	$382,895,641	$15,115,000	$3,522,288	$94,345,000	$21,857,664	$134,839,952	$517,735,593

(1) Includes all of the Port's outstanding limited tax general obligation bonds. Excludes the Refunded Bonds.
(2) Totals may not foot due to rounding.
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:

RYAN CALKINS	—	President. Service Business Specialist at Venture, a nonprofit organization. Commission President Calkins was first elected to the Commission in November 2017 and re-elected in November, 2021 to a term that expires December 31, 2025.
SAM CHO	—	Vice President. Founder and CEO of Seven Seas Export. Commission Vice President Cho was elected to the Commission in November 2019 to a term that expires December 31, 2023.
TOSHIKO HASEGAWA	—	Secretary. Executive Director of the Washington State Commission on Asian Pacific American Affairs. Commission Secretary Hasegawa was elected to the Commission in November 2021 to a term that expires December 31, 2025.
FRED FELLEMAN	—	Environmental consultant. Commissioner Felleman was elected to the Commission in November 2019 to a term that expires December 31, 2023.
HAMDI MOHAMED	—	Policy adviser to King County Executive Dow Constantine in her professional capacity on matters related to equity and economic development. Commissioner Mohamed was elected to the Commission in November 2021 to a term that expires December 31, 2025.

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 currently 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 has updated its Century Agenda as described below and on June 9, 2021 added two new goals to be a model for equity, diversity and inclusion and to be a highly effective public agency.

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 internal equity change work 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. On October 26, 2021, the Port adopted Motion 2021-10 updating the Century agenda greenhouse gas reduction goals to be net zero by 2040 for scope 1 and 2 and by 2050 to be carbon neutral for scope 3 emissions. The Port conducts annual inventories of scope 1 and 2 greenhouse gas emissions following the Protocol Corporate Accounting and Reporting Standard.

The Port has taken a number of steps towards its sustainability goals. 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 and on November 16, 2021, adopted "Charting the course to Zero: Port of Seattle's Maritime Climate and Air Action Plan" as the Port's implementation strategy. 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 and the Port is implementing a ten-year Sustainable Fleet Plan to reduce carbon emissions from Port vehicles. On November 16, 2021, the Port approved a Memorandum of Understanding with the County to jointly manage and fund a feasibility study of regional solid waste conversion to sustainable aviation fuel ("SAF") with a goal of ten percent SAF content in aviation fuel at the Airport by 2028.

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 study's findings, the Port anticipates that, with moderate improvements, these waterfront maritime 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. 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 2022-2026 Capital Plan includes an industrial waste pretreatment program at the Airport, 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.

GENERAL OBLIGATION BOND PROJECTS

A portion of the proceeds of the Bonds will be used to pay or reimburse the Port for a portion of the costs of some or all of the following Port and Seaport Alliance projects, including costs paid on an interim basis with the proceeds of Commercial Paper Notes: Terminal 5 Modernization, improvements at Terminal 91, the Maritime Innovation Center and shore power infrastructure for cruise ships at Pier 66.

Each year, the Port engages in a capital planning and review process of its multi-year Capital Improvement Program (the "CIP") to develop a draft plan of finance for the following five years. Based on a preliminary funding analysis, the Port expects to fund its $4.7 billion 2022-2026 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/or additional revenue bonds. Additional revenue bonds are estimated to fund $3.2 billion of projects during 2022-2026. Additionally, a portion of the Tax Levy is to be used to fund certain projects, particularly those supporting the non-Airport operations, and the Port estimates that approximately $320 million of projects may be funded with proceeds from LTGO bonds, including the Bonds.

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 SAMP includes near-term projects and a future vision. The near-term projects have a range of schedules with some expected to begin during the 2022-2026 CIP period. A preliminary cost estimate developed in 2017 anticipated a cost range 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.

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.

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 and 2021 forecast as of September 30, 2021. 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, federal COVID-19 relief 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 12
SELECTED HISTORICAL OPERATING RESULTS
FOR THE YEARS ENDED DECEMBER 31, 2016 THROUGH 2020 AND 2021 FORECAST
($ IN THOUSANDS)

	2016	2017	2018	2019	2020	2021[3]
Operating Revenues:						
Aviation	$ 465,256	$ 500,916	$ 548,974	$ 626,636	$ 414,382	$ 495,622
Non-Aviation[1]	133,211	131,115	140,417	137,539	96,445	109,369
Total Operating Revenues	$ 598,467	$ 632,031	$ 689,390	$ 764,174	$ 510,827	$ 604,991
Operating Expenses:						
Aviation	$ 261,226	$ 299,114	$ 318,849	$ 356,635	$ 329,679	$ 339,510
Non-Aviation[2]	64,059	73,868	78,789	86,455	79,001	81,013
Total Operating Expenses Before Depreciation	$ 325,285	$ 372,982	$ 397,638	$ 443,089	$ 408,680	$ 420,523
Net Operating Income Before Depreciation	$ 273,182	$ 259,049	$ 291,752	$ 321,085	$ 102,147	$ 184,468
Depreciation	164,336	165,021	164,362	174,971	180,086	176,509
Operating Income (Loss)	$ 108,846	$ 94,028	$ 127,390	$ 146,114	$ (77,939)	$ 7,959

(1) Include operating revenues from the Maritime, Economic Development, and Corporate Divisions, the Storm Water Utility ("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.
(3) 2021 Forecast as of September 30, 2021; unaudited.
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 2020 operating results, see "Management's Discussion and Analysis" in Appendix A.

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 initiatives will be filed, whether 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. In addition to initiatives that directly affect the Port's taxing authority, there may be initiatives that affect Port costs or affect the Port's customers or affect the taxes of County property owners. The Port cannot predict the effect on the Port of these initiatives, if passed.

LITIGATION

No Litigation Concerning the 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 Bonds or seeking to enjoin the issuance of the Bonds.

Other Litigation

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 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 E. These covenants are made by the Port to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Port has updated its processes to address its obligations with respect to the amendments to Rule 15c2-12 that became effective on February 27, 2019.

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

2022A Bonds

In the opinion of Bond Counsel, interest on the 2022A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2022A 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 2022A 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 2022A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2022A 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 2022A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2022A 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 2022A Bonds. Owners of the 2022A 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 2022A Bonds should be aware that ownership of the 2022A 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 2022A Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2022A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2022A 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 2022A 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 2022A Bonds from realizing the full current benefit of the tax status of the interest on the 2022A Bonds. Prospective purchasers of the 2022A 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 2022A Bonds. Owners of the 2022A Bonds are advised that, if the IRS does audit the 2022A 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 2022A 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 2022A Bonds until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations. The 2022A Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bond by an Owner is subject to U.S. federal income taxation. In addition, a 2022B 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 2022B 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 2022B Bond, or upon the retirement of a 2022B 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 2022B Bond. Any such gain or loss will be United States source gain or loss for foreign tax credit purposes. Certain of the 2022B Bonds are subject to optional [and mandatory] redemption. See "DESCRIPTION OF THE BONDS—Optional Redemption." The 2022B Bonds are subject to defeasance at any time prior to their stated maturities. See "DESCRIPTION OF THE BONDS—Defeasance." If the Port defeases any 2022B Bonds, such 2022B 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 2022B Bond could recognize a gain or loss on the 2022B 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 2022B Bond (including accrued original issue discount, if any, on a 2022B Bond and market discount) and gain realized on the sale, retirement or other disposition of a 2022B Bond. In the case of an individual, the tax will be 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 2022B 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 2022B Bond for federal income tax reporting purposes.

Interest paid to an Owner of a 2022B 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 2022B Bonds, as well as payments of proceeds from the sale of 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B 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 2022B Bond, or (ii) the purchase and holding of such 2022B 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 2022B Bonds.

LEGAL MATTERS

Issuance of the 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 C for forms of the opinions of Bond Counsel. Certain legal matters will be passed upon by Pacifica Law Group LLP, Disclosure Counsel to the Port.

LIMITATIONS ON REMEDIES

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Resolution are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time consuming to obtain. If the Port fails to comply with its covenants under the Resolution or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

The Bonds are not subject to acceleration upon the occurrence of a default. The Port would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the registered owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between registered owners of earlier and later maturing Bonds.

In addition to the limitations on remedies contained in the Resolution, the rights and obligations under the Bonds and the Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by K&L Gates LLP, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. Copies of the forms of legal opinions of Bond Counsel are set forth in Appendix C.

Under current Washington law, municipal taxing districts such as the Port, may be able to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code. A creditor, however, cannot bring an involuntary bankruptcy proceeding against a municipality, including the Port. The federal bankruptcy courts have broad discretionary powers. Taxing districts in the state are expressly authorized to carry out a plan of readjustment if approved by the appropriate court. If the Port were to become a debtor in a federal bankruptcy case, owners of the bonds may not be able to exercise any of their remedies under the resolution during the course of a proceeding. Legal proceedings to resolve issues could be time-consuming and expensive, and substantial delays and/or reductions in payments could result.

RATINGS

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

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the 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 Bonds.

THE REGISTRAR

The principal of and interest and redemption premium, if any, on the Bonds are payable by the fiscal agent of the State of Washington, currently U.S. Bank National Association in Seattle, Washington. For so long as the 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 Bonds. See Appendix D.

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 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 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 Bonds.

UNDERWRITING

The 2022A Bonds are being purchased from the Port by Jefferies LLC at an aggregate purchase price of $17,703,964.23 (the principal amount of the 2022A Bonds, less underwriters' discount of $38,121.12, and plus original issue premium of $2,627,085.35). The 2022B Bonds are being purchased from the Port by Raymond James and Associates, Inc. at an aggregate purchase price of $93,795,311.12 (the principal amount of the 2022B Bonds, and less underwriters' discount of $549,688.88). The initial purchaser(s) may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover hereof, and such initial offering prices may be changed from time to time by the initial purchaser. After the initial public offering, the public offering prices may be varied from time to time.

INDEPENDENT AUDITORS

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.

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 Bonds. The summaries provided in this Official Statement and in the appendices attached hereto of the Bonds 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 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.

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 Bonds.

By /s/Daniel R. Thomas
Chief Financial Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS

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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.

Port of Seattle
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.

Investment type	Fair value	Maturities (in Years) 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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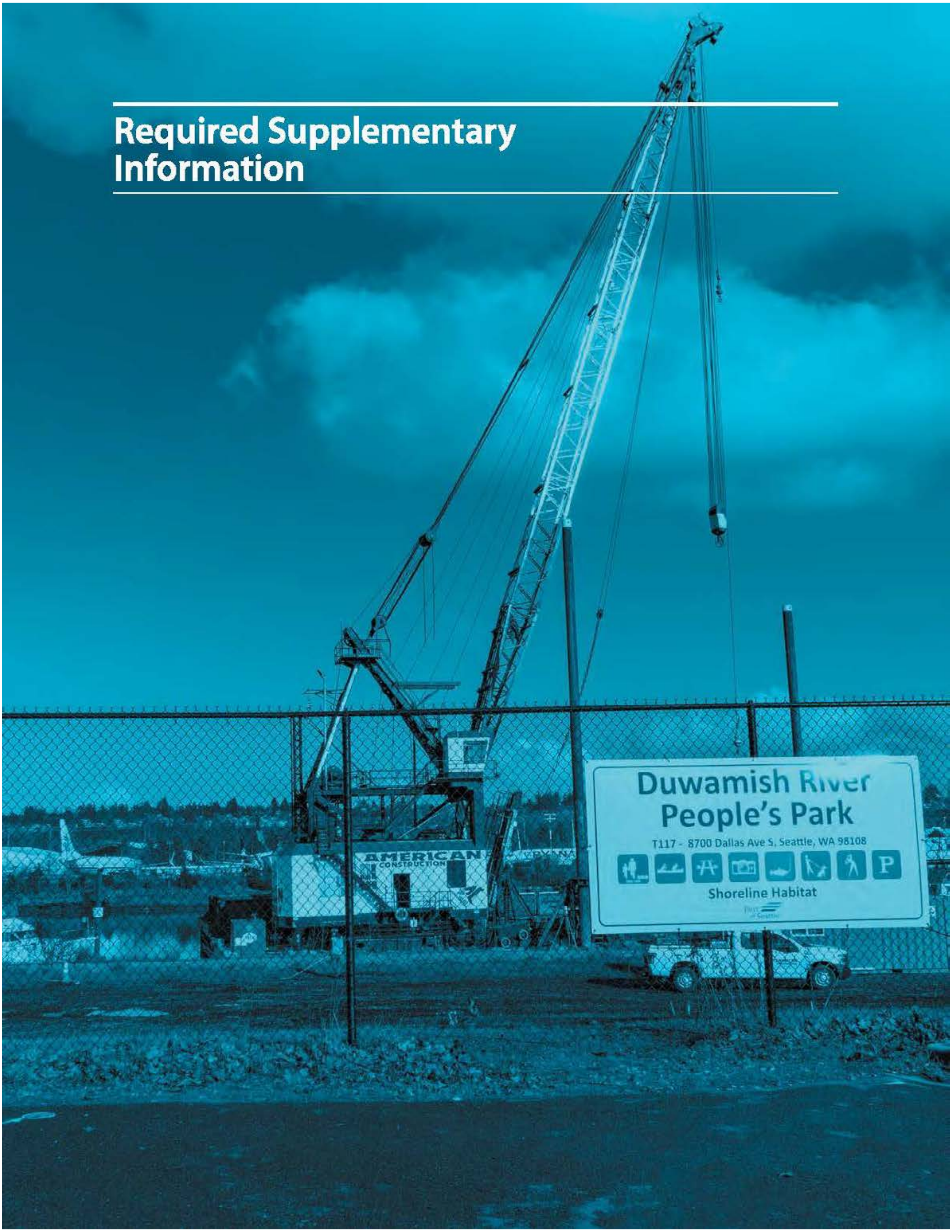
Required Supplementary Information



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

ADDITIONAL PORT INFORMATION

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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.

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. Paine Field, a new two-gate commercial passenger terminal located approximately 40 miles north of the Airport, 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 Airport has served 16.4 million passengers through November 2021, a 76.2 percent increase from the same period in 2020.

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

TABLE B-1
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	9,372,941	(59.3)	663,765	(76.8)	10,036,706	(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 – NOVEMBER 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	15,735,962	80.9	697,484	11.1	16,433,446	76.2
2020	8,697,591	(58.7)	627,649	(76.0)	9,325,240	(60.6)

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 compared to 70.2 percent in 2019. 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 F—DEMOGRAPHIC AND ECONOMIC INFORMATION." 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 enplaned 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.

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TABLE B-2
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 (22.5 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 B-3
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	2,260,114	22.5
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[6]	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**	**10,036,706**	**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).
(6) Includes all airlines with a market share of one percent or less in 2020.
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 B-4 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 B-4
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 B-4. 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.

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.

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 by the FAA as being out of compliance with federal grant assurances or applicable federal statutes and regulations.

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 and effective January 1, 2022, increased to $7.00. 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.

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 and subject to approval by the Federal Maritime Commission.

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. The Charter may be amended from time to time; amendments require the approval of the FMC. The Seaport Alliance approved the second amendment on June 19, 2019; the third amendment was approved on March 5, 2020 and is awaiting FMC final approval. The Seaport Alliance anticipates a fourth amendment that, if and when approved, will provide the flexibility for a homeport to make operating contributions in excess of its fifty percent Membership Interest share. This is similar to a provision that allows for disproportionate Capital Construction contributions. Any disproportionate contribution would require approval by both homeports and would not change the Membership Interest.

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.

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.

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 $21.86 million effective January 1, 2022 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 under limited circumstances described in the Charter, 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. The Charter also provides for the orderly distribution of assets should dissolution occur.

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 B-5
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 began January 1, 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 was scheduled to receive $9 million each year through 2023 through this arrangement. 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. On October 28, 2021, the Seaport Alliance approved a modification agreement with CMA CGM, which acquired Eagle Marine's parent company in 2016, waiving the final two payments totaling $18.0 million and the cumulative volume shortfall payments of $5.3 million. In exchange, CMA CGM will make a one-time payment of $10 million and guarantee certain container volumes through June of 2031.

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 that commenced on 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 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 compared to alternative gateways. 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. Alternatively, cargo may shift to the Seaport Alliance when competitor ports are experiencing inefficiencies. These factors are beyond the control of the Seaport Alliance or the Port. However, the Seaport Alliance may make decisions and investments to improve the competitiveness of the gateway. In 2020 TEUs declined by 12 percent compared to 2019 due to pandemic related disruptions as well as competitive pressures from other ports. As of November, 2021, TEUs have increased compared to the same time period in 2020.

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 November 2021 compared to January through November 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 B-6
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 – NOVEMBER 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	1,367	651	774	2,792	690	3,482
2020	1,131	727	531	2,389	630	3,019

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.

The Charter specifies the terms and identifies the allocation of risk and indemnity obligations. Ownership of the Licensed Properties remains primarily with the licensing ports; thus, both the Port and the Port of Tacoma continue to purchase property insurance individually for their respective properties and for the equipment and improvements on these properties owned by the Seaport Alliance. Approximately $875 million worth of Port property and associated Seaport Alliance improvements are insured under the Port's property insurance policy, which was renewed on July 1, 2021.

On October 1, 2021, for liability insurance renewal, the Seaport Alliance purchased marine general liability insurance policies 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 operations. The Seaport Alliance maintains a public officials' liability policy with limits of $10 million for claims against the Managing Members of the Seaport Alliance.

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) via a program of self-insurance in accordance with Title 51 RCW.

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.

The Port also offers handling facilities for certain non-containerized cargo including the breakbulk grain terminal. Volumes of non-containerized cargoes, including grain, have fluctuated 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. In 2020, the facility handled 4.24 million metric tons of grain.

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 had been planning to develop a new cruise facility but that project is on hold.

In 2020, due to the COVID-19 pandemic, the CDC issued a no sale order for cruise ships resulting in the cancellation of all sailings in Seattle. On October 31, 2020, the CDC announced a framework for resuming cruise operations. On May 24, 2021, President Biden signed the Alaska Tourism Restoration Act allowing for a temporary waiver of a provision in the Passenger Vessel Services Act of 1886 that required a foreign port of call. Canada had banned cruise ship calls until February, 2022 preventing most cruise ships from complying with this provision. Cruise sailings from Seattle resumed in July, 2021.

TABLE B-7
SEATTLE HARBOR CRUISE TRAFFIC
2016-2020

Year	Cruise Ship Vessel Calls	Cruise Ship Passengers[1]
2021[2]	82	229,060
2020	0	0
2019	211	1,210,722
2018	216	1,114,888
2017	218	1,071,594
2016	203	983,539

(1) Includes both embarking and disembarking passengers.
(2) Preliminary.
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.

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 2,462.6 regular full-time-equivalent ("FTE") employees in 2022, an increase of approximately 3.0 percent from 2,391 in the 2021 budget. Approximately 939 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. 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 ("PRP") 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 2023 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 a member of the East Waterway Group, along with the County and the City of Seattle. Among other remedial actions, the East Waterway Group funded the Supplemental Remedial Investigation and Feasibility Study, which was finalized in 2019. The Feasibility Study bracketed range of cost estimates, excluding a no action alternative, was between $256 million and $411 million (based on current value in 2016 dollars). The EPA acknowledged there is significant uncertainty as to the accuracy of this estimate, and 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. The EPA is currently expected to issue a proposed plan for the cleanup in 2022 and Record of Decision in either 2022 or 2023.

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, 2021 to October 1, 2022. The Port's insurance year for property coverage runs from July 1, 2021 to July 1, 2022. 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. See also "NORTHWEST SEAPORT ALLIANCE—Insurance."

COVID-19 Pandemic Update

The Port has not submitted nor received any tort claims from third parties that are linked to or alleged to the pandemic outbreak. However, there is some uncertainty moving forward into 2022 and the possibility of employee-related claims stemming from employees who have chosen not to be vaccinated and/or met other work environment standards to prevent the spread of COVID-19. Port policies 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. The past renewals for 2021 did not see any significant changes to Port policy language as a result of COVID-19.

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.

There are no more open policies or collateral agreements that remain in effect relative to the OCIP.

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APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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January 26, 2022

Port of Seattle

Jefferies LLC
New York, New York

Re: Port of Seattle
Limited Tax General Obligation Bonds, 2022A (AMT) — $15,115,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation Bonds, 2022A (AMT), in the aggregate principal amount of $15,115,000 (the "2022A Bonds"), issued pursuant to Resolution No. 3796 of the Port Commission (the "Resolution"), for the purpose of financing or refinancing certain improvements to Port facilities and paying costs of issuing the 2022A Bonds. Simultaneously with the issuance of the 2022A Bonds, the Port is issuing its Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2022A Bonds are not subject to redemption prior to their stated maturities.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Bond Resolution and in the certified proceedings and 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 2022A 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 holders and owners of the 2022A Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the 2022A Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the 2022A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2022A Bonds for any period during which such 2022A Bonds is held by a "substantial user" of the facilities financed or refinanced by the 2022A 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 2022A 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 2022A 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 2022A

Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2022A Bonds.

The 2022A Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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 2022A Bonds (except to the extent, if any, stated in a separate opinion), 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 2022A Bonds. Owners of the 2022A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2022A 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

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K&L GATES

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January 26, 2022

Port of Seattle

Raymond James and Associates, Inc.
Memphis, Tennessee

Re: Port of Seattle
Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable) — $94,345,000

Ladies and Gentlemen:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the Port of its Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable), in the aggregate principal amount of $94,345,000 (the "2022B Bonds"), issued pursuant to Resolution No. 3796 of the Port Commission (the "Resolution"), for the purpose of providing funds for eligible Port purposes, refunding certain outstanding obligations of the Port, and paying costs of issuing the 2022B Bonds. Simultaneously with the issuance of the 2022B Bonds, the Port is issuing its Limited Tax General Obligation Bonds, 2022A (AMT). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2022B Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement dated January 13, 2022.

As to questions of fact material to our opinion, we have relied upon representations of the Port contained in the Bond Resolution and in the certified proceedings and 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 2022B 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 holders and owners of the 2022B Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the 2022B Bonds are payable out of annual levies of ad valorem taxes to be made upon all of the taxable property within the Port permitted to be levied without a vote of the electorate in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the 2022B 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 2022B Bonds (except to the extent, if any, stated in a separate opinion), 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 2022B Bonds. Owners of the 2022B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2022B 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

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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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 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 Bonds. The 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 Bond certificate will be issued for the aggregate principal amount of the 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 3.5 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the

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 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 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 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 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 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, 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, 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 E

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 Limited Tax General Obligation Bonds, 2022A (AMT) (the "2022A Bonds") and Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable) (the "2022B Bonds" and, together with the 2022A Bonds, the "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 Bond, including persons holding 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 Bonds dated January 13, 2022, under the headings "Tax Levy Rates, Records and Procedures," "Debt Information," and "Port Financial Matters" and under the headings "The Airport" and Tables B-5 and B-6 of the "Northwest Seaport Alliance" in Appendix B—"ADDITIONAL PORT INFORMATION."

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 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 2022A Bonds, or other material events affecting the tax status of the 2022A Bonds;

7. Modifications to the rights of 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 Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Port;[1]

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

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.

(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 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

[1] 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.

(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 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 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 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 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 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

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APPENDIX F

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 F-1
POPULATION[1]

Year	Washington	King County	Pierce County	Snohomish County	Seattle	Bellevue	Unincorporated King County
2021	7,766,925	2,293,300	917,100	844,400	769,500	149,900	251,220
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 F-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 F-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]	3,777	$ 1,494,505,945	14,142	$ 2,071,136,054	$ 3,565,641,999
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 September 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 F-4
TAXABLE RETAIL SALES

Year	King County	Pierce County	Snohomish County	City of Seattle
2021[1]	$ 36,582,583,997	$ 11,135,292,967	$ 9,478,471,218	$ 13,964,644,145
2020	66,955,895,952	19,407,955,285	17,079,322,746	25,904,879,115
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

(1) Through Second 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 F-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 F-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	1,755,485	1,766,052	1,729,943	1,689,157	1,656,633
Total Employment	1,662,158	1,720,900	1,680,738	1,629,509	1,594,791
Total Unemployment	93,327	45,152	49,205	59,648	61,842
Percent of Labor Force	5.3%	2.6%	2.8%	3.5%	3.7%

(1) Preliminary average through September 2021.
Source: Washington State Employment Security Department.

TABLE F-7
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
WASHINGTON STATE
(NOT SEASONALLY ADJUSTED)

	2021[1]	2020	2019	2018	2017
Civilian Labor Force	3,914,501	3,988,229	3,871,406	3,793,095	3,718,900
Total Employment	3,700,239	3,810,664	3,676,202	3,662,299	3,543,665
Total Unemployment	214,262	177,565	195,204	170,796	175,235
Percent of Labor Force	5.5%	4.5%	5.0%	4.5%	4.7%

(1) Preliminary average through September 2021.
Source: Washington State Employment Security Department.

TABLE F-8
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
UNITED STATES
(SEASONALLY ADJUSTED)[1]

	2021[2]	2020	2019	2018	2017
Civilian Labor Force	161,458,000	160,567,000	162,470,000	161,582,000	160,310,000
Total Employment	154,039,000	149,830,000	156,645,000	155,001,000	153,337,000
Total Unemployment	7,419,000	10,736,000	5,824,000	6,580,000	6,973,000
Percent of Labor Force	4.6%	6.7%	3.6%	4.1%	4.4%

(1) Data extracted on November 9, 2021.
(2) Preliminary average through October 2021.
Source: U.S. Department of Labor Bureau of Labor Statistics.

TABLE F-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
TOTAL NONFARM	1,678,167	1,662,408	1,763,525	1,722,992	1,684,925
Total Private	1,471,522	1,452,750	1,547,533	1,504,467	1,463,633
Goods Producing	241,956	252,600	271,000	264,258	259,175
Mining and Logging	689	767	800	800	792
Construction	102,989	99,617	103,608	102,033	96,800
Manufacturing	138,278	152,217	166,592	161,425	161,583
Service Providing	1,436,211	1,409,808	1,492,525	1,458,733	1,425,750
Trade, Transportation, and Utilities	332,789	323,375	329,900	323,033	316,533
Information	136,667	131,842	126,192	116,258	108,600
Financial Activities	88,533	86,100	88,350	86,658	84,275
Professional and Business Services	267,533	262,150	268,142	261,592	255,642
Educational and Health Services	218,122	214,917	226,083	221,442	213,842
Leisure and Hospitality	128,300	123,492	173,800	171,550	166,858
Other Services	57,622	58,275	64,067	59,675	58,708
Government	206,644	209,658	215,992	218,525	221,292
Workers in Labor/Management Disputes	0	0	0	0	0

(1) Annual average through September 2021.
Source: Washington State Employment Security Department.

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PORT OF SEATTLE • Limited Tax General Obligation Bonds, 2022A (AMT) and Limited Tax General Obligation and Refunding Bonds, 2022B (Taxable)

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