



MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

Submitted to
Municipal Securities Rulemaking Board ("MSRB")
pursuant to Securities and Exchange Commission rule 15c2-12
June 17, 2016

Issuer's Name: **Port of Seattle**

CUSIP Numbers: Information relates to all securities issued by the issuer having the following six-digit number: **735387, 735388, 735389, 735371, 735397**

Description of information attached: **Annual Disclosure Report**

Number of pages of attached information: **30 pages in this document including cover sheet. The Audited Financial Statements, as required under SEC rule 15c2-12, are filed separately.**

Fiscal Period Covered: **January 1, 2015 to December 31, 2015**

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

A handwritten signature in blue ink that reads "Dan Thomas".

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Source is Port of Seattle unless otherwise indicated

I. Issues Covered in this Annual Disclosure Report:

Six-digit CUSIP Number **735388**

- Subordinate Lien Revenue Bonds, Series 1999A (“99A”)
- Revenue Bonds, Series 2000B (“00B”)
- Revenue Bonds, Series 2003A (“03A”)

Six-digit CUSIP Number **735389**

- Revenue Refunding Bonds, Series 2004 (“04”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2005A (“05A”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2005C (“05C”)
- Intermediate Lien Revenue Refunding Bonds, Series 2006 (“06”)
- Revenue Bonds, Series 2007A and 2007B (“07AB”)
- Revenue Bonds, Series 2009A, 2009B-1 and 2009B-2 (“09AB”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2010A, 2010B and 2010C (“10ABC”)
- Revenue Refunding Bonds, Series 2011A and 2011B (“11AB”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2012A, 2012B and 2012C (“12ABC”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2013 (“13”)
- Intermediate Lien Revenue and Refunding Bonds, Series 2015A, 2015B and 2015C (“15ABC”)

Six-digit CUSIP Number **735387**

- Passenger Facility Charges Revenue Bonds, Series 1998A (“98PFC”)
- Passenger Facility Charges Revenue Refunding Bonds, Series 2010A and 2010B (“10PFC”)

Six-digit CUSIP Number **735397**

- Special Facility Revenue Refunding Bonds (SEATAC Fuel Facilities LLC), Series 2013 (“13SF”)

Six-digit CUSIP Number **735371**

- Limited Tax General Obligation Refunding Bonds 2004C (“04GO”)
- Limited Tax General Obligation Refunding Bonds 2006 (“06GO”)
- Limited Tax General Obligation Bonds, Series 2011 AMT and Series 2011 Taxable (“11GO”)
- Limited Tax General Obligation Bonds, Series 2013A and 2013B (“13GO”)
- Limited Tax General Obligation and Refunding Bonds, Series 2015 (“15GO”)

Note: The Port is exempt from the continuing disclosure requirements of SEC Rule 15c2-12 for the following variable rate demand bonds, while in daily or weekly mode:

- SUBORDINATE LIEN REVENUE BONDS SERIES 1997 (AMT) (WA) --- CUSIP 735388H52
- SUBORDINATE LIEN REVENUE BONDS SERIES 2008 (AMT) (WA) --- CUSIP 735389LY2

The Port has, however, chosen to voluntarily disclose historical Annual Disclosure and external financial reporting information for these bonds, but has no obligation to do so in the future.

II. Statement of Changes to Continuing Disclosure

Port of Seattle Organization Changes: In 2015-2016, the Port of Seattle underwent various organizational restructuring, including the formation of the Northwest Seaport Alliance. An overview of these changes and their impacts on current and future financial reporting is discussed further on page 3.

Seaport Division Operating Revenues and Expenses: Table was revised to better reflect total operating revenues and expenses for all non-airport division businesses; table was renamed “Non-Airport Operating Revenues and Expenses”.

III. Disclosure Items

Port of Seattle Organization Changes

For 2015 financial reporting (i.e. Comprehensive Annual Financial Reporting (CAFR) purposes), the Port is comprised of its three existing operating divisions: *Aviation*, which manages all operations at the Airport, including landside operations such as the parking garage; *Seaport*, which manages maritime cargo and cruise passenger marine terminals as well as industrial property connected with maritime businesses; and *Real Estate*, which manages recreational and commercial moorage facilities, leases commercial and industrial properties, and plans and facilitates the development of selected real estate assets. This organization structure was in place since 2008, **but will no longer be reported on after year-end 2015.**

In August 2015, the ports of Seattle and Tacoma (the “ports”) created the Northwest Seaport Alliance (“Seaport Alliance”) to unify management of marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more businesses and jobs to the region. The Seaport Alliance, a Port Development Authority, is a separate legal and governmental entity governed by the Ports of Seattle and Tacoma as managing members, and beginning on **January 1, 2016** is effectively accounted for as a joint venture between the ports. Although the ports’ will retain ownership of their respective container terminals and other industrial properties licensed to the Seaport Alliance, operation of the Port’s marine cargo business (with the exception of the grain terminal facility) will be transferred to Seaport Alliance. The remaining existing Seaport businesses have become part of the Maritime Division in 2016.

In conjunction with the creation of the Seaport Alliance, the Port announced a series of reorganizations. Effective **January 1, 2016**, the Port is comprised of three operating divisions: *Aviation*, *Maritime*, and *Economic Development*. The Aviation Division continues to manage operations the Airport. The Maritime Division manages industrial property connected with maritime businesses, commercial and recreational marinas, cruise, grain, and maritime operations. The Economic Development Division manages certain commercial properties and has responsibility for the Port’s broader economic development activities, including property development, tourism and small business initiatives (both formerly part of administrative services). In addition to the Port’s operating divisions, several port departments provide corporate and capital development services to the operating divisions; the costs associated with these services are charged or allocated to the operating division

Reporting changes resulting from the implementation of the Seaport Alliance, as well as the recent internal reorganization, will be reflected in next year’s (2016) Annual Disclosure document.

Port Labor Relations

As of 12/31/2015, approximately 836 employees belong to bargaining units under 21 labor contracts.

Port Outstanding Debt (in millions of dollars)

Type of Debt	12/31/2015
General Obligation ⁽¹⁾	\$ 306
Revenue	
Senior Lien ⁽²⁾	643
Intermediate Lien	1,682
Subordinate Lien	
Long-term ⁽³⁾	321
Commercial Paper ⁽⁴⁾	250
Other	
PFC - Revenue Bonds	123
Special Facility Revenue Bonds - Fuel Hydrant	83
TOTAL	\$ 3,407

Note: Totals may not foot as a result of rounding.

- (1) 100% of the Port's General Obligation debt is non-voted. See FN 6 of the Comprehensive Annual Financial Report (CAFR) for a listing of General Obligation issues, maturity dates and amounts outstanding.
- (2) Senior Lien Debt Outstanding shown includes accumulated accreted interest from the 2009 B-2 Capital Appreciation Bonds of \$13.18 million at 12/31/2015.
- (3) Long-term Subordinate lien debt consists of approximately \$264.78 million in variable rate debt and approximately \$52.26 million in fixed rate debt.
- (4) The total authorized amount of Commercial Paper program is \$250 million. Total outstanding CP as of 12/31/2015 was \$38.66 million.

Port of Seattle Limited Tax G.O. Bond Debt Service (in thousands of dollars)

Year	Principal	Interest	Total Debt Service
2015	\$19,495	\$11,453	\$30,948

Port of Seattle Surety Bonds as of 12/31/2015

Surety Bonds for Port Revenue Bonds that are not Secured by Common Reserve Funds

	<u>Final Maturity</u>	<u>Reserve Requirement</u>	<u>Surety Provider</u>
<i>First Lien Bond Series</i>			
Series 2003A	2021	\$13,373,451	MBIA ⁽¹⁾
Series 2004	2017	2,500,000	FGIC ⁽²⁾
<i>Subordinate Lien Bond Series</i>			
Series 1999AB	2020	\$18,505,263	FGIC ⁽²⁾

First Lien Common Reserve Funds

The First Lien Common Reserve Requirement at 12/31/2015 is \$14,061,420, and is provided for in part by a surety bond issued in 2007 in the amount of \$8,189,408 by Ambac Assurance Corporation with the balance held in cash and investments. Only the 2007AB and 2011AB Revenue Bonds are secured by the First Lien Common Reserve.

Intermediate Lien Common Reserve Funds

The Intermediate Lien Reserve Requirement at 12/31/2015 is \$100,446,740 calculated pursuant to the Intermediate Lien Master Resolution, and was satisfied by \$98,287,285 in existing cash and securities, and an existing single surety policy issued by Financial Security Assurance Inc. (now Assured Guaranty Municipal Corp., "FSA") in the amount of \$2,159,455. All Intermediate Lien Parity Bonds are secured by the Intermediate Lien Common Reserve.

(1) Reinsured and administered by National Public Finance Guarantee Corporation.

(2) Reinsured by MBIA and currently reinsured and administered by National Public Finance Guarantee Corporation.

Port of Seattle Revenue Bond Debt Service⁽¹⁾ (in thousands of dollars)

		<u>12/31/2015</u>
First Lien Bonds ⁽²⁾	Interest	\$ 36,710
	Principal	24,030
Intermediate Lien Bonds	Interest	69,667
	Principal	63,820
Subordinate Lien Bonds	Interest	3,222
	Principal	44,765
Subordinate Lien Notes (Commercial Paper) ⁽³⁾	Interest	1,627
	Principal	665

(1) These amounts are reported Gross of Capitalized Interest and any Premium or Discount Amortization. Principal amounts do not include refundings or cash defeasances.

(2) This amount excludes \$13.18 million of Accreted Interest on the 2009B-2 Capital Appreciation Bonds.

(3) The total authorized amount of Commercial Paper (CP) program is \$250 million, but actual amount outstanding varies each year. CP debt service (above) is based on an amortization of outstanding CP at December 31, 2015 using the year-end Yield to Maturity rate of the 40-Bond Index (as published in *The Bond Buyer*). These debt service amounts are also used in the calculation of the Net Revenue Schedule, as included in the statistical section of the Port's CAFR. In 2015, the Port actually paid down \$4 million of CP principal, and did not issue any new CP.

Tax Levy: Recent Tax Levy Activity⁽¹⁾

2015 Tax Year

2015 Port District Assessed Valuation	\$ 388,118,855,592
Maximum Levy	95,220,093
Total Tax Levy	73,003,848
Total Tax Levy Rate	0.19
2015 LTGO Bond Debt Service	30,948,152
Tax Levy Allocable for General Purposes	42,055,696

Note: Please refer to the 2015 CAFR (Schedules 13 and 14 in the Statistical Section) for more information on recent tax levy activity.

(1) The Maximum Levy is per the "Levy Limit Worksheet – 2015 Tax Roll" from the King County Assessor's Office. All other figures can be found in the King County Assessor's Annual Report - 2015.

Insurance

General Overview:

The Port of Seattle 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, 2015 to October 1, 2016. The Port's insurance year for property coverage runs from July 1, 2015 to July 1, 2016. The Port utilizes the services of Alliant Insurance Services for the placement of its liability insurance. The Port utilizes Hugh Wood Incorporated to purchase its property insurance. Alliant was selected through a competitive selection process in 2011 and Hugh Wood Incorporated was selected in a similar process in 2012. All of the Port's insurance carriers are rated "A" or better by the A.M. Best & Company and includes American International Group, Liberty Mutual, Atlantic Specialty Company, Lexington, Navigators Insurance, and National Union.

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 \$750 million per occurrence limit at a \$500,000 per occurrence deductible for Aviation properties and \$250,000 elsewhere. Terrorism coverage is provided with a sub-limit of \$350 million per occurrence. Coverage for flood is capped at an annual aggregate of \$25 million above a flat \$500,000 deductible. Property insurance coverage extends to contractors of the Port, in addition to the Port, for property damage to the capital improvements that are in the course of construction. This "course of construction" coverage has a maximum limit of \$50 million per project. Projects under construction with values that exceed \$50 million must be specifically underwritten. The Port continues to buy the property insurance that covers the property licensed to the Northwest Seaport Alliance (Seaport Alliance). Approximately \$660 million worth of Port property that is licensed to the Seaport Alliance is insured under the Port property policy. The total estimated replacement cost of insured Port property is \$4.9 billion. Additional insurance, through a separate builder risk insurance policy was procured in the second quarter of 2016 to provide full replacement cost coverage for the North Satellite Renovation and Expansion project. A second similar builder risk policy will also be purchased separately for the International Arrivals Facility for which construction will begin in the fall of 2016. These two separate builder risk policies will be purchased either by the Port or the general contractor, with both parties having an insurable interest in the projects and thus will be named insured's on the policies. The Port does not purchase earthquake insurance for its property unless it is part of a stand-alone builder risk property insurance policy specific to a project under construction.

Third Party Agreements:

Contractors, tenants, and lessees, are required to carry at least \$1 million of commercial general liability insurance (\$2 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 \$10 million for automobiles operated on the aircraft movement area of the aircraft operations area). The Port requires airline tenants, with aircraft operations on the airfield, at Seattle-Tacoma International Airport, to provide between \$50 million and \$300 million per occurrence liability limits. Ground handlers, working for the airlines on the airfield, and under license to the Port of Seattle 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 of Seattle, must also provide proof of workers' compensation coverage for their employees as well as Washington State "stop-gap" coverage that covers employers' liability. The Port of Seattle requires all contractors, tenants, and lessees, to include the Port of Seattle as an "additional

insured” on their policies of commercial general liability insurance, along with a waiver of subrogation in favor of the Port of Seattle, 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 Capital Improvement Program (ACIP) construction projects (built between 2001 and 2008) were insured against third party claims under an Owner Controlled Insurance Program (OCIP) that expired on 12/31/2008. All ACIP work completed prior to the OCIP termination date continues to be covered for potential future claims for property damage and bodily injury through 12/31/2016. All potential claims that may arise from errors and omissions involving professional work will be potentially covered under the OCIP program if the claim is reported prior to 12/31/2018. The OCIP insured the Port, construction managers, eligible and enrolled contractors, and other designated parties for work performed under the ACIP. Certain Contractors and Subcontractors and their employees were excluded from this program. No new claims were made on any of the OCIP policies between January 1, 2015 and December 31, 2015. The Port does receive and make collateral payments relative to the deductible buy-back policy that was issued on the OCIP general liability policies. The Port did not receive any collateral back in 2015, nor did it have to make a payment on the collateral on this policy in 2015. No collateral payments are expected in 2016. A return on the remaining collateral for general liability would occur in first quarter of 2017.

Northwest Seaport Alliance:

The Port of Tacoma and Port of Seattle have created a new Port Development Authority to be named the Northwest Seaport Alliance (Seaport Alliance), under a revision to Port enabling legislation in the Revised Code of Washington (RCW) Title 53. This new entity became an official legal entity on August 1, 2015. On January 1, 2016, this new entity began operations as a legal entity with an infusion of capital from both Ports. Both Ports have created resolutions that identify this new entity. There is a new Charter Agreement between the two Ports that spells out the terms of this new Port Development Authority and identify allocation of risk and indemnity obligations. The Seaport Alliance also gained approved from the Federal Maritime Commission. The assets of each Port remain in terms of ownership with each Port, thus, both Port of Seattle and Tacoma continue to purchase property insurance individually for their respective properties as mentioned above.

Changes in the Identity of the Port's Treasurer

No change.

Changes in the Port's Investment Policy

No change.

For further details on the Port’s cash & cash equivalents, and investments as of December 31, 2015, please refer to the Audited Financial Statements included in the 2015 CAFR.

Percentage of Domestic and International Flights

Of the approximately 21.1 million enplaned passengers in 2015, approximately 10.3% were on non-stop flights to international destinations and 89.7% were on domestic flights.

Enplanement Market Share by Airline

Rank	Airline	Enplaned passengers	Market Share (%)
1	Alaska Airlines ⁽¹⁾	8,239,484	39.0
2	Horizon Airlines	2,555,106	12.1
	Alaska Air Group subtotal ⁽⁵⁾	10,794,590	51.1
3	Delta Air Lines ⁽²⁾	4,066,182	19.3
4	Southwest Airlines	1,612,200	7.6
5	United Airlines ⁽³⁾	1,438,437	6.8
6	American Airlines ⁽⁴⁾	762,241	3.6
7	US Airways ⁽⁴⁾	544,280	2.6
8	JetBlue Airways	301,572	1.4
9	Virgin America ⁽⁵⁾	258,028	1.2
10	Others ⁽⁶⁾	1,331,226	6.3
	Airport Total	21,108,756	100.0

Note: Totals may not foot due to rounding.

⁽¹⁾ Includes flights operated by SkyWest.

⁽²⁾ Includes Delta connections (operated by SkyWest and Compass Airlines).

⁽³⁾ Includes United Express (operated by SkyWest).

⁽⁴⁾ American Airlines and US Airways have merged.

⁽⁵⁾ On April 4, 2016, Alaska Air Group, Inc., parent company of Alaska Airlines, and Virgin America Inc. announced their approval of a definitive merger agreement, under which Alaska Air Group will acquire Virgin America.

⁽⁶⁾ Includes all airlines with less than one percent market share each.

Source: Port of Seattle.

Number of U.S. Flagged and Foreign Passenger Airlines

14 U.S. flagged passenger airlines and 12 foreign flagged passenger airlines served the Airport in 2015.

Source: Official Airline Guide (OAG)

Number of Domestic and Foreign All-Cargo Airlines

In 2015, Sea-Tac Airport was served by 5 U.S. flagged all-cargo carriers and 5 foreign flagged all-cargo carriers, each having a market share greater than 0.5%. These figures include passenger airlines that operate all-cargo aircraft. These figures do not include air mail.

Source: As reported to the Port by the airlines

List of Airlines Serving Seattle-Tacoma International Airport in 2015

Scheduled Passenger Airlines⁽¹⁾

<i>United States Flag Airlines</i>	<i>Foreign Flag</i>
Alaska Airlines	Air Canada
Alaska/Skywest	Air Canada Jazz
American Airlines	All Nippon Airways
Compass Airlines	Asiana Airlines
Delta Air Lines	British Airways
Delta Connection/Skywest	Condor
Frontier Airlines	Emirates
Hawaiian Airlines	EVA Air
Horizon Air	Hainan Airlines
JetBlue Airways	Icelandair
Southwest Airlines	Korean Air
Sun Country Airlines	Lufthansa Airlines
United Airlines	
United Express/Skywest	
US Airways	
Virgin America	

Non-Scheduled (Charter) Airlines⁽²⁾

Allegiant Air
Atlas Air
Omni Air International

All-Cargo Airlines⁽³⁾

ABX Air
Alaska Airlines
Asiana Airlines
Atlas Air
Cargolux
China Airlines
Empire Airlines
EVA Air
Fedex
Korean Air

Note: Criteria for inclusion on list (carriers serving Seattle-Tacoma Airport for less than one year are automatically included)

(1) Scheduled Passenger Airlines include carriers that carried at least 0.1% of all passengers in 2015.

(2) Charter Airlines include carriers that carried at least 1,000 passengers in 2015.

(3) Includes all-cargo airlines that had a minimum market share of 0.5% in 2015. Includes passenger carriers who also operate cargo-only aircraft.

Source: As reported to the Port by the airlines

Primary Domestic Origin and Destination Markets

Rank	Market⁽¹⁾	Approximate air miles from Seattle	Share of market, based on enplaned passengers (%) ⁽²⁾	Average daily non-stop departures
1	Los Angeles, CA	952	11.6	42
2	San Francisco, CA	674	10.3	49
3	New York, NY	2,450	6.9	11
4	Chicago, IL	1,761	4.8	15
5	Phoenix, AZ	1,121	4.3	17
6	Las Vegas, NV	889	3.9	17
7	Denver, CO	1,037	3.5	18
8	San Diego, CA	1,069	3.4	13
9	Dallas, TX	1,722	3.4	12
10	Washington, DC	2,408	3.1	5
11	Honolulu, HI	2,742	2.9	5
12	Boston, MA	2,567	2.8	4
13	Atlanta, GA	2,241	2.8	8
14	Minneapolis/St. Paul, MN	1,448	2.6	9
15	Anchorage, AK	1,453	2.4	19
16	Kahului, HI	2,684	2.3	4
17	Salt Lake City, UT	701	2.0	11
18	Sacramento, CA	612	1.9	11
19	Detroit, MI	1,927	1.8	6
20	Houston, TX	1,909	1.8	7
21	Spokane, WA	224	1.4	20
22	Philadelphia, PA	2,462	1.4	3
23	Baltimore, MD	2,335	1.2	2
24	South Florida ⁽³⁾	2,827	1.1	2
25	Boise, ID	402	1.0	11
		Sub Total	84.5	321
		All Others⁽⁴⁾	15.5	122
		Total	100.0	443

Note: Market share percentages represent an average for the year. Totals may not add to 100% as a result of rounding.

(1) Each market includes the major airports within the market.

(2) Compiled by the Port from U.S. Department of Transportation statistics.

(3) Includes Miami International (MIA), Fort Lauderdale-Hollywood (FLL), and Palm Beach International (PBI) airports..

(4) Remaining domestic cities

Sources: US Department of Transportation OD1A database; Official Airline Guide (OAG) schedule

Percentage of Origin and Destination (O&D) Passengers

For 2015, the estimated percentage of O&D passengers was 69.8%. O&D passengers are defined as passengers that start or end their trip in Seattle.

Source: U.S. Department of Transportation

Number of Domestic Daily Non-stop Cities Served

Passenger airlines provided daily non-stop service to 87 domestic cities in 2015.

Source: Official Airline Guide (OAG)

Scheduled International Service

Country	Percent of International Seating Capacity
Canada	26
China	14
South Korea	9
Japan	9
United Kingdom	9
Mexico	7
United Arab Emirates	5
Netherlands	5
Germany	4
Iceland	4
Taiwan	3
France	3
	100

Note: Totals may not add to 100% as a result of rounding.

Source: Official Airline Guide (OAG)

Percentage of Enplanements Traveling to Asia

In 2015, passengers traveling to Asia represented approximately 41.9% of international enplanements and 4.3% of all enplanements.

Non-Stop Scheduled Departures by Airline

Airline	Average Daily Departures
Alaska Airlines	151
Horizon Air	111
Delta Airlines	49
Southwest Airlines	35
Delta Connection/SkyWest	32
United Airlines	26
Delta Connection/Compass	20
American Airlines	16
Alaska/SkyWest	12
US Airways	8
Virgin America	6
JetBlue Airways	6
Air Canada Jazz	6
United Express/SkyWest	3
Frontier Airlines	2
Hawaiian Airlines	2
Air Canada	2
British Airways	1
Emirates Airlines	1
Sun Country Airlines	1
Hainan Airlines	1
Icelandair	1
All Nippon Airways (ANA)	1
Lufthansa	<1
EVA Air	<1
Asiana Airlines	<1
Korean Air	<1
Condor	<1
	496

Source: Official Airline Guide (OAG)

Customer Facility Charge Rate:

In 2015, the Customer Facility Charge (CFC) remained \$6.00 per rental car transaction day.

Airport Business Arrangements

The Airline Agreements:

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. In 2013, the Port approved a new Signatory Lease and Operating Agreement (“SLOA III”). By December 31, 2013, airlines representing 99.9 percent of passenger traffic were signatories. SLOA III will expire on December 31, 2017, unless terminated earlier or extended in accordance with its terms.

SLOA III Rate-setting Methodology:

SLOA III establishes several types of fees designed to recover operating and capital costs of the associated aeronautical facilities on the Airfield (described below) and in the terminal. In calculating each type of rates and charges under SLOA III, 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 Passenger Facility Charge (“PFCs”)) allocable to revenue bond-funded capital improvements, and a debt service coverage fee if necessary to maintain total Airport debt service coverage at no less than 1.25 times 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. SLOA III also provides that if the Airport’s Net Revenue (calculated as provided in SLOA III) exceeds 125 percent of total Airport debt service coverage in any fiscal year, 50 percent of the amount in excess of that threshold will be credited to the signatory airlines in the next fiscal year.

As defined in SLOA III, the “Airfield” is comprised of three areas: the Airfield Apron Area, the Airfield Movement Area and the Airfield Commercial Area. 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 adding budgeted capital costs (including Airport-related debt service and Airport-related debt service coverage, if required) and operating expenses allocable to the Airfield Movement Area and subtracting other fees for use of the Airfield Movement Area, any nonsignatory airline premium payments and then 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 (the area immediately adjacent to the terminal building and areas for overnight aircraft parking) are calculated based on the operating and capital costs, including debt service and debt service coverage, allocable to those areas and charged to carriers based on landed weight. 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) is a separate compensatory (not cost recovery) cost center.

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 debt service and 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 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 are calculated and charged separately; these are also based upon operating expenses and capital costs (the Port may use non-aeronautical revenues to off-set costs associated with the federal inspection costs center).

Rates may be adjusted mid-year upon 30 days' 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 Improvements:

The agreement includes a list of previously approved capital improvement projects. SLOA III 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 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 III as air carriers that account for more than 55 percent of all signatory carriers and also account for more than 55 percent of terminal rents and landing fees paid by signatories in the preceding year. The Airport may notify the signatory airlines if it intends to construct any new project not included in the list of previously approved projects. If, within 30 days of the Port's notice, a Majority-in-Interest objects to the new project, the Airport must delay construction for 12 months.

Rates and Charges by Resolution:

Pursuant to FAA guidelines, the Port can establish rates and charges by resolution or by a lease and use operating agreement. In the event that a lease and use operating agreement were not then in effect, rates and charges would be set by resolution. On May 14, 2013, the Port adopted Resolution No. 3677, unilaterally establishing rates and charges for airlines serving the Airport. Upon implementation of SLOA III, Resolution No. 3677 was suspended. Upon expiration of SLOA III and absent any further action by the Port or any new or amended agreement with the airlines, Resolution No. 3677 would take effect.

Other Airport Businesses and Agreements:

The Aviation Division's non-aeronautical revenues include revenues from public parking, rental car and employee parking fees; terminal concession agreements; ground transportation, rental car and other concession fees, and revenues from Airfield, terminal and other commercial property leases.

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 and land rent. In addition, the rental car companies remit to the Airport a Customer Facility Charge ("CFC") from their customers. Per State statute, the CFC is used exclusively to pay for costs associated with the consolidated rental car facility.

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.

Passenger Terminal Concession Agreement

The Airport offers a range of dining and retail options that include restaurants, specialty retail, convenience retail, duty free goods and personal services for the traveling public. A hybrid management model is currently used at the Airport which combines a small number of prime concessionaires operating multiple units with a number of tenants operating one or two locations. The majority of leases in the Airport Dining and Retail Program were scheduled to expire between mid-2015 and mid-2017. The Port is taking a phased approach to handling these lease expirations by awarding new leases in groups of leasing opportunities. Leasing opportunities can include single or multiple units. The first lease group included leases for three prime concessionaires under four lease agreements that expire in 2017, 2022, 2023 and 2024. In 2015, the Port began the process of awarding the second lease group and is currently reviewing proposals for these leasing opportunities. The Port expects to publicize the leasing opportunities in the third lease group process later in 2016. Under the lease agreements, airport dining and retail tenants pay rent based on a percentage of gross sales. The tenants are subject to Port oversight of operations and quality assurance standards. The tenants must also 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 a recent increase in the minimum wage within the City of SeaTac, the street pricing policy was modified to include a 10 percent premium over comparable local prices; this premium gradually declines on an annual basis, reaching zero by January 1, 2020.

Miscellaneous Business Arrangements and Revenues

The Airport has agreements with a variety of ground transportation companies, under which the Port receives either concession fees or per-trip fees and permit fees. Various shuttle services also serve the Airport and pay a per-trip fee. In addition, there are standard land leases and other fees for other aeronautical and non-aeronautical tenants and users at the Airport, such as an in-flight kitchen and cargo hardstand revenues.

Sources of Aviation Division Operating Revenue (in thousands of dollars)

	2015
Aeronautical⁽¹⁾	
Movement Area	\$ 78,339
Apron Area	10,841
Terminal Rents	150,406
Federal Inspection Services (FIS)	9,970
Total Rate Base Revenues	\$ 249,555
Commercial Area	9,519
Revenue Sharing	(29,450)
Total Aeronautical Revenues	\$ 229,624
SLOA III Incentive⁽²⁾	\$ (3,576)
Non-Aeronautical	
Public Parking	63,059
Airport Dining & Retail ⁽³⁾	51,607
Rental Car	46,515
Ground Transportation	8,809
Utilities	7,000
Commercial Properties	8,007
Other	11,848
Total Non-Aeronautical Revenues	\$ 196,844
Total Aviation Division Operating Revenues	\$ 422,892

(1) For further breakout of Aeronautical Revenues, see "Calculation of Aeronautical Revenues" table on page 18.

(2) Represents the annual amortization of the lease incentive given under SLOA III on a straight-line basis of approximately \$3.6 million per year through 2017.

(3) Formerly called "Concessions".

Calculation of Aeronautical Revenues⁽¹⁾ (in thousands of dollars)

	Terminal Revenue			Airfield Revenue				Total Aeronautical Revenues
	Terminal Building	FIS Area	Total Terminal Revenue	Movement Area	Apron Area	Commercial Area	Total Airfield Revenue	
Operating & Maintenance Costs	\$ 87,568	\$ 6,300	\$ 93,868	\$ 50,537	\$ 5,881	\$ 3,241	\$59,659	\$ 153,527
Capital Costs: Debt Service	53,485	2,629	56,114	18,924	3,985	2,848	25,757	81,871
Capital Costs: Amortization ⁽²⁾	13,976	1,047	15,023	8,906	924	363	10,193	25,216
Other	(4,623)	(6)	(4,629)	(29)	51	3,067	3,089	(1,540)
Revenue Sharing	(17,921)	(1,174)	(19,095)	(9,063)	(1,292)	-	(10,355)	(29,450)
	\$ 132,485	\$ 8,796	\$ 141,280	\$ 69,276	\$ 9,549	\$ 9,519	\$88,344	\$ 229,624

Note: Totals may not foot as a result of rounding.

- (1) The presentation of aeronautical revenues in the table above is different from the presentation of aeronautical revenues in the Sources of Aviation Division Operating Revenue table on page 17, as well as the 2015 CAFR (see Statistical Section, Schedule 3). The totals, however, are the same, when factoring in annual amortization of the SLOA III lease incentive to the total above.
- (2) Represents a charge for cash-funded assets placed into service on or after 1992.

Sources of Aviation Division Operating Expenses (in thousands of dollars)

	2015
Direct Expenses	
Administrative Salaries and Benefits	\$ 35,924
Wages and Benefits	65,511
Travel and Other Employee Expenses	1,238
Outside Services	34,670
Supplies	5,301
Utilities	13,685
Other	22,242
Charges to Capital Projects	(3,821)
Total Direct Expenses	\$ 174,750
Corporate Allocations	\$ 63,390
Total Aviation Division Operating Expenses	\$ 238,140
 Summary by Cost Center	
Aeronautical ⁽¹⁾	\$ 153,845
Non-Aeronautical	
Terminal and Properties ⁽¹⁾	33,837
Landside	54,138
Utilities ⁽²⁾	(3,680)
Total Non-Aeronautical	\$ 84,295
Total Aviation Division Operating Expenses	\$ 238,140

Note: Aviation operating expenses in the table above are organized by cost center, which may be different from how such revenues are organized in other disclosures and reports, including the CAFR. Total operating expenses, however, will be the same, with the potential exception of small rounding differences.

- (1) Aeronautical expense excludes the portion of Terminal Building expense that is allocated to Concession activities, which falls under the Non-aeronautical "Terminal and Properties" cost center. Allocation is calculated as the percentage of rentable non-airline space out of total terminal rentable space. In 2015, 23%, or ~\$22.5 million of Terminal Building expense was allocated to Non-aeronautical expenses.
- (2) Utilities are charged to other Aviation business units based on the preceding years' budget rates and operates on a cost recovery basis. In 2015, the internal utilities charged to other business units were greater than the actual utility costs incurred by the Port. This is due to an internal billing true-up that was performed at the end of 2015. Subsequent years will also include this internal billing true-up.

Additional Pledged Revenue and any Changes of PFC Authorization

No Change.

Projects to be Funded with PFC Revenue -- Costs and Sources of Funds

No Change.

PFC Coverage Calculations:

This table is based on the “PFC Quarterly Status Report – Revenue and Expenditures” filed with the Federal Aviation Administration and is reported on a cash basis; thus amounts in this table may not match those reported in the Port of Seattle Audited Financial Statements.

		2015
Passenger Facility Charge (PFC)		\$4.50
Administration Costs		\$0.12
Net PFC		\$4.38
Enplaned Passengers		21,108,756
Annual Percentage Increase		12.78%
Number PFC-Eligible		17,842,897
Percent PFC-Eligible		84.5%
Beginning Balance		78,284,298
Plus: Annual PFC Collections	[A]	78,151,889
Plus: Capital and Revenue Fund Interest Income ⁽¹⁾	[B]	916,604
Total Deposits	[C]=[A]+[B]	79,068,493
Available Amounts		157,352,791
Gross Debt Service (First Lien PFC Bonds)	[D]	18,770,100
Less: Debt Service paid from Reserve Account Interest Income ⁽²⁾		(182,698)
Net Debt Service (First Lien PFC Bonds)		18,587,402
Less: Pay-As-You-Go Expenditures ⁽³⁾		39,196,085
Ending Balance (Unliquidated Revenue)		\$99,569,304

PFC Debt Service Coverages: ⁽⁴⁾

PFC Collections only	[A]/[D]	4.16
PFC Revenue	[C]/[D]	4.21
PFC Revenue & First Lien PFC Reserve Account Interest Income ⁽⁵⁾		4.22

- (1) Beginning in 2013, the Port reclassified interest earnings on the PFC Debt Service Reserve Fund (DSRF) as PFC bond proceeds instead of PFC revenue, as previously reported to the FAA. As such, there will no longer be DSRF interest earnings reported to the FAA.
- (2) Represents total 2015 PFC debt service paid for with non-PFC revenue sources. For 2015, this is comprised solely of interest earnings on the PFC DSRF in excess of the DSRF requirement.
- (3) Pay-As-You-Go Expenditures include the use of PFC's to pay debt service on certain revenue bonds, as authorized by the FAA.
- (4) Coverage calculations are based on Gross Debt Service (First Lien PFC Bonds).
- (5) Coverage includes \$192,067 of PFC DSRF interest earnings, which constitutes a full calendar year of interest earnings.

PFC Unspent Authority & First Lien Sufficiency Covenant

First Lien Sufficiency Covenant Coverage is 7.06 which is calculated as follows:

		Through 2015
Total PFC Authority	[A]	\$ 2,167,378,460
Cumulative Collections and Interest Earned ⁽¹⁾	[B]	\$ 1,186,266,580
PFC Expenditures:		
Pay-as-you-go expenditures		516,662,089
PFC Bond Debt Service ⁽¹⁾		322,376,145
Revenue Bond Debt Service		247,659,042
Cumulative Total PFC Expenditures	[C]	\$ 1,086,697,276
Unliquidated PFC Revenue	=[B]-[C]	\$ 99,569,304
Unspent PFC Authority	[D]=[A]-[C]	\$ 1,080,681,184
Remaining Projected Aggregate PFC Bond Debt Service ⁽²⁾	[E]	\$ 153,010,425
First Lien Sufficiency Covenant Coverage ⁽³⁾	=[D]/[E]	7.06

(1) During 2013, the Port determined that the source of the "PFC Debt Service Reserve Fund" was bond proceeds, not PFC revenue. Therefore the interest earnings on the PFC DSRF have been excluded from the Cumulative Collections and Interest Earned line item, and the PFC debt service paid by the PFC DSRF interest earnings has been excluded from the PFC Bond Debt Service line item.

(2) Includes debt service on all outstanding 1998 and 2010 PFC Bonds.

(3) Minimum First Lien Sufficiency Covenant Coverage is 1.05.

Airport Grants Awarded in 2015

AIP Entitlement Grants	\$ 6,063,306
AIP Discretionary Grants	13,696,193
Other Grants	4,593,278

Port of Seattle Container Volumes⁽¹⁾ (in thousands)

<u>Year</u>	<u>International Containers</u>						<u>Domestic</u>	<u>Total</u>
	<u>Imports</u>			<u>Exports</u>			<u>TEUs</u>	<u>TEUs</u>
	<u>Metric Tons</u> ⁽²⁾	<u>Full TEUs</u>	<u>Metric Tons</u> ⁽²⁾	<u>Full TEUs</u>	<u>Empty TEUs</u>	<u>Total Intl. TEUs</u>		
2015	4,347	470	4,998	352	240	1,062	342	1,404

Note: Total might not equal the sum of component parts due to rounding.

- (1) Total for the Seattle harbor, which includes volumes handled by non-Port facilities. Following the formation of the Seaport Alliance, the Seattle harbor in and around Elliott Bay is referred to as the “North Harbor”. The Tacoma harbor, located in and around Commencement Bay in the South Puget Sound, is referred to as the “South Harbor”.
- (2) Approximate weight per full TEU at the Port is eight metric tons of import cargo and eleven to eighteen metric tons of export cargo.

Containerized Cargo Trends and Market Share (TEU’s in thousands)

Estimates based on information publicly available from West Coast ports.

<u>TEU’s</u>	<u>Seattle</u>	
	<u>Estimated Percent of West Coast</u> ⁽¹⁾	<u>Estimated Percent of Pacific Northwest</u> ⁽²⁾
1,404	5.6%	19.0%

(1) West Coast ports include Seattle, Tacoma, Portland, Oakland, Los Angeles, Long Beach, Port Metro Vancouver, and Prince Rupert.

(2) Pacific Northwest ports include Seattle, Tacoma, Portland, Port Metro Vancouver, and Prince Rupert.

Source: Port of Seattle Marine Terminals Reporting System and other port websites

Seattle’s Share of Puget Sound Container Traffic

Seattle’s share of Puget Sound (the ports of Seattle and Tacoma combined) container traffic in 2015 was 39.8%.

Source: Port of Seattle Marine Terminal Information System and Port of Tacoma website

Exports and Imports to and from Asia (in TEU’s)

Export: 325,219 full TEU’s

Import: 436,278 full TEU’s

Source: Port of Seattle Marine Terminal Information System

Container Cargo Carriers calling at the Port⁽¹⁾

T-18	T-30	T-46	T-115 ⁽²⁾
ANL-US Line	ANL-US Line	China Shipping Container Lines	Alaska Marine Line
APL	China Shipping Container Lines	COSCO ⁽³⁾	Aloha Marine Line
China Shipping Container Lines	CMA-CGM	Hanjin ⁽³⁾	
CMA-CGM	Hamburg Sud	K-Line ⁽³⁾	
COSCO ⁽³⁾	Pacific International Lines (PIL)	Maersk	
Hamburg Sud	United Arab Shipping Company	MSC	
Hapag Lloyd		Safmarine	
Hyundai		Yang Ming Line ⁽³⁾	
Maersk			
Matson			
MOL			
NYK Line			
OOCL			
Pacific International Lines (PIL)			
United Arab Shipping Company			
Zim Line			

(1) Terminal 5 was closed for redevelopment on July 31, 2014 and remained closed to container traffic throughout 2015.

(2) Lynden Inc. owner of Alaska Marine Line and Aloha Marine Line, acquired the parent company of Northland Services, Inc. in 2013. Alaska Marine Line and Aloha Marine Line provide barging services to Alaska and Hawaii. Container volumes at Terminal 115 are included in the Port of Seattle TEU totals.

(3) These carriers called at the Port of Seattle both on regularly scheduled services and on an ad hoc basis during the congestion linked to the labor contract negotiations.

Port of Seattle Container Terminals

Category	Terminal 5 ^(a)	Terminal 18	Terminal 30	Terminal 46
Primary Lessee	N/A	SSA Terminals, LLC and SSA Containers, Inc. ^{(b) (c)}	SSA Terminals (Seattle), LLC ^(d)	Total Terminals International LLC ^(e)
Terminal Area	185 acres (to be redeveloped to handle bigger ships, effective mid 2018) <i>Leased - 50.40 acres at 12/31/2015</i>	196 acres (expansion area completed in 2002) <i>Leased - 196 acres</i>	70 acres (expansion area completed in 2009) <i>Leased - 70 acres</i>	88 acres (improvements completed in 2004) <i>Leased - 88 acres ^(k)</i>
Lease Expiration	2017	2039	2039	2025
Berth Facilities	2,900 feet	4,500 feet	2,700 feet ⁽ⁱ⁾	2,300 feet
Water Depth	45 ft to 50 ft below mllw	46 ft to 50 ft below mllw	45 ft to 50 ft below mllw	50 ft below mllw
Container Cranes ^(f)	Six (6) 100-ft gauge Post-Panamax cranes ^{(g) (l)}	Three (3) 50-ft gauge Post-Panamax cranes, and Three (3) 100-ft gauge Post-Panamax cranes ^{(g) (m)} Seven (7) 100-ft gauge Super Post-Panamax cranes ^(h)	Three (3) 50-ft gauge Panamax cranes and Three (3) 100-ft gauge Super Post-Panamax cranes ^(h)	Two (2) 100-ft gauge Post-Panamax cranes, and Three (3) 100-ft gauge Super Post-Panamax cranes ^{(h) (j)}
Gross Revenues - 2015	\$15,745,593	\$22,343,276	\$7,649,461	\$10,559,535

Note: The table above presents the Port of Seattle's primary container terminals. There is some incidental container activity at Terminal 115, which is not presented in this table.

- (a) T-5 was closed for redevelopment on July 31, 2014. In February 2015, the Port signed a two year lease agreement with Foss Maritime Company to lease 50.40 acres (2,195,424 square feet) of Terminal 5 space.
- (b) Original lease named SSA Terminals, LLC and Stevedoring Services of America, Inc. as Lessees. Subsequent Lessee name changes from Stevedoring Services of America, Inc. to SSA Marine, Inc., and then to SSA Containers, Inc. were solely changes in identity and not in ownership or control.
- (c) SSA Terminals, Inc. can be sole signer with consent from SSA Containers, Inc.
- (d) SSA Terminals (Seattle), LLC is a joint venture between SSA Seattle, LLC and China Shipping Terminals (USA), LLC and Matson Seattle LLC.
- (e) The primary member of Total Terminals International LLC is Hanjin Shipping Company, Ltd which holds a 60% interest.
- (f) Panamax cranes are designed to service container ships that can pass through the current Panama Canal lock system and are able to service vessels with a width of 12-13 rows of containers. Post-Panamax cranes are able to service vessels with widths accommodating up to 18 rows of containers and will be able to pass through the Panama Canal lock system scheduled to open in 2016. Super Post-Panamax cranes are designed for the next generation of ships, too wide to transit the new Panama Canal, and are able to service vessels with widths accommodating up to 24 rows of containers.
- (g) Cranes owned by Port of Seattle. Cranes currently not in use and have been declared surplus.
- (h) Cranes owned by Lessee.
- (i) Comprised of two non-contiguous berths of approximately 1,200 and 1,500 linear feet respectively.
- (j) One Port-owned 50-ft gauge Panamax crane was taken out of service and surplus in 2009. While that crane has not yet been removed from the terminal, it is no longer operational so it is excluded from the cranes listed as available for use.
- (k) Of the 88 acres at Terminal 46, 4.67 acres is being leased on a temporary basis by the Washington Department of Transportation (WSDOT) for use during construction of the Alaskan Way Viaduct replacement project. In approximately 2016, the 4.67 acres will revert back to use as part of the Terminal 46 container terminal.
- (l) After unsuccessful efforts to sell these cranes, they were classified as impaired on the Ports financial records at year end 2014, and are expected to be demolished in 2016 prior to terminal redevelopment.
- (m) The three 50-ft gauge Post-Panamax cranes owned by the Port of Seattle have been surplus and are expected to be demolished in 2016; the three 100-ft gauge Post-Panamax cranes owned by the Port of Seattle were sold in the 2nd quarter of 2015 to the lessee as agreed to in Amendment 6 to the lease.

Non-Container Terminal Leases

Port Division	Property⁽¹⁾	2015 Facility Gross Revenue	Primary Lessee	Primary Operations	Date of Lease Expiration⁽²⁾
Seaport	T-91/P-66	\$ 14,413,620	Cruise Terminals of America	Cruise Operations	Dec 2019
Seaport / Real Estate	T-91	9,837,148	Citylce Cold Storage LLC	Cold Storage	Dec 2029, Dec 2039, MTM
			Trident Seafoods Corporation	Seafood Processing	Nov 2020
			American Seafood Company	Seafood Processing	Mar 2016, Mar 2017, Jul 2018
			Marel Seattle, Inc.	Manufacturing & Fabrication	Aug 2017, MTM
			Phoenix Processor ⁽³⁾	Fishing Vessels	Jan 2016
Real Estate	SBM	9,380,190	Diversified Public Marina Seaview Boatyard West, Inc.	Marina Boat Maintenance & Repair	Primarily MTM Dec 2027
Real Estate	FT	5,477,687	Diversified Public Marina Mad Anthony's, Inc. Fishing Vessel Owners Marine Ways, Inc. Argus Pacific Everguard Insurance	Marina Restaurant Trade Association Health and Safety Training Insurance Services	Primarily MTM Dec 2018 Mar 2017, Oct 2023 MTM, Jan 2018 Apr 2018
Seaport	T-115	5,040,072	Northland Services Inc ⁽⁴⁾ Seafreeze Acquisition, LLC Sea Pac Transport Associated Petroleum Services Gene Summy Lumber Commercial Fence ⁽³⁾	Barges Seafood Processing & Storage Bulk shipping Fueling station Lumber company Fencing company	Dec 2032 Nov 2027 De 2019 Feb 2019 Dec 2016 June 2015
Seaport	T-86	4,684,767	LDC Washington LLC	Bulk Grain	Oct 2034
Real Estate	T-102	2,059,116	Diversified Public Marina Virtuoso, Inc. Puget Sound Institute of Pathology The Mountaineers Books, Inc.	Marina Travel Agency Medical Institute Book Storage & Distribution	MTM Mar 2019 Apr 2016 Aug 2017
Real Estate	Bell St. Garage	2,120,624	Republic Parking Northwest, Inc.	Parking Facility	MTM
Seaport	T-106	1,714,972	WSDOT Conglobal Industries, Inc. Savanah Logistics, LLC Arctic Commercial Refrigeration Inc. ⁽³⁾ Ash Grove Cement Company	Construction Staging Container Storage & Repair Trucking company Refrigeration Equip Storage Industrial Storage	Feb 2017 Dec 2026 Feb 2018 holdover holdover
Seaport	T-18	1,353,448	Kinder Morgan Liquids Terminals LLC Westway Feed Products, LLC Pacific Coast Container Inc.	Storage & Distribution of Petroleum Products Storage & Distribution of Molasses Container Freight Station	May 2020, Sep 2018, Oct 2027 Sep 2018 May 2020
Real Estate	P-66	1,108,710	Diversified Public Marina Mad Anthony's, Inc.	Marina Restaurant	Primarily MTM Dec 2026

(1) Only properties with at least \$1 million in gross revenues are included.

(2) Indicates lease expiration date for significant lease agreements, by location.

(3) Lease renewal in negotiation.

(4) In 2013, the parent company of Northland Services, Inc. was sold to Lynden, Inc., however Northland Services Inc. remains the lessee. Northland Services, Inc. operates as an ocean-going barge and tug marine operation terminal, which includes container and non-containerized cargo.

Non-Airport Operating Revenues and Expenses

The table below has been reformatted to provide a more comprehensive picture of all non-airport businesses lines. This table captures the activity under the Seaport and Real Estate operating divisions, as well as a small amount of Corporate revenues and unallocated expenses. The 2014 financial results have also been included under this revised format to provide a year-over-year comparison and to reflect restated 2014 results.

	2014 (Restated)		2015	
	\$ Thousands	% of Total	\$ Thousands	% of Total
Operating Revenues by Business Unit				
Container Terminals	\$ 56,693	44	\$ 56,338	41
Commercial Properties & Marinas	22,238	17	23,349	17
Industrial Properties	17,509	14	16,968	12
Cruise Terminals	12,993	10	14,414	11
Conference & Event Centers	8,957	7	10,396	8
Grain Terminal	3,785	3	4,685	3
Other ⁽³⁾	6,610	5	9,891	7
Total Operating Revenues	\$ 128,785	100	\$ 136,041	100
Revenue by Cargo and Non-Cargo				
Cargo Services ⁽¹⁾	\$ 60,478	47	\$ 61,023	45
Non-Cargo ⁽²⁾	68,307	53	75,018	55
Total Operating Revenues	\$ 128,785	100	\$ 136,041	100
Operating Expenses by Business Unit				
Container Terminals	\$ 17,045	22	\$ 18,639	23
Commercial Properties & Marinas	27,536	35	26,478	33
Industrial Properties	8,114	10	7,599	10
Cruise Terminals	6,379	8	6,677	8
Conference & Event Centers	7,896	10	9,289	12
Grain Terminal	712	1	573	1
Other ⁽³⁾	10,446	13	10,411	13
Total Operating Expenses	\$ 78,128	100	\$ 79,666	100
Net Operating Income	\$ 50,657		\$ 56,375	

Note: Totals may not add to 100% as a result of rounding.

(1) Cargo Services category is composed of the Container Terminals and Grain Terminal lines of business.

(2) Non-Cargo category is composed of the remaining non-aviation lines of business: Commercial Properties & Marinas, Industrial Properties, Cruise Terminals, Conference & Event Centers, and Other.

(3) Includes other lines of business such as Maritime Operations, Security, Environmental Grants and unallocated Corporate activities.