



## Q2 2019 Financial Results

As of June 30, 2019

July 19, 2019



## Executive Summary

(Dollars in Thousands)		2019				2018		
DESCRIPTION	BUDGET	ACTUAL	VARIANCE FAV/(UNFAV)	%		ACTUAL	VARIANCE FAV/(UNFAV)	%
Revenue	\$ 97,497	\$ 98,997	\$ 1,499	2%		\$ 92,371	\$ 6,626	7%
Operating Expense	54,620	51,212	3,407	6%		41,151	(10,061)	-24%
<b>Operating Income</b>	<b>42,878</b>	<b>47,784</b>	<b>4,907</b>	<b>11%</b>		<b>51,220</b>	<b>(3,435)</b>	<b>-7%</b>
Interest Income (Expense)								
Interest Income	700	856	156	22%		567	289	51%
Market Value Adjustment	-	330	330	0%		(179)	508	284%
<b>Net Interest Income</b>	<b>700</b>	<b>1,185</b>	<b>486</b>	<b>69%</b>		<b>388</b>	<b>798</b>	<b>206%</b>
Non-Operating Income/(Expense)	(1,026)	(322)	705	69%		31	(353)	-1139%
Grant Income	1,695	1,246	(449)	-27%		50	1,196	0%
<b>Net Income</b>	<b>\$ 44,247</b>	<b>\$ 49,893</b>	<b>\$ 5,648</b>	<b>13%</b>		<b>\$ 51,689</b>	<b>\$ (1,795)</b>	<b>-3%</b>

Through the second quarter of 2019, NWSA net income of \$49.9 million was \$5.6 million more than budget and \$1.8 million less than the prior year.

Compared with budget, operating income was up \$4.9 million. Operating income from the non-container business was \$3.1 million more than budget, driven by income from military cargoes and auto volumes 7% higher than budget. The Container Business generated operating income that was \$0.6 million below budget as higher intermodal revenue and lower crane maintenance costs were offset by TTI ceasing operations at T46, which triggered a (non-cash) write-off of lease incentives. The Real Estate business operating income exceeded budget by \$0.5 million as revenue was up for new/escalated leases and maintenance and operations expenses were down. Additionally, Commercial and Infrastructure Administration expenses were below budget \$1.9 million (explained below).

Net income was \$1.8 million lower than the prior year. Although revenue increased 7% over the prior year as container volume increased 8% and breakbulk tonnage and auto units increased 17% and 19%, respectively, it was one-time crane removal costs at T18 and T46, depreciation of new assets (primarily for the T4 redevelopment) and higher volume/revenue related expenses that drove net income down.

**Balance Sheet and Cashflow-** The cash and investment balance was \$70.3 million at the end of the first quarter, compared to \$77.4 million at the beginning of the year. This decrease of \$7.1 million is due to timing variances of cash contributions from and distributions to the homeports, and changes in the payables and receivables accounts. Cashflows from operations were \$52.8 million in the current year compared with \$57.6 million in 2018 (operating income was down \$3.4 million, the remainder of the variance in cash provided by operations is timing).

The homeports contributed \$30.6 million to fund NWSA capital improvements. This amount represents the capital spending for December 2018 of \$6.9 million, and \$23.7 million for the first five months of 2019. Capital construction projects are funded on a "pay as you go" basis on a one-month lag. Cash used for NWSA capital expenditures was \$43.3 million; project spending in June that will be funded in July totaled \$16.8 million. Major capital expenditures for the first six months of 2019 were for P4 cranes \$22.2 million, T46 dock rehabilitation \$6.2 million, T5 berth modernization \$3.3 million and stormwater upgrades at both harbors \$4.5 million.

## Operating Income by Line of Business

(Dollars in Thousands)		2019			2018		
DESCRIPTION	BUDGET	ACTUAL	FAV/(UNFAV)		ACTUAL	FAV/(UNFAV)	
			\$	%		\$	%
<b>Container</b>							
Operating Revenue	\$81,772	\$80,152	(\$1,620)	-2%	\$76,540	\$3,612	5%
Operations	13,456	14,530	(1,075)	-8%	10,452	(4,078)	-39%
Maintenance	6,846	5,038	1,808	26%	4,257	(781)	-18%
Depreciation	5,085	4,814	271	5%	1,895	(2,919)	-154%
Total Operating Expense	25,387	24,382	1,005	4%	16,604	(7,778)	-47%
Operating Income - Container	56,385	55,770	(615)	-1%	59,936	(4,166)	-7%
<b>Non-Container</b>							
Operating Revenue	9,543	12,419	2,876	30%	9,849	2,570	26%
Operations	4,389	5,133	(744)	-17%	3,957	(1,176)	-30%
Maintenance	1,580	844	736	47%	741	(103)	-14%
Depreciation	451	247	203	45%	86	(161)	-186%
Total Operating Expense	6,420	6,224	195	3%	4,784	(1,440)	-30%
Operating Income - Non-Container	3,123	6,195	3,071	98%	5,065	1,130	22%
<b>Real Estate</b>							
Operating Revenue	6,182	6,426	243	4%	5,982	443	7%
Operations	206	98	108	53%	111	13	12%
Maintenance	316	157	159	50%	216	59	27%
Depreciation	50	49	1	3%	49	0	0%
Total Operating Expense	572	304	268	47%	376	72	19%
Operating Income - Real Estate	5,610	6,122	512	9%	5,606	515	9%
<b>Other Expenses</b>							
Commercial Administration	5,724	5,367	358	6%	5,513	146	3%
Infrastructure and Administration Exp	16,518	14,937	1,581	10%	13,875	(1,061)	-8%
<b>Total Operating Income</b>	<b>\$42,878</b>	<b>\$47,784</b>	<b>\$4,907</b>	<b>11%</b>	<b>\$51,220</b>	<b>(\$3,435)</b>	<b>-7%</b>

## Actual vs Budget

### Container Business (Container Terminals and Intermodal)

Container business (containers and intermodal) revenues were down \$1.6 million. Rent was down \$3.1 million primarily due to TTI ceasing operations at T-46 which triggered the write-off of \$2.3 million in non-cash lease incentives and delay in commencement of leases at T-5 causing revenue to be down \$0.9 million versus budget at that terminal. Intermodal and crane/strad variable revenue was above budget \$1.4 million due to higher TEUs than expected (South Harbor TEUs up 6% versus budget). The TEU increase is due to a 4<sup>th</sup> quarter 2018 drive by shippers to beat the tariff, pushing some cargo into 2019, and congestion in Vancouver that resulted in cargo being diverted to our gateway. Operations expense was below budget \$1.0 million as lower crane maintenance and timing on project spending were offset by costs related to the Puget Soundkeeper lawsuit and higher longshore labor expense due to the more variable revenue than expected. This caused container business operating income to be \$0.6 million lower than budget.

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Operating revenues of \$80.2 million were below budget \$1.6 million.

- T-46 revenue was down \$2.1 million as TTI ceased operations triggering the write-off of \$2.3 million in non-cash lease incentives, which negatively impacted revenue (the incentives included an impact fee and sales tax paid on cranes sold to TTI).
- T-5 revenue was down \$0.9 million due to budget assuming earlier commencement of leases.
- Total Intermodal lift revenue was up \$1.4 million – NIM and PIM lift revenues were up \$1.4 million and \$0.4 million, respectively (volumes up 18% and 50%, respectively); offset by SIM lift revenue down \$0.5 million (volumes down 10%) and PIM lift minimum guarantee \$0.2 million lower than planned.
- Crane and strad revenue was up \$0.2 million versus budget as Husky crane hours were up 7% and East Sitcum strad hours were up 15%; offset by strad hours down 20% at Husky.

Operating Expenses of \$24.4 million were \$1.0 million and 4% below budget.

- Husky expense was down \$1.5 million due to lower crane maintenance then expected and timing on spending.
- Operations expense at NIM was up \$0.6 million to support the higher intermodal lift volume.
- West Sitcum expense was down \$0.4 million due to timing of paving repairs.
- Operations expense at T-18 was up \$0.4 million mostly for the removal of cranes.
- Operations expense at T-46 was up \$0.2 million for litigation costs associated with the Puget Soundkeeper lawsuit.

### **Non-Container Business (Autos and Breakbulk)**

Operating Revenues of \$12.4 million were \$2.9 million and 30% above budget.

- Breakbulk revenues were above budget \$2.4 million as volumes were up 19%. Revenues at P7 were \$1.3 million above budget due to unbudgeted military cargoes; the EB-1 terminal revenues exceeded budget by \$1.1 million as the mix of cargoes generated higher service charges, truck loading, and manhour service revenues. Auto revenues exceeded budget by \$0.5 million as a total unit volume of 81,450 exceeded budget by 7%.

Operating Expenses of \$6.2 million were \$0.2 million and 3% below budget.

- Operations expenses were up \$0.7 million for additional volumes, offset by Outsourced maintenance was down \$0.7 million as planned projects for paving repairs and the customer service move will occur later in the year.
- Depreciation expense was lower than planned by \$0.2 million for timing on asset additions.

### **Real Estate**

Operating Revenues of \$6.4 million were above budget \$0.2 million and 4%.

Operating Expenses of \$0.3 million were below budget \$0.3 million and 47%.

### **Other (not LOB-specific) Operating Expenses**

- Commercial Administrative expenses were below budget \$0.4 million due to several

## Q2 2019 Financial Results

offsetting variances, with no individually significant items.

- Infrastructure and other Administration expenses were below budget by \$1.6 million as maintenance costs were below plan \$0.4 million primarily due to timing on planned outsourced maintenance spending that will occur later in the year. Administration costs were below plan \$0.4 million due to lower homeport support service agreement allocations, driven by staffing, consulting services, IT data services and hardware/software maintenance spending below plan. Environmental expenses were below plan \$0.7 million primarily for lower spending on stormwater compliance projects and air quality projects.

## Year to Date vs. Prior Year

### Container Business (Container Terminals and Intermodal)

Container business (containers and intermodal) revenue increased \$3.6 million over the prior year. This was mostly driven by 8% more TEUs than prior year due to a 4<sup>th</sup> quarter 2018 drive by shippers to beat the tariff, pushing some cargo into 2019, and congestion in Vancouver that resulted in cargo being diverted to our gateway. Operations expense was up \$7.8 million due to the removal of cranes at T-18 and T-46, costs related to the Puget Soundkeeper lawsuit, higher depreciation of \$2.2 million mostly due to T-4 asset additions and higher labor costs driven by greater TEUs and intermodal volumes. This resulted in Container Business operating income \$4.2 million lower than the prior year.

Operating Revenues of \$80.2 million were up \$3.6 million and 5% versus the prior year.

- Husky revenue was up \$2.4 million over the prior year as TEUs increased 13% translating into higher crane revenues.
- Total Intermodal lift revenue was up \$2.6 million. NIM and PIM lift revenues were up \$2.0 million and \$0.7 million, respectively (lift volumes up 20% and 52%, respectively). This was mostly due to greater TEUs at Husky and Pierce County Terminal, up 13% and 19% respectively.
- WUT revenue was up \$0.9 million over the prior year due to a lease amendment and escalation.
- T-46 revenue was down as TTI ceased operations in June 2019 triggering the write-off of \$2.3 million in lease incentives, which negatively impacted revenue (the incentives included an impact fee and sales tax paid on cranes sold to TTI).
- East Sitcum revenue was down \$1.2 million over the prior year as TEUs were down 29% due to the departure of Hapag Lloyd and ONE, translating into lower crane and straddler revenues.

Operating Expenses of \$24.4 million were up \$7.8 million and 47% from the prior year.

- Depreciation expense increased by \$2.9 million, primarily due to the improvements at P4.
- Operations expense at T-18 was up \$2.3 million for the removal of cranes.
- Operations expense at T-46 was up \$1.1 million for the removal of cranes (\$0.8 million) and reserve for litigation costs related to the Soundkeeper lawsuit (\$0.4 million).
- Operations expense was up \$0.9 million at NIM to support the higher intermodal lift volume.

### Non-Container Business (Autos and Breakbulk)

Operating Revenues of \$12.4 million were \$2.6 million more than the prior year.

- Breakbulk revenues were up \$2.4 million as volumes increased by 17%. P7 revenues were up \$1.3 million due to increased military cargoes and EB-1 revenues were up \$1.1 million

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for additional volumes.

Operating Expenses of \$6.2 million were up \$1.4 million compared with the prior year.

- Operations expense were up \$1.1 million, including longshore and equipment rents of \$0.9 million, pier support of \$0.1 million, and \$0.1 million to handle the increase in volumes.
- Depreciation expense was up \$0.2 million due to new assets placed into service in 2018 and 2019.
- Maintenance expense was up \$0.1 million for various equipment and facility repairs.

### Real Estate

Operating Revenues of \$6.4 million were up \$0.4 million and 7%.

- Dockage, wharfage and service charges were up \$0.1 million at the T18 bulk facility, where molasses volumes were up 40% and petroleum volumes were down 25% and 9%.
- Rent revenue was up \$0.2 million at T25 due to new leases and escalations.

Operating Expenses of \$0.3 million were down \$0.1 million versus the prior year

### Other (not LOB-specific) Operating Expenses

- Commercial Administration expenses of \$5.4 million were slightly lower than the prior year.
- Infrastructure and other Administration expenses increased by \$1.1 million due to operations expenses up \$0.5 million primarily for a channel deepening study and homeport support service agreement allocations up \$0.5 million.

**NOTE:** An objective of operating statements would be to associate and reflect periodic depreciation expense with the related revenue generation, when calculating the Net Income earned by the NWSA (and subsequently distributed to the homeports). In accordance with the NWSA Charter, capital assets of the homeports existing at the start of the Alliance remain with the homeports. Thus, the depreciation expense for these capital assets, now licensed to the NWSA and relevant toward generating NWSA revenues, is not reflected in the NWSA Statement of Revenue and Expenses. Rather, the depreciation expense is recorded in the respective homeports' financial statements. Capital assets completed by the NWSA since the start of the Alliance and the related depreciation expense, however, are reflected in the NWSA operating statements.

# NW Seaport Alliance Scorecard

## June 30, 2019



### CARGO VOLUME

2019 YTD  
Actuals

2019  
Target

#### Containers (TEUs)

International 1.6 M 3.1 M  
Domestic 0.4 M 0.7 M

Break Bulk (Metric Tons) 141.3 K 181 K

Autos (Units) 80.7 K 183 K



### JOB CREATION

2019 YTD  
Actuals

2018  
Actuals

ILWU Hours 2.4 M 4.7 M



### FINANCIAL RETURNS

\$ in millions

2019 YTD  
Actuals

2019  
Budget

Operating Income  
(Before Depreciation) \$47.8 \$26.7

Return on assets 7.0% 6.5%



### ENVIRONMENTAL STEWARDSHIP

2019  
Actuals

2019  
Target

Water Quality  
(Improve Source Control)  
195 Acres (135 Acres West Sitcum, 56 Acres TCT, 4 Acres E. Sitcum)

53 Acres

Air Quality

(Reduce Greenhouse Gas Emissions)

15% Terminals Executed Fuel Efficiency Plans

36% Container Terminals Executed Fuel Efficiency Plans



THE NORTHWEST  
SEAPORT ALLIANCE

NORTHWEST SEAPORT ALLIANCE  
Statement of Revenue and Expense  
Year to Date Budget vs Actual  
North & South Harbor  
June 30, 2019  
(Dollars in Thousands)

	2019				2018	
	BUDGET	ACTUAL	VARIANCE	VAR %	ACTUAL	VARIANCE
Revenue	\$97,497	\$98,997	\$1,499	2%	\$92,371	\$6,626
Operating Expenses	54,620	51,212	3,407	6%	41,151	(10,061)
<b>Operating Income</b>	<b>42,878</b>	<b>47,784</b>	<b>4,907</b>	<b>11%</b>	<b>51,220</b>	<b>(3,435)</b>
<b>Interest Income (Expense)</b>						
Interest Income	700	856	156	22%	567	289
Market Value Adjustment	0	330	330	0%	(179)	508
<b>Net Interest Income</b>	<b>700</b>	<b>1,185</b>	<b>486</b>	<b>69%</b>	<b>388</b>	<b>798</b>
Non-Operating Inc/(Exp)	(1,026)	(322)	705	69%	31	(353)
Grant income	1,695	1,246	(449)	-27%	50	1,196
<b>Net Income</b>	<b>\$44,246</b>	<b>\$49,894</b>	<b>\$5,648</b>	<b>13%</b>	<b>\$51,689</b>	<b>(\$1,795)</b>



**NORTHWEST SEAPORT ALLIANCE**  
**North & South Harbor**  
**Trended Statement of Revenue and Expense**  
**June 30, 2019**  
**(Dollars in Thousands)**

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
<b>Operating Revenues</b>	<b>\$16,506</b>	<b>\$15,265</b>	<b>\$14,760</b>	<b>\$17,200</b>	<b>\$16,176</b>	<b>\$16,779</b>	<b>\$20,024</b>	<b>\$18,472</b>	<b>\$15,877</b>	<b>\$18,172</b>	<b>\$16,079</b>	<b>\$15,874</b>	<b>\$14,522</b>
Operations	3,620	2,953	3,701	3,531	3,224	3,443	5,795	3,630	2,924	7,598	3,559	3,280	3,248
Maintenance	1,068	1,417	1,489	1,585	1,250	1,611	1,164	1,423	1,401	1,491	1,438	1,379	1,252
Administration	1,707	1,605	1,702	1,368	1,734	1,678	1,258	1,569	1,494	1,777	1,826	1,664	1,712
Security	379	387	388	380	412	377	130	398	360	394	424	503	425
Depreciation	592	800	800	799	671	724	407	745	748	773	771	769	1,512
Environmental	159	215	113	194	34	294	347	94	171	113	86	167	96
<b>Total Operating Expense</b>	<b>7,525</b>	<b>7,377</b>	<b>8,193</b>	<b>7,857</b>	<b>7,325</b>	<b>8,127</b>	<b>9,101</b>	<b>7,859</b>	<b>7,098</b>	<b>12,146</b>	<b>8,104</b>	<b>7,762</b>	<b>8,245</b>
<b>Operating Income</b>	<b>8,981</b>	<b>7,888</b>	<b>6,567</b>	<b>9,343</b>	<b>8,851</b>	<b>8,652</b>	<b>10,923</b>	<b>10,613</b>	<b>8,779</b>	<b>6,026</b>	<b>7,975</b>	<b>8,112</b>	<b>6,277</b>
Interest Income	98	116	93	102	122	1,256	(1,002)	176	146	94	114	173	152
Market Value Adjustment	(29)	(61)	85	(41)	14	46	158	38	3	121	10	135	22
Grant Income	50	0	0	0	0	0	3,855	0	0	0	478	767	0
Misc. Non Op Income/(Expense)	(20)	5	29	(28)	5	(191)	3,510	(10)	(50)	35	(65)	0	(232)
<b>Non-Operating Revenue &amp; (Expense)</b>	<b>99</b>	<b>60</b>	<b>207</b>	<b>33</b>	<b>141</b>	<b>1,111</b>	<b>6,521</b>	<b>204</b>	<b>99</b>	<b>250</b>	<b>537</b>	<b>1,075</b>	<b>(58)</b>
<b>Net Income/(Loss)</b>	<b>\$9,080</b>	<b>\$7,948</b>	<b>\$6,774</b>	<b>\$9,376</b>	<b>\$8,992</b>	<b>\$9,763</b>	<b>\$17,444</b>	<b>\$10,817</b>	<b>\$8,878</b>	<b>\$6,276</b>	<b>\$8,512</b>	<b>\$9,187</b>	<b>\$6,219</b>

NORTHWEST SEAPORT ALLIANCE  
Statement of Net Position  
North & South Harbor  
June 30, 2019  
(Dollars in Thousands)

	Current Year	6/30/2018
<b>ASSETS</b>		
Cash	\$18,159	\$9,483
Investments	52,105	66,919
<b>Total Cash &amp; Investments</b>	<b>70,264</b>	<b>76,402</b>
Net Trade A/R	10,696	13,638
Other Receivables	2,261	2,680
<b>Total Current Assets</b>	<b>83,221</b>	<b>92,720</b>
Capital Assets	144,601	30,308
Construction in Progress	130,005	151,969
Less Accumulated Depreciation	14,337	4,818
Capital Assets, Net	260,269	177,459
Other Deferred Assets	106	2,812
<b>Total Other Long-term Assets</b>	<b>106</b>	<b>2,812</b>
<b>Total Assets</b>	<b>\$343,596</b>	<b>\$272,991</b>
<b>Deferred Outflows of Resources</b>		
Pension Deferred Outflow	1,652	481
<b>Total Assets and Deferred Outflows</b>	<b>\$345,248</b>	<b>\$273,472</b>
<b>LIABILITIES AND EQUITY</b>		
Accrued Payables	\$1,355	\$2,213
Related Party Payables - JV	3,285	3,252
Payroll and Benefits Liabilities	1,264	1,373
Other Accrued Liabilities	4,674	6,831
<b>Total Current Liabilities</b>	<b>10,578</b>	<b>13,669</b>
Rent Deposits	14,606	14,003
Net Payroll Liability	3,059	2,123
Other Noncurrent Liabilities	3,702	3,700
<b>Total Long Term Liabilities</b>	<b>21,367</b>	<b>19,826</b>
<b>Total Liabilities</b>	<b>31,945</b>	<b>33,495</b>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Inflow	1,258	349
<b>Total Equity</b>	<b>312,045</b>	<b>239,628</b>
<b>Total Liabilities, Deferred Inflow &amp; Equity</b>	<b>\$345,248</b>	<b>\$273,472</b>

**NORTHWEST SEAPORT ALLIANCE**  
**Summary of Cash Activities**  
**June 30, 2019**  
**(Dollars in Thousands)**

	2019	2018
Operating Income	\$ 47,753	\$ 51,219
Less: Non-cash income/expense items		
Depreciation	5,318	2,103
APL revenue earned	(4,500)	(4,500)
Cash earned in the current year	48,570	48,822
Timing adjustments		
Collection of APL lease term fee billed in 2017	-	9,000
Increases/decreases in payables and receivables	4,183	(264)
<b>Total Cash provided by Operating Activities</b>	<b>52,753</b>	<b>57,558</b>
<b>Less: Distributions to Homeports</b>		
Current year distributions	(45,570)	(53,860)
Prior Year distributions	(7,580)	(5,070)
Cash received from Homeports for Capital Construction Fund	30,641	38,229
Cash received from federal grants	4,676	77
Acquisition and construction of capital assets (net)	(43,275)	(40,818)
<b>Net Cash received(paid) for capital construction</b>	<b>(7,958)</b>	<b>(2,512)</b>
<b>Total Cash (to)from investments</b>	<b>16,253</b>	<b>6,233</b>
<b>Total Increase(Decrease) in Cash</b>	<b>7,898</b>	<b>2,349</b>
Plus: Beginning Cash Balance	10,261	7,134
<b>Ending Cash &amp; Investments</b>	<b>\$ 18,159</b>	<b>\$ 9,483</b>

**The Northwest Seaport Alliance**  
**Statement of Managing Members' Equity**  
**June 30, 2019**  
**(dollars in thousands)**

<b>Description</b>	<b>12/31/2018</b>	<b>2019 Changes</b>	<b>Ending Balance 12/31/2019</b>
Working capital	\$ 51,000	\$ -	\$ 51,000
Capital contruction	208,588	23,722	232,310
Non-cash CWIP	16,792	-	16,792
<b>Total Contributions</b>	<u>\$ 276,380</u>	<u>\$ 23,722</u>	<u>\$ 300,102</u>
Net income from JV	\$ 345,003	\$ 49,894	\$ 394,897
Cash distributions	(337,384)	(45,570)	(382,954)
<b>End Balance</b>	<u><u>\$ 283,999</u></u>	<u><u>\$ 28,045</u></u>	<u><u>\$ 312,045</u></u>

**Northwest Seaport Alliance**  
**Managing Members Cash Distribution Report**  
June 30, 2019

The cash distributions per Article IV of the Charter are shared 50/50 by each homeport. Homeports will receive 50% of the \$7,050,000 or \$3,525,000 each.

<b>Distribution Date*</b>	<b>Fiscal Month/Yr</b>	<b>Amount</b>	<b>YTD Distributions</b>
<u>7/23/19</u>	<u>June 2019</u>	<u>\$7,050,000</u>	<u>\$52,620,000</u>

\*Distribution date is approximate, actual cash transfer date is determined by NWSA Treasurer and is typically one week prior to month-end.

**Note:**

This report is per Article IV cash distributions, reserves and member bond obligations, section 4.1(a)  
“The PDA through the CEO will make distributions of all Distributable Cash to the Managing Members as soon as practicable after each Calculation Period. Prior to executing any distribution, the CEO shall provide a report of planned distributions to Managing Members.”