BOOK-ENTRY ONLY
NEW ISSUE

Moody's Rating: "Aa3"
S&P's Rating: "AA-"
Fitch's Rating: "AA-"
See "RATINGS" herein

In the opinion of Pacifica Law Group LLP, Bond Counsel, under existing law and subject to certain qualifications described herein, (a) the interest on the 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (b) the interest on the 2025B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2025B Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2025B 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, but interest on the 2025B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (c) interest on the 2025A Bonds and 2025B Bonds may affect the federal alternative minimum tax applicable to certain corporations. Interest on the 2025C Bonds is not intended to be exempt from federal income taxes. See "TAX MATTERS" herein.

Port of Seattle

$74,235,000
Intermediate Lien Revenue Bonds, Series 2025A
(Non-AMT)

$650,460,000
Intermediate Lien Revenue Bonds, Series 2025B
(AMT)

$22,550,000
Intermediate Lien Revenue Bonds, Series 2025C
(Taxable)

Dated: Date of Delivery

Due: As shown on the inside cover page

The Port of Seattle (the "Port") is issuing its Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT) (the "2025A Bonds"), Intermediate Lien Revenue Bonds, Series 2025B (AMT) (the "2025B Bonds"), and Intermediate Lien Revenue Bonds, Series 2025C (Taxable) (the "2025C Bonds" and, together with the 2025A Bonds and 2025B Bonds, the "Series 2025 Bonds") (i) to finance or refinance capital improvements to the aviation facilities as described herein (the "2025 Projects"), (ii) to make deposits to reserve accounts, (iii) to capitalize a portion of the interest on the Series 2025 Bonds, and (iv) to pay costs of issuing the Series 2025 Bonds.

The 2025A Bonds and 2025B Bonds will bear interest payable on April 1 and October 1 of each year, commencing October 1, 2025. The 2025C Bonds will bear interest payable on March 1 and September 1 of each year, commencing March 1, 2026. The Series 2025 Bonds are subject to redemption prior to their scheduled maturities, as described herein. The fiscal agent of the State of Washington, currently U.S. Bank Trust Company, National Association, is the registrar, authenticating agent and paying agent for the Series 2025 Bonds. When issued, the Series 2025 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, as more fully described herein.

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

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The Series 2025 Bonds are payable from and are secured by a pledge of Available Intermediate Lien Revenues of the Port as defined and described herein, on a parity with the Port's outstanding Intermediate Lien Parity Bonds and any future Intermediate Lien Parity Bonds as described herein. The Series 2025 Bonds and any outstanding and future revenue bonds issued on a parity of lien with the Series 2025 Bonds are collectively referred to in this Official Statement as the "Intermediate Lien Parity Bonds." **The Series 2025 Bonds are not general obligations of the Port or the State of Washington or of any political subdivision of the State of Washington. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2025 Bonds.**

The Series 2025 Bonds are offered when, as and if issued, subject to receipt of the approving legal opinions of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel and Disclosure Counsel to the Port. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that delivery of the Series 2025 Bonds will be made by Fast Automated Securities Transfer through DTC in New York, New York, on or about August 21, 2025.

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.

Morgan Stanley

Backstrom McCarley Berry & Co., LLC **Barclays** **Goldman, Sachs & Co. LLC**

Jefferies **Siebert Williams Shank**

Official Statement Dated August 6, 2025

Port of Seattle

$74,235,000
Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT)

Due (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No. (735389)
2033	$2,640,000	5.00%	3.04%	113.992	2T4
2034	2,770,000	5.00	3.18	114.294	2U1
2035	2,910,000	5.00	3.36	113.957	2V9
2036	3,050,000	5.00	3.60*	111.773	2W7
2037	3,205,000	5.00	3.76*	110.346	2X5
2038	3,365,000	5.00	3.92*	108.940	2Y3
2039	3,535,000	5.00	4.06*	107.727	2Z0
2040	3,720,000	5.00	4.19*	106.616	3A4
2041	3,900,000	5.00	4.32*	105.518	3B2
2042	4,090,000	5.00	4.42*	104.683	3C0
2043	4,290,000	5.00	4.55*	103.609	3D8
2044	4,505,000	5.00	4.63*	102.955	3E6
2045	4,735,000	5.00	4.69*	102.468	3F3
2046	4,965,000	5.00	4.74*	102.064	3G1
2047	5,230,000	5.00	4.82*	101.422	3H9

$17,325,000 5.25% Term Bond Due October 1, 2050, yield 4.86%*, price 103.081, CUSIP** No. 7353893J5

* Calculated to the par call date of October 1, 2035.

** CUSIP Global Services ("CGS") has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Official Statement's inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. Neither the Port, nor the Underwriters, nor their agents or counsel assume responsibility for the data's accuracy. CUSIP is a registered trademark of the American Bankers Association.

Port of Seattle

$650,460,000
Intermediate Lien Revenue Bonds, Series 2025B (AMT)

Due (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP** No. (735389)
2028	$13,900,000	5.00%	2.86%	106.323	3K2
2029	14,605,000	5.00	2.90	108.080	3L0
2030	15,340,000	5.00	3.05	109.160	3M8
2031	16,100,000	5.00	3.29	109.393	3N6
2032	16,910,000	5.00	3.47	109.564	3P1
2033	20,220,000	5.00	3.63	109.547	3Q9
2034	21,245,000	5.00	3.76	109.487	3R7
2035	22,290,000	5.00	3.93	108.853	3S5
2036	23,415,000	5.00	4.12*	107.212	3T3
2037	24,585,000	5.00	4.26*	106.023	3U0
2038	25,815,000	5.00	4.38*	105.016	3V8
2039	27,100,000	5.00	4.48*	104.186	3W6
2040	28,445,000	5.00	4.56*	103.527	3X4
2041	29,880,000	5.25	4.66*	104.709	3Y2
2042	31,465,000	5.25	4.78*	103.728	3Z9
2043	33,115,000	5.25	4.87*	103.000	4A3
2044	34,860,000	5.25	4.90*	102.759	4B1
2045	36,670,000	5.25	4.93*	102.518	4C9

$120,000,000 5.50% Term Bond Due October 1, 2050, yield 5.00%*, price 103.924, CUSIP** No. 7353894D7

$94,500,000 5.00% Term Bond Due October 1, 2050, yield 5.10%, price 98.587, CUSIP** No. 7353894E5

* Calculated to the par call date of October 1, 2035.

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Port of Seattle

$22,550,000
Intermediate Lien Revenue Bonds, Series 2025C (Taxable)

Due (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* No. (735389)
2028	$4,155,000	3.987%	3.987%	100.000	4F2
2029	4,320,000	4.135	4.135	100.000	4G0
2030	4,495,000	4.185	4.185	100.000	4H8
2031	4,685,000	4.438	4.438	100.000	4J4
2032	4,895,000	4.488	4.488	100.000	4K1

* Calculated to the par call date of October 1, 2035.

** CUSIP Global Services ("CGS") has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Official Statement's inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. Neither the Port, nor the Underwriters, nor their agents or counsel assume responsibility for the data's accuracy. CUSIP is a registered trademark of the American Bankers Association.

Port of Seattle

PORT COMMISSION

Name	Office	Term Expires
Toshiko Grace Hasegawa	President	December 31, 2025
Ryan Calkins	Vice-President	December 31, 2025
Sam Cho	Secretary	December 31, 2027
Fred Felleman	Commissioner	December 31, 2027
Hamdi Mohamed	Commissioner	December 31, 2025

CERTAIN EXECUTIVE STAFF

Stephen P. Metruck, Executive Director
Karen Goon, Deputy Executive Director
Elizabeth Morrison, Interim Chief Financial Officer
Matt Breed, Chief Information Officer
Arif Ghouse, Interim Managing Director, Aviation
Stephanie Jones Stebbins, Managing Director, Maritime
Neepaporn "A" Boungjaktha, Managing Director, Economic Development
Pete Ramels, General Counsel/Chief Compliance Officer

PORT HEADQUARTERS

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Seattle, Washington 98111
Telephone (206) 787-3000
*www.portseattle.org**

BOND AND
DISCLOSURE COUNSEL

Pacifica Law Group LLP
Seattle, Washington

MUNICIPAL ADVISOR

Piper Sandler & Co.
Seattle, Washington

BOND REGISTRAR

U.S. Bank Trust Company, National Association
Seattle, Washington

INDEPENDENT
AUDITOR FOR THE PORT

Moss Adams LLP
Seattle, Washington

INDEPENDENT
CONSULTANT

WJ Advisors LLC
Englewood, Colorado

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

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No dealer, broker, sales representative or other person has been authorized by the Port to give any information or to make any representations with respect to the Series 2025 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Port. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The Port has obtained the information set forth herein from Port records and from other sources that the Port believes to be reliable, 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 this Official Statement nor any sale of the Series 2025 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the Port and purchasers or owners of any of the Series 2025 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 prices or yields set forth on the inside cover page and pages ii and iii hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2025 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than or at yields higher than the public offering prices or yields stated on the inside cover page and page ii 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 funding, statutory and regulatory actions, litigation, population changes, financial conditions of tenants and/or other users of Port or Seaport Alliance facilities, technological change and various other events, conditions and circumstances, many of which are beyond the control of the Port.

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OFFICIAL STATEMENT

RELATING TO

PORT OF SEATTLE

$74,235,000	$650,460,000	$22,550,000
Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT)	**Intermediate Lien Revenue Bonds, Series 2025B (AMT)**	**Intermediate Lien Revenue Bonds, Series 2025C (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 $74,235,000 of its Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT) (the "2025A Bonds"), $650,460,000 of its Intermediate Lien Revenue Bonds, Series 2025B (AMT) (the "2025B Bonds"), and $22,550,000 of its Intermediate Lien Revenue Bonds, Series 2025C (Taxable) (the "2025C Bonds" and, together with the 2025A Bonds and 2025B Bonds, the "Series 2025 Bonds").

The fiscal agent of the State of Washington (the "State"), currently U.S. Bank Trust Company, National Association, is the registrar, authenticating agent and paying agent (the "Registrar") for the Series 2025 Bonds.

The Port is issuing the Series 2025 Bonds pursuant to Title 53 of the Revised Code of Washington ("RCW") and pursuant to Resolution No. 3540, as amended, adopted by the Commission on June 14, 2005 (the "Intermediate Lien Master Resolution"), and Resolution No. 3837, adopted by the Commission on May 27, 2025, (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"). Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Resolution, copies of which are included in this Official Statement as Appendix G.

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

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

Security and Sources of Payment for the Series 2025 Bonds

The Series 2025 Bonds are payable solely from and are secured by a pledge of Available Intermediate Lien Revenues (hereinafter defined). The Series 2025 Bonds and any outstanding and future revenue bonds issued by the Port on a parity of lien with the Series 2025 Bonds are referred to collectively in the Intermediate Lien Master Resolution and in this Official Statement as the "Intermediate Lien Parity Bonds." **The Series 2025 Bonds are not general obligations of the Port or the State or of any political subdivision of the State. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged to the payment of the Series 2025 Bonds.**

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

See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS" and the definitions in Appendix G.

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

"First Lien Bonds" are defined in the Intermediate Lien Master Resolution as revenue bonds of the Port that have been or that in the future may be issued by the Port as "Parity Bonds" under Resolution No. 3059, as amended, adopted by the Commission on February 2, 1990, as amended and restated by Resolution No. 3577, adopted by the Commission on February 27, 2007, and as amended, supplemented and restated from time to time (the "First Lien Master Resolution"). The First Lien Bonds and any revenue bonds or revenue obligations with a lien on Net Revenues that is junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds are referred to collectively in the Intermediate Lien Master Resolution and in this Official Statement as "Permitted Prior Lien Bonds." The Intermediate Lien Master Resolution does not limit the Port's ability to issue Permitted Prior Lien Bonds. As of the date of this Official Statement, the only Permitted Prior Lien Bonds outstanding are First Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS" and "OUTSTANDING PORT INDEBTEDNESS."

The Intermediate Lien Master Resolution includes a number of covenants by the Port for the benefit of the owners and holders of each of the Intermediate Lien Parity Bonds and conditions that must be satisfied before the Port may issue additional Intermediate Lien Parity Bonds, including the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS."

Subordinate Obligations

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

Continuing Disclosure

To assist the Underwriters in complying with Rule 15c2-12(b)(5), the Port has covenanted for the benefit of the holders and beneficial owners of the Series 2025 Bonds to provide certain financial information and operating data and to give notices of certain events. See "CONTINUING DISCLOSURE" and Appendix H.

Reports of the Independent Consultant

In connection with the Port's issuance of the Series 2025 Bonds, WJ Advisors LLC, as independent consultant to the Port (the "Independent Consultant"), prepared its Letter Report of the Independent Consultant (the "2025 Letter Report"). The 2025 Letter Report incorporates the Report of the Airport Consultant on the Proposed Issuance of Port of Seattle Revenue Refunding Bonds, Series 2024A (Non-AMT), Revenue and Refunding Bonds, Series 2024B (AMT), and Revenue Bonds, Series 2024C (Taxable) dated July 18, 2024 (the "2024 Report" and, together with the 2025 Letter Report, the "Reports") and notes subsequent events and revised assumptions used in the Port's financial forecast since the date of the 2024 Report. The 2025 Letter Report summarizes the results of the Port's financial forecasts for 2025 through 2030 (the "Forecast Period") and includes key findings of the Independent Consultant's review of such forecasts. This Official Statement includes the 2024 Report and 2025 Letter Report with the consent of the Independent Consultant, and in reliance upon the Independent Consultant's expertise in preparing such reports. **The Reports should be read in their entirety for an understanding of the forecasts and underlying assumptions therein.**

The Port's financial forecasts presented in the Reports rely on key assumptions and projections. Financial forecasts in the 2025 Letter Report incorporate actual 2024 operating revenues, expenses, and capital improvement program expenditures (as opposed to projected results) and reflect actual rather than estimated debt service on the Series 2024ABC Bonds. The Forecast Period reviewed in the 2025 Letter Report includes one additional year of capital program expenditures (2030) as compared to the forecast period reviewed in the 2024 Report and also includes updated project cost, timing and funding information for the Forecast Period as compared to the 2024 Report. The forecasts presented in the 2025 Letter Report assume that the Port will implement the approximately $5.9 billion Port capital improvement program, and includes approximately $4.9 billion of capital program expenditures that are identified in the Airport capital improvement program, which include certain significant projects the Port expects to complete after the Forecast Period. The 2025 Letter Report states that the new Airline Agreement does not include material changes to the methodology used to calculate airline rates and charges used in the 2024 Report. See "THE AIRPORT—The Airline Agreements." The financial projections in the 2025 Letter Report do not take account of debt service savings that may result from refundings during the Forecast Period.

The financial forecasts presented in the 2025 Letter Report reflect Port management's expected course of action during the Forecast Period and, in Port management's judgment, present fairly the Port's expected financial results under the assumptions described in the 2025 Letter Report. In the opinion of the Independent Consultant, as set forth more specifically in the 2025 Letter Report, the underlying assumptions provide a reasonable basis for the forecasts presented in the 2025 Letter Report.

The Independent Consultant assisted the Port in identifying key factors affecting the projection of Port financial metrics for the Forecast Period and in formulating assumptions about the factors. **The results, key findings and assumptions of the Independent Consultant's analyses are summarized in the Reports, which are a part of this Official Statement and should be read in their entirety.** See the Reports of the Independent Consultant in Appendix C.

Audited Financial Statements

Attached to this Official Statement as Appendix A are the financial statements of the Port of Seattle Enterprise Fund and the Warehousemen's Pension Trust Fund as of December 31, 2024 and 2023, and for the years ended December 31, 2022 through 2024. The audited financial statements of the Seaport Alliance for the year ended December 31, 2024, are included in this Official Statement as Appendix B. See "INDEPENDENT AUDITORS" and Appendices A and B. None of the Port's independent auditor, the Seaport Alliance's independent auditor, or any other independent accountants has compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the prospective financial information.

Investment Considerations

The Series 2025 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2025 Bonds should carefully consider the information set forth in this Official Statement and confer with their own tax and financial advisors before deciding whether to purchase the Series 2025 Bonds.

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

Miscellaneous

This Official Statement includes brief descriptions of the Series 2025 Bonds, the Resolution, and certain statutes and agreements. Such descriptions do not purport to be comprehensive or definitive. All references herein to such instruments, documents and statutes and to any other documents, statutes, agreements or other instruments described herein are qualified in their entirety by reference to each such document, statute or other instrument.

SOURCES AND USES OF SERIES 2025 BOND PROCEEDS

Use of Proceeds

2025A Bonds. The Port is issuing the 2025A Bonds (i) to finance or refinance capital improvements to the aviation facilities described under the heading "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2025 Projects, (ii) to capitalize a portion of the interest on the 2025A Bonds, (iii) to make a deposit to the Intermediate Lien Reserve Account, and (iv) to pay costs of issuing the 2025A Bonds.

2025B Bonds. The Port is issuing the 2025B Bonds (i) to finance or refinance capital improvements to the aviation facilities described under the heading "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2025 Projects, (ii) to capitalize a portion of the interest on the 2025B Bonds, (iii) to make a deposit to the Intermediate Lien Reserve Account, and (iv) to pay costs of issuing the 2025B Bonds.

2025C Bonds. The Port is issuing the 2025C Bonds (i) to finance or refinance capital improvements to the aviation facilities described under the heading "CAPITAL PLAN FUNDING," including reimbursing the Port for costs of the 2025 Projects, (ii) to capitalize a portion of the interest on the 2025C Bonds, (iii) to make a deposit to the Intermediate Lien Reserve Account, and (iv) to pay costs of issuing the 2025C Bonds.

Sources and Uses of Funds

The Port expects to apply the proceeds of the Series 2025 Bonds as follows:

Sources	2025A Bonds	2025B Bonds	2025C Bonds	Total
Principal Amounts	$ 74,235,000	$ 650,460,000	$ 22,550,000	$ 747,245,000
Original Issue Net Premium	4,204,420	27,947,074	--	32,151,494
Total Sources	$ 78,439,420	$ 678,407,074	$ 22,550,000	$ 779,396,494
Uses				
Project Account Deposit(1)	$ 68,850,749	$ 596,323,576	$ 19,620,548	$ 684,794,873
Capitalized Interest	5,433,942	45,848,596	1,679,162	52,961,700
Intermediate Lien Reserve Account Deposit	3,883,125	34,024,619	1,179,558	39,087,302
Costs of Issuance(2)	271,604	2,210,283	70,732	2,552,619
Total Uses	$ 78,439,420	$ 678,407,074	$ 22,550,000	$ 779,396,494

Note: Totals may not foot due to rounding.

(1) Includes amounts applied to reimburse prior expenditures.

(2) Represents costs of issuing the Series 2025 Bonds, including Underwriters' discount, legal fees, rating agency fees, Independent Consultant fees, and fees of the Municipal Advisor, as well as additional proceeds and/or rounding amounts.

DESCRIPTION OF THE SERIES 2025 BONDS

General

Series 2025 Bonds. The Series 2025 Bonds are to mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover page and pages ii and iii of this Official Statement. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

2025A Bonds. The 2025A Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the 2025A Bonds is to be payable on October 1, 2025, and semiannually on each April 1 and October 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

2025B Bonds. The 2025B Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the 2025B Bonds is to be payable on October 1, 2025, and semiannually on each April 1 and October 1 thereafter, at the rates set forth on the inside cover page of this Official Statement.

2025C Bonds. The 2025C Bonds are to be dated as of and are to bear interest from their date of delivery. Interest on the 2025C Bonds is to be payable on March 1, 2026, and semiannually on each September 1 and March 1 thereafter, at the rates set forth on page ii of this Official Statement.

Book-Entry Only Form. The Series 2025 Bonds are being issued in fully registered form in denominations of $5,000 and integral multiples thereof within a series and maturity and interest rate and when issued will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2025 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interest in the Series 2025 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2025 Bonds, as nominee of DTC, references herein to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. (or such other nominee) and not the Beneficial Owners of the Series 2025 Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Series 2025 Bonds.

So long as Cede & Co. is the registered owner of the Series 2025 Bonds, the principal of and interest on the Series 2025 Bonds are payable by wire transfer to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See Appendix F.

Optional Redemption

2025A Bonds. The 2025A Bonds maturing on or after October 1, 2036, are subject to redemption at the option of the Port on or after October 1, 2035, as a whole or in part on any date, with the maturities and interest rates to be selected by the Port, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

2025B Bonds. The 2025B Bonds maturing on or after October 1, 2036, are subject to redemption at the option of the Port on or after October 1, 2035, as a whole or in part on any date, with the maturities and interest rates to be selected by the Port, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

2025C Bonds. The 2025C Bonds are subject to redemption at the option of the Port as a whole or in part on any date with the maturities and interest rates to be selected by the Port, at a redemption price described below (the "Make-Whole Redemption Price").

Make-Whole Optional Redemption. The 2025C Bonds are subject to optional redemption prior to their respective stated maturity dates, at the option of the Port, in whole or in part, in such order of maturity as may be designated by the Port and on a pro rata pass-through distribution of principal basis within any maturity, on any date at a redemption price (the "Make-Whole Redemption Price") equal to the greater of:

(1) the issue price of 100% of the principal amount of the 2025C Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2025C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2025C Bonds are to be redeemed, discounted to the date on which the 2025C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 10 basis points;

plus, in each case, accrued interest on the 2025C Bonds to be redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular 2025C Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that is publicly available at 11:00 am Eastern time on a date selected by the Port that is at least three Business Days prior to the redemption date but no more than 30 days prior to the redemption date (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 2025C Bond to be redeemed.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Registrar is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed. See "—Partial Redemption; Selection of Series 2025 Bonds."

Mandatory Sinking Fund Redemption

The 2025A Bonds maturing on October 1, 2050 (the "2025A Bonds Term Bonds"), are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption on October 1 in the years and amounts as follows:

Year	Mandatory Sinking Fund Redemption
2048	$5,480,000
2049	5,775,000
2050*	6,070,000
Total	$17,325,000

* Final Maturity.

The 2025B Bonds with a 5.50% coupon, maturing on October 1, 2050 (the "2025B Bonds (5.50% Coupon) Term Bonds"), are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption on October 1 in the years and amounts as follows:

Year	Mandatory Sinking Fund Redemption
2046	$21,500,000
2047	22,685,000
2048	23,930,000
2049	25,250,000
2050*	26,635,000
Total	$120,000,000

* Final Maturity.

The 2025B Bonds with a 5.00% coupon, maturing on October 1, 2050 (the "2025B Bonds (5.00% Coupon) Term Bonds" and, together with the 2025A Bonds Term Bonds and 2025B Bonds (5.50% Coupon) Term Bonds, the "2025 Bonds Term Bonds"), are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption on October 1 in the years and amounts as follows:

Year	Mandatory Sinking Fund Redemption
2046	$17,115,000
2047	17,945,000
2048	18,850,000
2049	19,795,000
2050*	20,795,000
Total	$94,500,000

* Final Maturity.

If the Port redeems a portion of the 2025 Bonds Term Bonds under the optional redemption provisions described above or purchases for cancellation or defeases a portion of the 2025 Bonds Term Bonds, the 2025 Bonds Term Bonds so redeemed, purchased for cancellation, or defeased (irrespective of their actual redemption or purchase prices) will be credited at the principal amount thereof against one or more scheduled mandatory redemption amounts for such 2025 Bonds Term Bonds as directed by the Port.

Purchase of Series 2025 Bonds

In the Resolution, the Port has reserved the right to use at any time the proceeds of refunding bonds, any surplus Gross Revenue available after providing for the payments required by paragraph ***First*** through ***Eleventh*** described under the heading "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds" and/or any other legally available funds to purchase any of the Series 2025 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative. Any Series 2025 Bonds so purchased will be cancelled if delivered to the Registrar. If any Series 2025 Bonds so purchased are term bonds, the Port may allocate the principal amount of the purchased Series 2025 Bonds to the principal amortization schedule of those term bonds.

Selection of Series 2025 Bonds for Redemption or Purchase

The Resolution provides that, if Series 2025 Bonds are designated for optional redemption or purchase as described under "Purchase of Series of 2025 Bonds," the series, maturities, and interest rates of such Series 2025 Bonds shall be selected by the Port. In the event that Series 2025 Bonds are designated for redemption or purchase as described under "Purchase of Series of 2025 Bonds," the Port may designate which sinking fund installments or portions thereof, are to be reduced as allocated to such redemption or purchase.

The Resolution provides that, if any Series 2025 Bonds to be redeemed (optional, mandatory, or as described under "Purchase of Series of 2025 Bonds") are then held in book-entry-only form, the selection of such Series 2025 Bonds within a series, maturity, and interest rate to be redeemed within a maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2025 Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2025 Bonds to be redeemed will be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2025 Bonds having the same maturity date and interest rate within a series, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed within the series, maturity, and interest rate will be selected by lot (or in such other random manner determined by the Registrar) in increments of $5,000, provided that the Port may allocate the principal amount of the Series 2025 Bonds so redeemed to the principal amortization scheduled of those term bonds. In the case of a Series 2025 Bond within a series, maturity, and interest rate of a denomination greater than $5,000, the Port and Registrar will treat each Series 2025 Bond of the applicable series, maturity and interest rate as representing such number of separate Series 2025 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2025 Bonds of the applicable series, maturity, and interest rate by $5,000. In the event that only a portion of the principal amount of a Series 2025 Bond is redeemed, upon surrender of such Series 2025 Bond at the principal office of the Registrar there will be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2025 Bond or, at the option of the Registered Owner, a Series 2025 Bond of like series, maturity, and interest rate in any of the denominations herein authorized.

Notice of Redemption; Effect of Redemption

The Resolution also provides that written notice of any redemption of Series 2025 Bonds prior to maturity shall be given by the Registrar (which shall be DTC so long as such Bonds are held in book-entry form with DTC) on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2025 Bonds that are to be redeemed at their last addresses shown on the Bond Register. 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 Series 2025 Bonds are in book–entry form with DTC, notice of redemption shall be given to Beneficial Owners of Series 2025 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository) and that neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Pursuant to the Resolution, unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2025 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2025 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2025 Bonds, then from and after the date fixed for redemption for such Series 2025 Bond or portion thereof, interest on each such Series 2025 Bond shall cease to accrue and such Series 2025 Bond or portion thereof shall cease to be Outstanding.

Conditional Optional Redemption; Rescission

The Resolution permits, in the case of optional redemption, notices of optional redemption to be conditional or to be rescinded at the option of the Port. If conditional, the notice is to state that the notice of redemption is conditional and the conditions that must be met to permit redemption. The Resolution provides that the notice is to state further that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2025 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2025 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2025 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2025 Bonds.

Defeasance

The Resolution provides that in the event money and/or non-callable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2025 Bonds in accordance with their terms are hereafter irrevocably delivered to the Registrar for payment of such Series 2025 Bonds or set aside in a special account and pledged to effect such redemption or retirement, and if the Series 2025 Bonds (or portion thereof) are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption, has been delivered to the Registrar, then no further payments need be made to the Intermediate Lien Bond Fund (as hereinafter defined) or any account therein for the payment of the principal of and premium, if any, and interest on the Series 2025 Bonds (so provided for). Such Series 2025 Bonds shall cease to be entitled to any lien, benefit or security of the Resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2025 Bonds shall no longer be deemed to be outstanding under the Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

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

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

SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS

Pledge of Available Intermediate Lien Revenues

The Intermediate Lien Parity Bonds, including the Series 2025 Bonds, are revenue obligations of the Port payable from and secured by a pledge of Available Intermediate Lien Revenues. As defined in the Intermediate Lien Master Resolution, "Available Intermediate Lien Revenues" means Gross Revenue of the Port (excluding Released Revenues, if any) after payment of (i) all Operating Expenses not paid from other sources; (ii) all payments, including sinking fund payments, required to be made into the debt service accounts within any redemption fund maintained for First Lien Bonds; (iii) all payments required to be made into any reserve accounts maintained for First Lien Bonds to secure payment of any First Lien Bonds; and (iv) all payments required to be made into any other revenue bond redemption fund and debt service accounts or reserve accounts that may be created in the future to pay and secure the payment of the principal of and premium, if any, and interest on any revenue bonds or other revenue obligations of the Port having liens on Net Revenues and the money in the Revenue Fund junior and inferior to the lien of the First Lien Bonds but prior to the lien of the Intermediate Lien Parity Bonds.

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

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

The Intermediate Lien Master Resolution provides for the creation of a bond fund (the "Intermediate Lien Bond Fund") and a reserve account (the "Intermediate Lien Reserve Account"), each held by the Chief Financial Officer of the Port as the Port's Treasurer, and provides that the Intermediate Lien Parity Bonds are obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account. In the Intermediate Lien Master Resolution, the Port irrevocably obligates and binds itself for so long as any Intermediate Lien Parity Bonds remain outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Port's general fund, airport development fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenue (the "Revenue Fund"), on or prior to the respective dates on which the same become due, the principal of and premium, if any, and interest on the outstanding Intermediate Lien Parity Bonds. See Section 3 of the Intermediate Lien Master Resolution and Section 6 of the Series Resolution in Appendix G. The principal of and interest on the Intermediate Lien Parity Bonds are payable from and are secured by an equal lien and charge upon Available Intermediate Lien Revenues superior to all other liens and charges of any kind or nature whatsoever, subject to the prior liens and charges of Permitted Prior Lien Bonds. Net Payments (but not termination payments) made by the Port with respect to any Parity Derivative Product would be equal in rank to the lien of Intermediate Lien Parity Bonds on Available Intermediate Lien Revenues. The Port has not entered into swap agreements or Parity Derivative Products. No property or property tax revenues secure the repayment of the Intermediate Lien Parity Bonds, including the Series 2025 Bonds.

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

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

Neither the Intermediate Lien Master Resolution nor any series resolutions authorizing outstanding Intermediate Lien Parity Bonds or the Series 2025 Bonds requires the Port to make deposits into the Intermediate Lien Bond Fund for Intermediate Lien Parity Bonds prior to the date on which the principal of and interest on such Intermediate Lien Parity Bonds come due. See "—Flow of Funds" and Section 3 of the Intermediate Lien Master Resolution in Appendix G.

Released Revenues

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

Flow of Funds

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

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

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

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

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

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on the Intermediate Lien Parity Bonds (including the Series 2025 Bonds) and without duplication, to make Net Payments due with respect to any derivative product secured by a pledge of and lien on Available Intermediate Lien Revenues on an equal and ratable basis with outstanding Intermediate Lien Parity Bonds;

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

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

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

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

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

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

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

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

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

The Port's outstanding variable rate Subordinate Lien Parity Bonds are secured by bank letters of credit. Although none of the Port's revenue bonds is subject to acceleration, an event of default under any of the bank reimbursement agreements pursuant to which the letters of credit were issued, among other events, would entitle the issuer of such letter of credit to require the mandatory tender for purchase of all of the Subordinate Lien Parity Bonds secured by such letter of credit. In that event, the Port would be required to reimburse the letter of credit issuer or to purchase or redeem all of such bonds over the period (currently up to five years or less) and to pay interest at the rates set forth in the applicable reimbursement agreement. All of the Series 2025 Bonds bear interest at fixed rates payable semiannually and, as described above, the Port is required to make deposits to pay interest on the Series 2025 Bonds on or before the semiannual interest payment dates and to pay principal on the Series 2025 Bonds on or before annual principal payment dates. Interest on the Port's variable-rate Subordinate Lien Parity Bonds is payable monthly or on another interest payment schedule. See "OUTSTANDING PORT INDEBTEDNESS—Subordinate Lien Parity Bonds."

Intermediate Lien Reserve Account

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

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

The Intermediate Lien Reserve Account is a pooled reserve that secures all outstanding and future Intermediate Lien Parity Bonds. As of July 2, 2025, the existing Intermediate Lien Reserve Requirement of $238,705,570 is funded with cash and securities. See "OTHER MATTERS—Investment Policy." Upon the closing and delivery of the Series 2025 Bonds, the Intermediate Lien Reserve Requirement will be $277,792,872.

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

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

Intermediate Lien Rate Covenant

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

The Intermediate Lien Master Resolution also provides that, for purposes of the Intermediate Lien Rate Covenant, the "Amount Due" in each fiscal year of the Port shall be equal to (a) Scheduled Debt Service, plus (b) amounts required to be deposited during such fiscal year from Available Intermediate Lien Revenues into the Intermediate Lien Reserve Account, plus (c) any other amounts due to any Credit Facility Issuer or any Liquidity Facility Issuer, but excluding from the foregoing (i) payments made or to be made from refunding debt and capitalized debt service or other money irrevocably (by Commission resolution) set aside for such payment, and (ii) Intermediate Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative.

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

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

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

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

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

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

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

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

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

Other Covenants

The Port has made a number of other covenants in the Resolution for the benefit of the holders and owners from time to time of the Intermediate Lien Parity Bonds, including taking or requiring to be taken such acts as may reasonably be within the Port's ability and required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on the Series 2025 Bonds. See “TAX MATTERS” herein and the Intermediate Lien Series Resolution and Section 6 of the Intermediate Lien Master Resolution in Appendix G.

Permitted Prior Lien Bonds

Additional First Lien Bonds. The First Lien Master Resolution provides that the Port may issue bonds having a lien and charge upon Net Revenues equal to that of the outstanding First Lien Bonds (the “Additional First Lien Bonds”) if (i) the Port has not been in default of its First Lien Bond rate covenant set forth in the First Lien Master Resolution for the immediately preceding fiscal year, and (ii) a certificate prepared by either a Consultant or the Port is filed demonstrating fulfillment of the First Lien Bond Coverage Requirement (defined below) for the first full fiscal year following the earlier of (a) the Date of Commercial Operation of the Facilities to be financed with the proceeds of the Additional First Lien Bonds, or (b) the date on which any portion of interest on the Additional First Lien Bonds then being issued will no longer be paid from the proceeds of such Additional First Lien Bonds, and for the following two fiscal years. As defined in the First Lien Master Resolution, the Coverage Requirement for the First Lien Bonds (the “First Lien Bond Coverage Requirement”) means Net Revenues equal to or greater than 135 percent of Aggregate Annual Debt Service (as defined in the First Lien Master Resolution) for all outstanding First Lien Bonds and all First Lien Bonds authorized but unissued. Net Revenues are to be based upon the financial statements of the Port for the Base Period (defined below), in the case of a certificate filed by the Port, and upon Net Revenues for the Base Period with such adjustments as the Consultant deems reasonable, in the case of a certificate filed by a Consultant. Under the First Lien Master Resolution, “Date of Commercial Operation” means the date on which the Facilities (as defined in the First Lien Master Resolution) are first ready for normal continuous operation, or if portions of the Facilities are placed in normal continuous operation at different times, the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port, or if used with reference to Facilities to be acquired, the date on which such acquisition is final. “Base Period” means any consecutive 12 month period selected by the Port out of the 30-month period next preceding the date the Additional First Lien Bonds are issued.

Under the First Lien Master Resolution, Additional First Lien Bonds may be issued without satisfying the requirements described above for (i) refunding purposes under certain conditions, or (ii) paying Costs of Construction for Facilities for which First Lien Bonds have been issued previously if the principal amount of the Additional First Lien Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15 percent of the principal amount of First Lien Bonds theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed (as shown in a written certificate of a Designated Port Representative) and if a Consultant’s certificate is delivered stating that the nature and purpose of the Facilities have not changed materially. The First Lien Master Resolution also permits the Port to issue refunding First Lien Bonds without satisfying the First Lien Coverage Requirement if the Maximum Annual Debt Service to be outstanding after the issuance of the refunding First Lien Bonds will not be greater than Maximum Annual Debt Service (as defined in the First Lien Master Resolution) were such refunding not to occur. The First Lien Master Resolution also provides that if and to the extent specified in a series resolution authorizing Additional First Lien Bonds, a Repayment Obligation may be secured by a pledge of and a lien on Gross Revenue on a parity with any other outstanding First Lien Bonds.

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

Additional Intermediate Lien Parity Bonds

General. The Intermediate Lien Master Resolution provides that the Port may issue bonds having a lien and charge upon the Available Intermediate Lien Revenues equal to that of the outstanding Intermediate Lien Parity Bonds if the Port is not in default under the Intermediate Lien Master Resolution and if the Port meets the conditions described below under “—Certificate Required” or “—No Certificate Required.”

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

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

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

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

Refunding Permitted Prior Lien Bonds. Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding any Permitted Prior Lien Bonds; provided, however, that prior to the issuance of such Intermediate Lien Parity Bonds, the Port must provide a certificate if such a certificate would be required if the Permitted Prior Lien

Bonds to be refunded were Intermediate Lien Parity Bonds. For the purposes of determining whether a certificate is required and for the purpose of preparing any such certificate, the debt service on the Permitted Prior Lien Bonds shall be calculated as if such Permitted Prior Lien Bonds were Intermediate Parity Lien Bonds. See Section 5(c)(2) of the Intermediate Lien Master Resolution in Appendix G.

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

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

The Intermediate Lien Master Resolution provides certain actions Registered Owners of the Series 2025 Bonds may take following the occurrence of a payment default on the Series 2025 Bonds or a default by the Port in the observance or performance of any other covenants, conditions or agreements on the part of the Port contained in the Intermediate Lien Master Resolution and the continuance of such covenant default for a period of 90 days. See Section 11 of the Intermediate Lien Master Resolution in Appendix G. The Intermediate Lien Master Resolution also provides that a Credit Facility Issuer is deemed to be the only party entitled to waive any default, to exercise the remedies provided in the Intermediate Lien Master Resolution and to consent to amendments of the Intermediate Lien Master Resolution in connection with Intermediate Lien Parity Bonds insured by such Credit Facility Issuer. See Sections 9 and 11 of the Intermediate Lien Master Resolution in Appendix G.

Payment of the principal of and accrued interest on the Intermediate Lien Parity Bonds, including the Series 2025 Bonds, is not subject to acceleration upon the occurrence and continuance of a default under the Intermediate Lien Master Resolution. Payments of debt service on Intermediate Lien Parity Bonds are required to be made only as they become due. In the event of multiple defaults in payment of principal of or interest on the Series 2025 Bonds, the Series 2025 Bond owners could be required to bring a separate action for each such payment not made. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies. See Section 11 of the Intermediate Lien Master Resolution in Appendix G.

OUTSTANDING PORT INDEBTEDNESS

First Lien Bonds

As described above, the Port has reserved the right to issue additional First Lien Bonds upon compliance with the provisions of the First Lien Master Resolution and to issue bonds secured by a lien or liens on Net Revenues senior to the lien of the Intermediate Lien Parity Bonds and subordinate to the lien of the First Lien Bonds. The First Lien Bonds are currently the only Permitted Prior Lien Bonds outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Permitted Prior Lien Bonds," and "PORT FINANCIAL MATTERS." As of July 2, 2025, the Port had outstanding the following series of First Lien Bonds.

TABLE 2
OUTSTANDING FIRST LIEN BONDS

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (7/2/2025)	Final Maturity Date
3619	07/16/2009	2009B-2	$ 22,000,326[(1)]	$ 55,506,801[(1)]	05/01/2031
3721	08/02/2016	2016B	124,380,000	84,505,000	10/01/2032
3721	08/02/2016	2016C	6,180,000	3,830,000	10/01/2032
3787	06/30/2021	2021	43,015,000	18,625,000	09/01/2026
				$ 162,466,801	

(1) Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of $38,109,210 through July 2, 2025.

Source: *Port of Seattle*

The First Lien Master Resolution does not require that a debt service reserve fund be created for each series of First Lien Bonds and does not require that any minimum amount be deposited to a reserve fund for First Lien Bonds. At the option of the Port, First Lien Bonds may be secured by the Common Reserve Fund or may be secured by a separate reserve fund authorized by a series resolution. The Common Reserve Fund Requirement means a dollar amount equal to the lesser of (i) 50 percent of Maximum Annual Debt Service on all Outstanding Covered Bonds, and (ii) the Tax Maximum for all Outstanding Covered Bonds, determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds). The term "Covered Bonds" means the Port's Revenue Bonds, Series 2016B and Series 2016C, the Port's First Lien Revenue Refunding Bonds, Series 2021 (Private Activity, AMT), and any First Lien Bonds designated in the future as Covered Bonds secured by the Common Reserve Fund. As of July 2, 2025, the Common Reserve Fund Requirement is $11,821,095 and is satisfied by existing cash and securities. See "OTHER MATTERS—Investment Policy." The Common Reserve Fund Requirement is recalculated from time to time upon the issuance of a series of Covered Bonds and also, at the Port's option, upon the payment of principal of Covered Bonds.

The Port is not required to replace or otherwise address any surety policy securing First Lien Bonds upon a downgrade or withdrawal of ratings of the surety provider. In the event that a surety is terminated, or in the event the surety provider is insolvent or no longer in existence, the Port is required to satisfy the Common Reserve Fund Requirement or the reserve fund requirement for First Lien Bonds that are not Covered Bonds with a replacement surety or letter of credit within one year, or with cash within three years after such termination, insolvency or incapacity, as further provided in the First Lien Master Resolution and series resolutions.

Amounts on deposit in reserve funds for outstanding First Lien Bonds that are not Covered Bonds are not available to pay debt service on Covered Bonds, and amounts on deposit in the Common Reserve Fund are not available to pay First Lien Bonds that are not Covered Bonds. The Series 2009B-2 First Lien Bonds are not Covered Bonds and the debt service reserve fund for these bonds is funded with cash and securities.

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Intermediate Lien Parity Bonds

As of July 2, 2025, the Port had outstanding the following series of Intermediate Lien Parity Bonds (excluding the Series 2025 Bonds). See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS."

TABLE 3
OUTSTANDING INTERMEDIATE LIEN PARITY BONDS

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (7/2/2025)	Final Maturity Date
3709	08/06/2015	2015C	$ 226,275,000	$ 165,730,000	04/01/2040
3722	08/02/2016	2016	99,095,000	84,555,000	02/01/2030
3735	08/22/2017	2017A	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	2017B	264,925,000	161,930,000	05/01/2036
3735	08/22/2017	2017C	313,305,000	261,675,000	05/01/2042
3735	08/22/2017	2017D	93,230,000	23,830,000	05/01/2027
3749	06/21/2018	2018A	470,495,000	404,975,000	05/01/2043
3749	06/21/2018	2018B	85,145,000	32,225,000	05/01/2028
3758	08/07/2019	2019	457,390,000	406,220,000	04/01/2044
3786	06/30/2021	2021A	47,025,000	11,055,000	12/01/2030
3786	06/30/2021	2021B	148,765,000	127,790,000	06/01/2040
3786	06/30/2021	2021C	514,390,000	455,050,000	08/01/2046
3786	06/30/2021	2021D	41,395,000	36,460,000	08/01/2031
3801	08/11/2022	2022A	206,200,000	206,200,000	08/01/2033
3801	08/11/2022	2022B	585,930,000	551,615,000	08/01/2047
3801	08/11/2022	2022C	70,435,000	39,275,000	08/01/2032
3826	08/15/2024	2024A	168,975,000	158,955,000	03/01/2040
3826	08/15/2024	2024B	648,940,000	632,855,000	07/01/2049
				$ 3,777,100,000	

Source: *Port of Seattle*

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

Subordinate Lien Parity Bonds

The Port's Subordinate Lien Parity Bonds are payable from Gross Revenue after all of the payments and transfers described in clauses ***First*** through ***Eighth*** under "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds" have been made. Subordinate Lien Parity Bonds are not subject to acceleration, but variable rate Subordinate Lien Parity Bonds may be subject to mandatory tender upon a default or the occurrence of certain other events. See "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds." As of July 2, 2025, the Port had outstanding the following series of Subordinate Lien Parity Bonds.

TABLE 4
OUTSTANDING SUBORDINATE LIEN PARITY BONDS

Authorizing Resolution Number	Date of Original Issue	Original Principal Amount	Principal Amount Outstanding (7/2/2025)	Final Maturity Date
3456[(1)]	(CP)	$ 400,000,000	$ 120,000,000	06/01/2051
3598	06/17/2008	200,715,000	123,535,000	07/01/2033
			$ 243,535,000	

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

Source: *Port of Seattle*

The Port's outstanding variable rate Subordinate Lien Parity Bonds are secured by a bank letter of credit with Bank of America, N.A. that expires on May 1, 2026. The Port's Subordinate Lien Commercial Paper Notes are secured by bank letters of credit with Bank of America, N.A. and Sumitomo Corporation that expire on May 28, 2027 and September 12, 2028, respectively. See "Appendix A—Audited Financial Statements of the Port—Note 5: Long-Term Debt; Subordinate Lien Variable Rate Demand Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Flow of Funds." See "Appendix A—Audited Financial Statements of the Port—Note 5: Long-Term Debt; Subordinate Lien Variable Rate Demand Bonds."

General Obligation Bonds

The Port has statutory authority to issue limited tax general obligation ("LTGO") and unlimited tax general obligation bonds. As of July 2, 2025, the Port had outstanding $431,355,000 aggregate principal amount of LTGO bonds and no unlimited tax general obligation bonds. LTGO bonds are general obligations of the Port, payable from property taxes levied by the Port within the State statutory limitations applicable to port levies permitted to be imposed without approval of the voters and from all other legally available funds of the Port. See Appendix D for information about the Port's Tax Levy and LTGO bonds.

Special Obligations

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

In June 2013, the Port issued $88,660,000 aggregate principal amount of Special Facility Revenue Refunding Bonds (the "Fuel System Bonds") to refund special facility revenue bonds issued to finance the cost of a fuel hydrant system at the Airport (the "Fuel System"). The Fuel System Bonds are limited obligations of the Port payable solely from payments to be made by the lessee (a consortium formed by airlines operating at the Airport) under a fuel system lease and under a guaranty and a security agreement provided by the lessee. In the resolution pursuant to which the Fuel System Bonds were issued, the Port agreed that, should insurance or other funds be insufficient to rebuild the Fuel System after substantial damage or destruction, the Port would either pay the cost of rebuilding the Fuel System or defease any then-outstanding Fuel System Bonds. As of July 2, 2025, $42,860,000 of Fuel System Bonds remain outstanding.

Interest Rate Swaps

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

Debt Payment Record

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

Historical Debt Service Coverage

The following table shows historical debt service coverage for the years 2020 through 2024 on outstanding First Lien Bonds and Intermediate Lien Parity Bonds calculated in conformity with the First Lien Master Resolution and the Intermediate Lien Master Resolution, and debt service on Subordinate Lien Parity Bonds. In accordance with the resolutions, the Port has used certain income items (not otherwise included in "Gross Revenue") in offsetting Operating Expenses and, in the case of the Intermediate Lien Parity Bonds, either in offsetting debt service or increasing Net Revenues available to be used to pay debt service as permitted in its bond resolutions.

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

As noted in the table, Gross Revenues includes certain non-operating revenues (net), including the receipt of federal COVID-19 relief grant receipts. The Port received a total of $410.6 million in COVID-19 federal relief grant funds from 2020 through 2024. The Port applied these federal funds to pay $72.9 million of operating expenses, $310.9 million of revenue bond debt service and $26.8 million to provide relief to Airport concessionaires. As of February 2024, the Port fully expended these relief funds.

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TABLE 5
HISTORICAL FIRST LIEN BOND AND INTERMEDIATE LIEN PARITY BOND DEBT SERVICE COVERAGE BY LIEN CALCULATED PER APPLICABLE RATE COVENANT FOR THE YEARS ENDED DECEMBER 31 ($ IN THOUSANDS)

Fiscal Year	**2020(3)**	**2021(2)(3)**	**2022(1)(2)(3)**	**2023(1)(2)**	**2024(1)**
Operating revenues	$499,616	$609,796	$797,918	$953,560	$1,021,838
Less: CFC revenues not available to pay revenue bond debt service	0(4)	(2,018)	(12,171)	(16,954)	(20,872)
Less: Storm Water Utility (SWU) revenues not available to pay revenue bond debt service	(6,374)	(6,260)	(6,840)	(6,913)	(7,244)
Plus/Less: Seaport Alliance adjustments(5)	7,688	3,289	7,605	10,880	12,784
Plus: Nonoperating income (expense)—net(6)	192,636	116,102	165,513	66,198	60,182
Gross revenues(7)	$693,566	$720,909	$952,025	$1,006,771	$1,066,688
Operating expenses	$406,645	$359,314	$474,567	$551,070	$652,641
Less: Operating expenses paid from sources other than gross revenues (CFC)	(8,003)	(7,406)	(7,874)	(9,540)	(11,101)
Less: Operating expenses paid from sources other than gross revenues (SWU)	(4,742)	(4,544)	(5,670)	(6,446)	(7,562)
Less: Port general purpose Tax Levy(8)	(35,835)	(39,523)	(41,602)	(47,165)	(47,513)
Operating expenses(9)	$358,065	$307,841	$419,421	$487,919	$586,465
First Lien Bonds					
Net revenues available for First Lien Bond debt service	$335,501	$413,068	$532,604	$518,852	$480,223
Debt service on First Lien Bonds	$27,544	$38,000	$23,630	$23,641	23,639
Coverage on First Lien Bonds (calculated per First Lien Rate Covenant)	**12.18**	**10.87**	**22.54**	**21.95**	**20.31**
Intermediate Lien Bonds					
Net revenues available for Intermediate Lien Parity Bond debt service	$307,957	$375,068	$508,974	$495,211	$456,584
Add: Prior lien debt service offset paid by PFC revenues(10)	5,887	5,887	0	0	0
Add: Prior lien debt service offset paid by CFC revenues(11)	0	0	0	0	0
Available Intermediate Lien Revenues as First Adjusted	$313,844	$380,955	$508,974	$495,211	$456,584
Debt service on Intermediate Lien Parity Bonds	$254,381	$271,549	$325,039	$340,695	$344,003
Less: Debt service offsets paid from:					
PFC revenues(10)	(26,571)	(48,189)	(69,681)	(91,427)	(100,000)
CFC revenues(11)	(13,601)	(14,153)	(18,696)	(24,645)	(24,890)
Capitalized interest funds	(31,683)	(18,689)	(21,636)	(43,114)	(30,933)
Debt service on Intermediate Lien Parity Bonds – net of debt service offsets	$182,526	$190,518	$215,026	$181,509	$188,180
Coverage on Intermediate Lien Parity Bonds (calculated per Intermediate Lien Rate Covenant)	**1.72**	**2.00**	**2.37**	**2.73**	**2.43**
Net revenues available for Subordinate Lien Parity Bond debt service	$131,318	$190,437	$293,948	$313,702	$268,404
Debt service on Subordinate Lien Parity Bonds(12)	$19,160	$1,643	$1,645	$4,944	$4,546

(1) In 2024, the Port adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, and restated 2022 and 2023 financial statements.
(2) In 2023, the Port adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"), and restated 2021 and 2022 financial statements.
(3) In 2022, the Port adopted GASB Statement No. 87, *Leases*, and restated 2020 and 2021 financial statements.
(4) Due to significant declines in rental car activities, no CFC revenues were recorded for the operating portion of CFC in 2020. See "THE AIRPORT—Customer Facility Charges" and "TABLE 10—AVIATION DIVISION NET OPERATING INCOME."
(5) Seaport Alliance adjustments include non-cash adjustments for depreciation of Seaport Alliance assets netted from operating revenues and public expense, as well as exclusion of capital grants and donations for capital purposes from the Seaport Alliance.
(6) Nonoperating income (expense)—net is adjusted for the following: Interest expense, income that is not legally available to be pledged for revenue bonds debt service such as PFCs, CFCs, tax levy, fuel hydrant facility revenues, donations for capital purposes, grants for capital projects, monies received and used for capital projects owned by other government entities ("public expense projects") and other nonoperating SWU revenues and expenses. Certain non-cash items, such as depreciation are excluded, while other nonoperating revenues and expenses, such as environmental expense, are adjusted to a cash basis. The Port may also include certain proceeds from the sale of capital and non-capital assets in the year the proceeds are received. Nonoperating expense includes GASB 87 lease interest expense and GASB 96 SBITA interest expense. The significant increase in 2020 and 2021 was largely driven by the $147.1 million and $100.4 million, respectively, of federal relief grants received from the FAA.
(7) Gross Revenue reflects annual Port operating revenues, as presented in the Port's Audited Financial Statements (see Statement of Revenues, Expenses and Changes in Net Position), less certain operating revenues that are not legally available to pay debt service on all revenue bonds, plus Seaport Alliance adjustments and net nonoperating income (including federal COVID-19 relief grants).
(8) Port general purpose Tax Levy represents annual tax levy collections less the payment of general obligation bond debt service. The Port is permitted, but not obligated, to pay operating expenses with such general purpose Tax Levy dollars. In 2015 and 2016, the Port made its contractual payment, in the amount of $120,000,000 and $147,700,000, respectively, to the Washington State Department of Transportation ("WSDOT") for the SR 99 Alaskan Way Viaduct Replacement Program. These payments were accounted for as a special item in the Port's 2015 and 2016 Statement of Revenues, Expenses, and Changes in Net Position, and were funded by the issuances of 2015 LTGO bonds and 2017 LTGO bonds, respectively. The debt service associated with the 2015 LTGO bonds was included in the calculation of the Port's general purpose Tax Levy, beginning in 2015. On July 9, 2024, the Port issued its Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT), and applied proceeds thereof to refund all outstanding 2015 LTGO bonds.
(9) Operating Expenses reflect annual Port operating expenses before depreciation, as presented in the Port's Audited Financial Statements (see Statement of Revenues, Expenses and Changes in Net Position), less certain operating expenses paid with revenues derived from sources other than Gross Revenue such as consolidated rental car facility related operating expenses paid from CFCs and SWU operating expenses paid from SWU operating revenues, as well as the Port's general purpose Tax Levy. In 2020, rental car facility operating expenses were paid from CFC revenues and existing CFC cash balances.
(10) During 2008, the Port implemented using PFC revenues toward other specific revenue bonds debt service related to eligible projects. The Port, as authorized by the Federal Aviation Administration (the "FAA"), has the authority to use PFCs to pay: (i) debt service on bonds secured solely with PFCs; (ii) eligible projects costs (definitions, terms and conditions are set by the FAA), and (iii) revenue bonds debt service related to eligible PFC projects.
(11) State law provides for the Port's authority to impose CFCs on rental car transactions at the Airport. CFCs may only be used to pay costs associated with the consolidated rental car facility including the payment of debt service on bonds issued to fund the facility.
(12) The Port has used PFCs to pay eligible Subordinate Lien Parity Bond debt service and associated debt fees. However, such amounts are not permitted offsets in the legal coverage calculation on Subordinate Lien Parity Bonds.

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

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

Table 6 presents, in aggregate, debt service for the Port's outstanding First Lien Bonds, Intermediate Lien Parity Bonds (including the Series 2025 Bonds) and Subordinate Lien Parity Bonds.

TABLE 6
REVENUE BOND DEBT SERVICE
FOR FIRST LIEN BONDS, INTERMEDIATE LIEN PARITY BONDS, AND SUBORDINATE LIEN PARITY BONDS

		Intermediate Lien Parity Bonds[1]						
			Series 2025 Bonds					
Year Ending Dec. 31	First Lien Bonds	Outstanding Intermediate Lien Parity Bonds	Principal	Interest	Total	Total Intermediate Lien Parity Bonds	Subordinate Lien Parity Bonds[2]	Total Debt Service
2025[3]	$38,134,564	$314,172,940	-	-	-	$314,172,940	$17,482,346	$369,789,850
2026	38,142,189	330,500,850	-	$2,212,965	$2,212,965	332,713,815	17,480,607	388,336,611
2027	23,523,869	360,841,198	-	27,305,698	27,305,698	388,146,897	17,479,628	429,150,394
2028	24,328,469	358,194,695	$18,055,000	36,449,134	54,504,134	412,698,829	17,482,868	454,510,166
2029	28,122,589	342,029,877	18,925,000	37,392,393	56,317,393	398,347,270	17,478,533	443,948,392
2030	28,119,949	344,064,726	19,835,000	36,483,511	56,318,511	400,383,237	17,480,340	445,983,526
2031	18,619,731	332,607,251	20,785,000	35,528,395	56,313,395	388,920,646	17,481,237	425,021,614
2032	13,620,096	304,921,619	21,805,000	34,515,475	56,320,475	361,242,094	17,479,429	392,341,618
2033	-	297,436,185	22,860,000	33,450,288	56,310,288	353,746,472	17,483,119	371,229,591
2034	-	278,869,240	24,015,000	32,307,288	56,322,288	335,191,528	-	335,191,528
2035	-	279,115,110	25,200,000	31,106,538	56,306,538	335,421,647	-	335,421,647
2036	-	265,524,960	26,465,000	29,846,538	56,311,538	321,836,497	-	321,836,497
2037	-	237,162,500	27,790,000	28,523,288	56,313,288	293,475,788	-	293,475,788
2038	-	236,638,169	29,180,000	27,133,788	56,313,788	292,951,956	-	292,951,956
2039	-	236,611,946	30,635,000	25,674,788	56,309,788	292,921,734	-	292,921,734
2040	-	236,632,569	32,165,000	24,143,038	56,308,038	292,940,606	-	292,940,606
2041	-	205,776,601	33,780,000	22,534,788	56,314,788	262,091,389	-	262,091,389
2042	-	205,812,238	35,555,000	20,771,088	56,326,088	262,138,325	-	262,138,325
2043	-	182,861,615	37,405,000	18,914,675	56,319,675	239,181,290	-	239,181,290
2044	-	149,167,838	39,365,000	16,961,638	56,326,638	205,494,475	-	205,494,475
2045	-	116,434,950	41,405,000	14,906,238	56,311,238	172,746,188	-	172,746,188
2046	-	116,425,413	43,580,000	12,744,313	56,324,313	172,749,725	-	172,749,725
2047	-	82,527,625	45,860,000	10,457,813	56,317,813	138,845,438	-	138,845,438
2048	-	42,643,550	48,260,000	8,051,388	56,311,388	98,954,938	-	98,954,938
2049	-	42,652,563	50,820,000	5,505,038	56,325,038	98,977,600	-	98,977,600
2050	-	-	53,500,000	2,823,350	56,323,350	56,323,350	-	56,323,350
TOTAL	$212,611,457	$5,899,626,225	$747,245,000	$575,743,447	$1,322,988,447	$7,222,614,672	$157,328,106	$7,592,554,234

Note: Totals may not add due to rounding.

(1) Debt service is net of capitalized interest.

(2) Assumes an average interest rate of 5.13% per annum (Bond Buyer 40 Bond Index as of July 23, 2025) for all outstanding variable rate bonds, excluding Subordinate Lien Commercial Paper. Assumes level debt service to 2033 for the Series 2008 Subordinate Lien Bonds, with principal payments commencing in 2025. Excludes the Port's subordinate lien commercial paper program, which is authorized in the amount of $400 million ($150 million inactive), currently outstanding in the amount of $120 million.

(3) Includes all debt service due in calendar year 2025 net of capitalized interest.

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 King County, Washington (the "County") selected the Port to operate the Airport. In 2024, the Port's operating revenues totaled $1.02 billion, of which the Airport accounted for $861.3 million (84 percent).

In addition to the Airport, the Port owns and operates various maritime facilities and industrial and commercial properties. The Northwest Seaport Alliance (the "Seaport Alliance"), a port development authority formed jointly in 2015 with the Port of Tacoma, manages the two ports' container shipping terminals and related industrial properties.

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 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:

TOSHIKO GRACE HASEGAWA	—	President. Executive Director of the Washington State Commission on Asian Pacific American Affairs. Commission Vice President Hasegawa was elected to the Commission in November 2021 to a term that expires December 31, 2025.
RYAN CALKINS	—	Vice-President. Advisor on Offshore Wind and Maritime Infrastructure at the Pacific Northwest National Laboratory. Commission Secretary 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	—	Secretary. Director of Strategic Initiatives in the City of Seattle's Mayor's Office. Commissioner Cho was elected to the Commission in November 2023 to a term that expires December 31, 2027.
FRED FELLEMAN	—	Environmental consultant. Commissioner Felleman was elected to the Commission in November 2023 to a term that expires December 31, 2027.
HAMDI MOHAMED	—	Director of the City of Seattle's Office of Immigrant and Refugee Affairs. Commission President 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 served as 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.

KAREN GOON, DEPUTY EXECUTIVE DIRECTOR, joined the Port in July, 2023 and oversees several key departments including engineering, police, procurement, information security, and strategic initiatives. Goon previously served as Kitsap County Administrator reporting directly to the elected County Commissioners and responsible for administering all county functions. She also served in several leadership roles in Pierce County. Goon holds a bachelor's degree from Seattle University, a master's degree in Public Policy and a juris doctor degree, both from Seattle University.

ELIZABETH MORRISON, INTERIM CHIEF FINANCIAL OFFICER, became Interim Chief Financial Officer on May 31, 2025 after serving in various finance roles at the Port for 30 years. Most recently, Morrison served as the Port's Director of Corporate Finance overseeing long-term financial planning, capital markets and treasury. Currently, she oversees Accounting and Financial Reporting, Risk Management, Aviation and Maritime Finance and Budget, Corporate Finance and Budget, including treasury. Morrison holds a bachelor's degree from the College of Wooster, a master's degree in International Relations from Johns Hopkins University and a master's degree in business administration from Northwestern University.

MATT BREED, CHIEF INFORMATION OFFICER, was promoted to Chief Information Officer in 2018, after serving as the Port's Director of Enterprise Infrastructure since 2003, where he was tasked with modernizing the Port's Information Technology ("IT") department, infrastructure, and applications. Breed oversees an IT Department responsible for providing IT solutions to the Port's many lines of business. Prior to joining the Port, Breed spent seven years working in the private sector for a number of technology startups and mid-sized companies. Breed has a B.A. in Psychology from the University of Michigan.

ARIF GHOUSE, INTERIM MANAGING DIRECTOR, AVIATION, was promoted to Interim Managing Director of the Airport in April 2025, after serving as the Airport's Chief Operating Officer since February 2023. Ghouse previously served as the Airport Director at Seattle Paine Field International Airport ("PAE") for eight years, where he oversaw general aviation and managed services for aviation enterprises including Boeing, and led the launch of commercial passenger service at PAE in 2019. Before that, Ghouse worked at the Airport and the Port from 2000 to 2014, where his roles included leading airport security and serving as the director of seaport security/emergency preparedness. Ghouse holds a bachelor's degree with Honors in Business Administration from University of Westminster and a master's degree in Airport Transport Management from the College of Aeronautics at Cranfield Institute of Technology (England, United Kingdom).

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.

NEEPAPORN "A" BOUNGJAKTHA, MANAGING DIRECTOR, ECONOMIC DEVELOPMENT, joined the Port in January 2025 with over 20 years of experience in economic development. Prior to joining the Port, Boungjaktha served as Executive Director at Snohomish County, where she oversaw economic, workforce, trade, and tourism development activities, including those at PAE. Additionally, Boungjaktha held leadership roles at the Trade Development Alliance of Greater Seattle (TDA), National Center for APEC (NCAPEC) and at Greater Seattle Partners (GSP). Boungjaktha received her Bachelor of Arts in International Studies from the University of Washington.

PETE RAMELS, GENERAL COUNSEL/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. The General Counsel 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 (Goal 1: Position the Puget Sound region as a premier international logistics hub; Goal 2: Advance the region as a leading tourism destination and business gateway; Goal 3: Responsibly Invest in the Economic Growth of the Region and all its Communities; Goal 4: Be the greenest and most energy-efficient port in North America; Goal 5: Become a Model for Equity, Diversity and Inclusion; and Goal 6: Be a Highly Effective Public Agency), specific objectives related to each goal and an operating framework to help operating divisions set tactical objectives consistent with these goals. The Port has an Emergency Preparedness department that is tasked with providing preparedness planning, organization, equipment, training, and exercises for all facilities for a resilient Port as well as a Workforce Development Program that provides services such as career-connected learning, worker and employer training, youth internships, apprenticeships, and training.

Equity, Diversity, and Inclusion. In 2019, the Port established a new Office of Equity, Diversity, and Inclusion ("OEDI") to address root causes of inequality 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 for 2023 and 2024. The Strategic Plan includes three strategies (supported by a number of objectives) to transform the Port. Strategy One is to transform the Port by infusing racial equity principles and practices into all aspects of organizational structure, programs, policies, and processes. Strategy Two is to provide equitable and tangible benefits to impacted vulnerable communities, people of color, immigrants and refugees, and low-income communities. Strategy Three is to build OEDI's capacity and expertise to lead equity change work internally and to be a resource for and thought partner with external peer agencies. OEDI has issued annual reports on progress towards goals. Key programs include development of workforce pipelines for aviation and maritime industries and support for communities more affected by the Airport.

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 (the "Framework"), adding Scope 2 emission reduction goals to the Century Agenda, providing for coordination with the Seaport Alliance, and requiring reporting. 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. Subsequently the Port adopted a formal Sustainable Evaluation Framework policy. This framework is now applied to all major projects currently in the Port's Capital Improvement Program ("CIP").

On October 26, 2021, the Port adopted Order 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. In recent years, the Port achieved its 2030 interim goal of reducing greenhouse gas emissions by fifty percent plus or minus a few percentage points.

The Port has taken a number of other 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 purchasing renewable natural gas, on an annual basis, for all of its non-airport properties. Additionally, 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; that study was completed in 2023. The Port also helped launch the establishment of a green corridor for Alaskan cruises in partnership with cruise lines, ports of call, and non-profit organizations. A green corridor is a shipping route where zero greenhouse gas solutions are considered, demonstrated and supported. To support the development of clean maritime fuels the Port has launched the Sustainable Maritime Fuels Collaborative. In 2024 the Port completed the installation of shorepower at P66 cruise terminal, allowing cruise ships to turn off their engines and plug into electricity. The Port now has all three cruise terminals equipped with shorepower.

The Port has taken several steps to support land and water sustainability. In 2024, the Port adopted its land stewardship principles and used those to adopt Airport land stewardship and tree replacement strategies. These will balance Airport operational needs with environmental and community benefits. The Port has also developed an Action Plan to combat ocean acidification and invests in restoring shorelines and creating new habitat along the Duwamish River and Elliot Bay.

The Port regularly reviews its progress against the sustainability goals and publishes an annual report. These reports as well as OEDI monthly newsletters and other reports are posted to the Port's website (and are not, by this reference, incorporated by reference).

The Port has its own stormwater utility and responsibility for water quality permit compliance and stormwater infrastructure at its maritime facilities, including those licensed to the Seaport Alliance. SWU collects fees from tenants and the Seaport Alliance. In 2015, the Port completed a climate change adaptation study that examined its 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). The Port continues to plan for climate adaptation and is co-founder of AdaptSea, a multi-jurisdictional workgroup assessing sea level rise needs.

As part of its master planning efforts, the Port also 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 2025-2030 Capital Plan also includes an industrial waste pretreatment program at the Airport, including improvements to comply with King County permitting requirement regarding treatment of aircraft deicing chemicals, acceleration of installation of noise insulation for residential neighbors near the Airport, installation of electric chargers for ground service equipment, and the addition of electric shore power to the Pier 91 cruise terminal. The Port also takes into account seismic and other considerations in its master planning efforts.

THE AIRPORT

The Airport is located on a 2,500-acre site, approximately 12 miles south of downtown Seattle. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation and maintenance. These facilities include the Main Terminal, the South and North Satellites accessed via underground train, a parking garage, and a consolidated rental car facility. The Airport has three runways that are 11,900 feet, 9,425 feet, and 8,500 feet in length, respectively. For additional information regarding the Airport and its facilities, see “Appendix C—Reports of the Independent Consultant.”

The Airport is the largest airport in the State and was the 12th busiest airport in the country in 2024 as measured by enplaned passengers, according to Federal Aviation Administration preliminary figures. The Airport serves as the primary airport for the Seattle Metropolitan Area—the major population and business center in the State—which includes King, Snohomish and Pierce Counties, and much of the western State. Comparable airports in the region that currently provide commercial passenger and cargo service include Portland International Airport in Oregon, approximately 160 miles south of the Airport, and Vancouver International Airport in British Columbia, approximately 155 miles north of the Airport. In addition, the Spokane International Airport, approximately 270 miles 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, including Seattle Paine Field International Airport (“PAE”), a two-gate commercial passenger terminal located approximately 40 miles north of the Airport. In 2024 and 2023, Paine Field reported 287,974 and 318,268 enplaned passengers, respectively. Other regional airports also may be able to add or expand commercial passenger service in the future.

Assessment of State’s Aviation Capacity Needs. In 2019, the State Legislature created a Commercial Aviation Coordinating Commission (“CACC”) to review the State’s long-range commercial aviation facility needs, and recommend a preferred site for a new primary commercial aviation facility to be developed by 2040. In 2023, the CACC submitted a final report to the Legislature in which a majority of commissioners agreed that the State’s future commercial aviation capacity needs can only be met through development of a greenfield site yet to be identified. The CACC was divided on whether a new primary commercial aviation facility can be complete and functional by 2040, with most commissioners believing this is possible only after 2050. The majority of commissioners agreed that Paine Field will continue to add commercial capacity.

In 2023, the Legislature created a Commercial Aviation Work Group (“CAWG”) to replace the CACC. The CAWG is evaluating the State’s long-range commercial aviation and transportation needs, alternatives for developing additional aviation capacity (including expansion of existing aviation facilities), and multi-modal opportunities. The CAWG submitted its first annual progress report to the State Governor and the Legislature in November 2024, noting that the CAWG has begun meeting and anticipates adopting a charter and setting a schedule of meetings and topics for future meetings.

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Passenger Activity at the Airport

Passenger Enplanements. The Airport served approximately 25.4 million enplaned (embarked) passengers in 2023 and approximately 26.3 million enplaned (embarked) passengers in 2024, a 3.5 percent increase from 2023. Approximately 2.9 million (11.3 percent) of enplaned passengers were on nonstop flights to international destinations in 2023 and approximately 3.3 million (12.5 percent) of enplaned passengers were on nonstop flights to international destinations in 2024, a 14.2 percent increase from 2023. The Airport has served 12.3 million enplaned passengers through June 2025, a 1.9 percent increase from the same period in 2024.

During the first year of the COVID-19 pandemic (2020), domestic enplanements decreased by 59.3 percent as compared to the prior year, and international enplanements decreased by 76.5 percent. Domestic and international enplanements have increased each year since 2020. By 2024, international and total enplanements both exceeded pre-COVID levels.

TABLE 7
SEATTLE-TACOMA INTERNATIONAL AIRPORT
HISTORICAL ENPLANED PASSENGERS
2020 – 2024

Year	Domestic	Year-over-Year Percentage Increase/(Decrease)	International	Year-over-Year Percentage Increase/(Decrease)	Total Enplaned Passengers	Year-over-Year Percentage Increase/(Decrease)
2024	22,989,263	2.2	3,275,622	14.2	26,264,885	3.5
2023	22,502,280	8.3	2,869,156	31.3	25,371,436	10.5
2022	20,780,867	20.5	2,185,252	166.0	22,966,119	27.1
2021	17,251,456	84.0	821,470	22.5	18,072,926	79.9
2020	9,373,402	(59.3)	670,325	(76.5)	10,043,727	(61.2)

YEAR-TO-DATE COMPARISON
JANUARY – JUNE 2024 AND 2025

Year	Domestic	Year-over-Year Percentage Increase/(Decrease)	International	Year-over-Year Percentage Increase/(Decrease)	Total Enplaned Passengers	Year-over-Year Percentage Increase/(Decrease)
2025	10,673,307	0.6	1,669,327	11.2	12,342,634	1.9
2024	10,608,268		1,501,267		12,109,535	

Source: *Port of Seattle*

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O&D and Connecting Passenger Traffic. Generally, more than two-thirds of the Airport's domestic passenger activity has been origin and destination ("O&D") activity, meaning that passengers either begin or end their trips at the Airport. In 2024, the estimated percentage of O&D passenger traffic at the Airport was 70.0 percent, based upon 2024 O&D data from the U.S. Department of Transportation's database, compared to 69.7 percent in 2023. 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 I—Demographic and Economic Information." As shown in Table 8, the Airport's top domestic O&D markets with at least one percent of market share in 2024 together represented approximately 71.0 percent of enplaned passengers, and all but two were medium- or long-haul markets at least 500 miles from Seattle.

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

TABLE 8
SEATTLE-TACOMA INTERNATIONAL AIRPORT
TOP DOMESTIC PASSENGER ORIGIN-DESTINATION MARKETS AND AIRLINE SERVICE
(WITH AT LEAST ONE PERCENT OF MARKET SHARE) 2024

Rank	Market of Origin or Destination[(1)]	Approximate air miles from Seattle	Share of market, based on enplaned passengers (%)[(2)]
1	Los Angeles, CA	958	10.5
2	San Francisco Bay, CA	682	7.9
3	Phoenix, AZ	1,107	4.7
4	Las Vegas, NV	867	4.6
5	New York City, NY	2,412	4.3
6	San Diego, CA	1,050	3.4
7	Denver, CO	1,024	3.4
8	Chicago, IL	1,727	3.1
9	Dallas / Ft. Worth, TX	1,665	2.9
10	Washington, DC[(3)]	2,323	2.9
11	Boston, MA	2,496	2.1
12	Honolulu, HI	2,677	2.0
13	Sacramento, CA	605	2.0
14	Atlanta, GA	2,182	1.9
15	Salt Lake City, UT	689	1.8
16	Minneapolis, MN	1,399	1.8
17	Orlando, FL	2,554	1.7
18	Houston, TX	1,884	1.6
19	Austin, TX	1,770	1.5
20	Anchorage, AK	1,448	1.3
21	Boise, ID	404	1.3
22	Spokane, WA	223	1.2
23	Detroit, MI	1,927	1.1
24	Kahului, HI	2,639	1.1
25	Nashville, TN	1,977	1.1
		Subtotal	71.0
		All other cities	29.0
		Total	100.0

Note: Figures reflect 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).
(3) Includes Reagan Washington National, Washington Dulles International and Baltimore/Washington International.
Source: Port of Seattle

Passenger Airlines Serving the Airport. Passenger enplanements at the Airport are spread over a variety of air carriers. Alaska Airlines ("Alaska") and Horizon Air Industries, Inc. ("Horizon"), which are separately certificated airlines both owned by the Alaska Air Group, accounted for the largest share of enplaned passengers at the Airport in 2023 (52.8 percent) and in 2024 (52.6 percent). Alaska and Horizon operate a regional hub at the Airport that serves passengers connecting to and from regional destinations.

In September 2024, the Alaska Air Group closed on its acquisition of Hawaiian Airlines. This acquisition will increase Alaska Air Group's enplaned passenger market share from approximately 52.6 percent to 53.3 percent, based on 2024 enplanement data.

Delta Airlines ("Delta") accounted for the second largest share of enplaned passengers at the Airport in 2023 and in 2024 (24.3 and 24.1 percent, respectively). Three other airlines accounted for a combined 13.2 percent of enplanements during 2024. The following table illustrates the market shares in 2024 and 2023 (as well as the year that is five years prior to 2024 (2020) 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. The Port expects to submit its update to the plan in 2025, in connection with the adoption of SLOA V.

TABLE 9
SEATTLE-TACOMA INTERNATIONAL AIRPORT
AIRLINES RANKED BY ENPLANED PASSENGER TRAFFIC
(2020, 2023 and 2024)

Airline	2020 Enplanements	2020 Enplanements Share (%)	2023 Enplanements	2023 Enplanements Share (%)	2024 Enplanements	2024 Enplanements Share (%)
Alaska Airlines[(1)]	4,349,366	43.3	12,193,563	48.1	12,292,808	46.8
Horizon Airlines	1,332,897	13.3	1,193,602	4.7	1,527,501	5.8
Alaska Air Group Subtotal[(2)]	5,682,263	56.6	13,387,165	52.8	13,820,309	52.6
Delta Air Lines[(3)]	2,267,135	22.6	6,164,818	24.3	6,319,782	24.1
American Airlines[(4)]	520,021	5.2	1,104,405	4.4	1,047,628	4.0
Southwest Airlines	499,269	5.0	1,050,947	4.1	1,099,970	4.2
United Airlines[(5)]	456,821	4.5	1,271,151	5.0	1,327,442	5.1
All Others[(6)]	618,218	6.2	2,392,950	9.4	2,649,754	10.1
Airport Total	**10,043,727**	**100.0%**	**25,371,436**	**100.0%**	**26,264,885**	**100.0%**

Note: Totals may not foot due to rounding.
(1) Includes flights operated by SkyWest.
(2) Excludes Hawaiian Airlines, which merged with Alaska Air Group in September 2024.
(3) Includes Delta Connections (operated by SkyWest and Compass Airlines (through 2020)).
(4) 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 2024. Includes Hawaiian Airlines, which merged with Alaska Air Group in September 2024.
Source: Port of Seattle

Cargo Activity at the Airport

The Port also provides facilities for air cargo services. In 2024, air cargo at the Airport totaled 460,063 metric tons compared to 417,127 metric tons in 2023 and 456,292 metric tons in 2022. Revenue from air cargo facility leases are included in "Other" in Table 10 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.

Airport Operating Revenue

The following table shows Aviation Division operating revenue by major source, and net operating income before depreciation for fiscal years ended December 31, 2020 through 2024. In its audited financial statements, the Port does not account for 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.

The Port received a total of $410.6 million in COVID-19 federal relief grant funds from 2020 through 2024. The Port applied these federal funds to pay $72.9 million of operating expenses, $310.9 million of revenue bond debt service and $26.8 million to provide relief to Airport concessionaires. Although not reflected in the Port's operating results below, these funds mitigated the decline in revenues the Airport experienced as a result of the COVID-19 pandemic. As of February 2024, the Port has fully expended its federal COVID-19 relief funds.

TABLE 10
AVIATION DIVISION NET OPERATING INCOME
($ IN THOUSANDS)

Sources	2020	2021	2022	2023	2024
Aeronautical Revenues					
Terminal[1]	$179,249	$195,575	$249,281	$293,295	$294,901
Airfield[1]	88,537	95,270	121,679	156,411	193,786
Other[2]	30,123	26,667	31,580	29,991	32,254
Total Aeronautical Revenues	$297,909	$317,512	$402,540	$479,697	$520,941
Non-Aeronautical Revenues					
Public parking	$34,502	$64,104	$88,899	$110,940	$116,535
Airport dining and retail/Terminal leased space	30,916	41,219	42,501	72,494	79,794
Rental car	14,720	30,687	42,330	44,600	43,562
Commercial properties	6,853	8,297	12,565	16,238	17,639
Ground transportation	6,557	11,947	20,804	24,878	23,946
Utilities	5,672	6,350	7,943	8,666	9,578
Customer facility charges for operations[3]	-	2,018	12,171	16,954	20,872
Other[4]	11,105	12,552	22,620	23,982	28,434
Total Non-Aeronautical Revenues	**$110,325**	**$177,174**	**$249,833**	**$318,752**	**$340,360**
Total Aviation Division Operating Revenues	**$408,234**	**$494,686**	**$652,373**	**$798,449**	**$861,301**
Lease interest income[5]	6,148	6,646	6,780	7,841	7,853
Total Aviation Division Operating Revenues and Lease Interest Income	**$414,382**	**$501,332**	**$659,153**	**$806,290**	**$869,154**
Total Aviation Division Operating Expenses[6]	328,805	291,752	383,939	445,818	529,828
Net Operating Income Before Depreciation	**$79,429**	**$202,934**	**$268,434**	**$352,631**	**$331,473**

(1) Net of revenue sharing with the signatory airlines. See "—The Airline Agreements."
(2) Consists primarily of revenues from airfield commercial area, aircraft overnight parking, and badging fees.
(3) Excludes CFCs accounted for as non-operating revenue, which are used to pay debt service. Total CFCs in 2024 were $45.8 million; $20.9 million were accounted for as operating revenues and $24.9 million as non-operating revenues. Total CFCs in 2023 were $41.6 million; $16.9 million were accounted for as operating revenues and $24.7 million as non-operating revenues. See "THE AIRPORT—Customer Facility Charges."
(4) Consists primarily of employee parking revenues.
(5) In 2022, the Port adopted GASB Statement No. 87, Leases, by restating the financial statements for 2021 and 2020. The restatement included separately recognizing the related lease revenue and non-operating lease interest income.
(6) Does not include GASB Statement No. 87, Leases, non-operating lease interest expense. In 2023, the Port adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements ("SBITA"), and restated 2021 and 2022 financial statements. Does not include non-operating SBITA interest expense.

Source: Port of Seattle

The Airline Agreements

In April 2025, a new Signatory Lease and Operating Agreement ("SLOA V") between the Port and certain airlines operating at the Airport took effect and was applied retroactively to January 1, 2025; the agreements expire December 31, 2034.

SLOA V Overview. The Port derives a significant portion of Airport revenues from the rates and charges paid by the airlines operating at the Airport and calculated pursuant to SLOA V. Historically, the Port has passed aeronautical operating expenses and other costs on to the airlines through lease and operating agreements at the Airport, and is continuing to do the same with SLOA V. Among other things, SLOA V also includes the assignment of gates and related aeronautical facilities at the Airport to airlines on a preferential and common use basis, providing certainty of operations for airlines and flexibility for the Port in the management of all of its gates for daily operations, irregular operations, and as the Port implements its capital program.

Costs Included in Airline Rates and Charges. In calculating each type of rate and charge under SLOA V, 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 (as defined below) and the terminal.

Capital costs include amortization charges for cash-funded assets placed into service on or after 1992, debt service costs (net of PFCs) allocable to bond-funded capital improvements (after they have been placed into service), and debt service coverage charges if necessary to maintain total Airport-related debt service coverage at no less than 1.25x debt service in the same Fiscal Year, which provides a mechanism for the Port to increase charges if necessary to achieve 1.25x Airport-related debt service coverage. Debt service coverage charges paid by airlines in any Fiscal Year will, in subsequent years, be credited to airlines as an offset amounts otherwise due to the Port, but only when Airport-related debt service coverage exceeds 1.25x in the same Fiscal Year.

Airfield Rates and Charges. As defined in SLOA V, 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). 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 non-signatory 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 that area and charged to airlines based on landed weight. The Airfield Commercial Area is a separate compensatory cost center and not subject to cost recovery rates and charges.

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, equipment and the federal inspection services facility is calculated and charged separately; these individual rates and charges are also based upon operating expenses and capital costs, and the Port may, at its discretion, use non-aeronautical revenues to offset costs associated with the federal inspection services facility cost center.

Airfield and Terminal Rates and Charges may be adjusted mid-year upon 30 days' notice to the airlines if forecast revenues, as a result of changes in forecast costs or activity, are expected to vary from budget projections by more than 10 percent. A final adjustment is made each Fiscal Year for the actual results of the prior year. The agreements provide the airlines with Airport Employee Parking Stabilization that excludes certain costs associated with expanded employee parking facilities from the costs that would otherwise be recovered from parking fees (see "Other Airport Businesses and Agreements—Employee Parking").

Capital Project Consultation. SLOA V includes an annual consultation process for the current Capital Improvement Plan ("Airport CIP"). With respect to the Airport CIP and at its discretion (meaning, without any airline majority-in-interest process), the Port may undertake projects included in the Airport CIP pursuant to the consultation process. Certain projects included in the Airport CIP may constitute "Very Large Projects (VLPs)", which are projects that meet the following criteria pursuant to SLOA V: (1) are specifically identified in SLOA V as VLPs, (2) have estimated projects costs greater than $300 million and are included as capital costs in the calculation of rates and charges paid by the airlines, or (3) are identified as VLPs through mutual agreement between the airlines and the Port. For each VLP, the Port and the airlines agreed in SLOA V to certain checkpoints for sharing information and feedback during the early development of VLPs, protocols for responding to airline feedback, as well as escalation for the resolution of specific issues, if raised. The Airport Managing Director retains final decision-making authority in the resolution of any escalated issues

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.

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 Minimum Annual Guarantee ("MAG") of 85 percent of the prior year's revenue. An alternative MAG based on 2012 revenues (at the beginning of the lease term) was eliminated in 2021. As of June 2024, an alternative monthly MAG component has also been 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. Currently, 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 to the traveling public, including restaurants, specialty retail, convenience retail, duty-free goods, and personal services. 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 MAG. Under the exceptional circumstances clause of the tenant leases, if enplanements decline by more than 20 percent of the prior year's level, the MAG adjusts to reflect the lower enplanement levels. 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 and beyond, if they meet certain employee wage and benefit standards established by the Port.

Employee Parking. The Port operates parking lots designated for employees of Airport tenants and other businesses with purchase of a monthly access card. Traditionally, the card fee was based on recovery of all capital and operating costs allocated to employee parking. To address growth in demand, in October 2024, the Port entered into three long-term leases for additional parking lots near the Airport that are expected to expand airport employee parking and to provide additional space for other potential Airport operational needs. The Port is currently going through capital improvements and local permitting to activate the lots. The employee parking program is typically operated on a cost recovery model. To smooth the increases in parking rates, the Port agreed in SLOA V to exclude from the calculation of the employee parking fee the Port's annual lease cost of approximately $6.8 million per year (escalating at three percent annually) over the term of SLOA V as well as an additional $26.8 million (maximum) over a six-year period ending in 2030. The resulting parking fee discount applies to all airport employee parking customers.

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 services (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. In 2025, the Port acquired International Place, a three building, 549,000 square foot office complex directly across from the Airport.

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, including as described below) 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. Under the exceptions to the requirement that airport revenue be used exclusively for airport purposes (the "grandfather provisions"), revenues from any airport sponsor's facilities may be used to support the debt obligations of other facilities owned or operated by the airport sponsor if a bond covenant or assurance existed prior to the 1982 enactment of these requirements and provides that revenues, including airport revenues, be used to support not only the airport but also general debt obligations or other facilities. The Port's enabling legislation and bond covenants pledging its gross revenues, after the payment of operating expenses, to the payment of revenue bonds predate the 1982 enactment and meet the grandfather provisions.

Federal statutes include provisions requiring that airline rates and charges set by airports receiving federal assistance be "reasonable," and authorizing 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 ("EPA") 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, and disposal of storm water and construction wastewater runoff. 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 2024, the Port received $99.4 million in PFC revenue compared to $95.7 million in 2023. 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 other federal regulations pertaining to PFCs, 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.

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. Initially set at $6 per rental car transaction day, the CFC currently is set at $7.75 per rental car transaction day. 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 2024, the Port used CFCs to pay $11.1 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 Managing Members and thereafter, the Federal Maritime Commission. The Charter, as amended, provides the flexibility for a homeport to make operating contributions in excess of its 50 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 (ILAs) for Support Services and for Staffing. The member ports have entered into interlocal agreements ("ILAs") 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 has served on various boards including the American Association of Port Authorities ("AAPA"). 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 generally accepted accounting principles ("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 $124.8 million in Net Income (as defined in the Charter) in Fiscal Year 2024. 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 (other than bonds paid by Airport revenues), 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). All applicable bonds are no longer outstanding and the Bond Income Calculation is no longer in effect.

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, East Sitcum Terminal, Pierce County Terminal ("PCT"), and TOTE Maritime, 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 11
CONTAINER FACILITY LEASES

	Terminal 5	Terminal 18	Terminal 30[2]	Terminal 46[3]	West Sitcum	Husky	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	Husky Terminal and Stevedoring, Inc.	Husky Terminal and Stevedoring, Inc.	Evergreen Marine Corporation	Washington United Terminals	TOTE Maritime
Primary Terminal Area	180 acres[1]	196 acres	70 acres	88 acres	135 acres	118 acres	54 acres	153 acres	111 acres	48 acres
Lease Expiration	2051	2049	2039	2043	2032	2046[4]	2046[4]	2027	2033	2034

(1) 147.6 acres under lease. Occupancy began in March 2024.
(2) See "—*Terminal 30.*"
(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) 92 acres leased to Husky at the Husky Terminal, 21 acres leased to Husky Terminals at East Sitcum and 6 acres at Lot F 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 T5, 18 and 30 pay a per-acre rate derived from a 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 a MAG for the intermodal yard. 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. On April 2, 2019, the Seaport Alliance took several actions in support of the reactivation of Terminal 5 that had previously been leased to Eagle Marine Services until it terminated its lease under a negotiated agreement in 2014. The actions included approving modernization of the terminal and entering into 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 added another approximately 82.6 acres in March 2024. The lease at Terminal 18 also was extended an additional 10 years. The Terminal 5 lease requires additional redevelopment that will be funded by increased payments. See "—Capital Planning."

Terminal 30. On January 1, 2025, SSA Terminals ceased operations at Terminal 30. The Seaport Alliance and SSA Terminals (Seattle), LLC are negotiating a settlement agreement to address all outstanding obligations related to the lease.

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 and had planned to develop a portion of Terminal 46 for a new cruise terminal. The plans for a new cruise terminal are on hold. On May 4, 2021 the Seaport Alliance authorized a lease with Pacific Maritime Association for seven acres for 10 years. On July 12, 2022, the Seaport Alliance authorized a lease with the United States Coast Guard for 17 acres through

September 30, 2025, with one nine-month extension. The Seaport Alliance is negotiating an additional extension with the United States Coast Guard of up to nine years.

Husky Terminal. 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. The U.S. Maritime Administration awarded the Seaport Alliance an approximately $54 million Port Infrastructure Development Program grant for the expansion of Husky terminal. The vast majority of this grant will be passed through to Husky Terminal and Stevedoring, Inc., which is funding approximately $120 million of improvements to the terminal.

West Sitcum Terminal. The West Sitcum Terminal serves the domestic shipping market. SSA Terminals (Tacoma) signed an initial lease on approximately 135 acres to support Matson operations for Hawaii and Alaska through October 2027. In 2022, SSA signed a lease extension through 2032, which included updated rent adjustment calculations, clarified maintenance and repair requirements, clarified requirements for the use of vessel shore power when the capability exists, and implemented a clean truck program. On June 10, 2024, the Ninth Circuit Court of Appeals reversed a favorable 2021 ruling on motion for summary judgment by the federal district court for the Western District of Washington for certain civil claims brought by Puget Soundkeeper Alliance ("PSA") alleging violations of the Clean Water Act ("CWA") at the West Sitcum Terminal by the Port of Tacoma, its tenant SSA Terminals (Tacoma), LLC, and parent company SSA Terminals, LLC. PSA seeks declaratory judgment of violations of the CWA; injunctive relief; the imposition of civil penalties and the award of costs, and fees. The Port of Tacoma and SSA Terminals (Tacoma), LLC have filed a petition for writ of certiorari to the U.S. Supreme Court to review the Ninth Circuit's decision, which was denied by the Court on June 30, 2025. The parties to the litigation are awaiting a new scheduling order from the U.S. District Court on the remaining issues. The Seaport Alliance has assumed lead for this case as it involves Licensed Property, and is paying for the Port of Tacoma's legal defense and any associated liability. Additionally, NWSA's lease with the tenant entities also provides an indemnity in favor of the tenant entities named in the lawsuit. The ultimate costs of resolving this dispute are unknown at this time.

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 21 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.

On October 6, 2022, the United States Coast Guard ("USCG") released a Draft Programmatic Environmental Impact Statement ("PEIS") for Expansion and Modernization of Base Seattle. The USCG is currently located between Terminals 30 and 46 and has a short-term lease for 17 acres at Terminal 46. The PEIS alternatives includes expansion onto portions of Terminals 30 and/or 46. On November 15, 2024, USCG released the Final Programmatic Environmental Impact Statement ("Final PEIS") for Expansion and Modernization of Base Seattle. The Final PEIS identified the Preferred Alternative as an option involving the acquisition of between 26 and 53 acres at Terminal 46. In April of 2025, USCG announced that it was delaying its Record of Decision ("ROD") on the Final PEIS until October 31, 2025. The Seaport Alliance and Port of Seattle are in discussions with USCG, however, the final outcome of the USCG's expansion plans are unknown until the ROD is finalized and could affect the use of licensed facilities.

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 2024 TEUs increased by 12.3 percent compared to 2023, primarily due to shippers moving cargo ahead of possible tariffs, as well as cargo diversions to the west coast due to uncertainty around the International Longshoremen’s Association and United States Maritime Alliance contract negotiations. Uncertainty around contract negotiations concerning Canadian railroads also contributed to diverted cargo to the Seaport Alliance. As of June 2025, TEUs have increased 5.0 percent compared to the same time period in 2024.

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The following table summarizes total container traffic through the Seaport Alliance's North Harbor and South Harbor from 2020 through 2024, and from January through June in 2024 and 2025. 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 12
CONTAINER VOLUMES FOR SEAPORT ALLIANCE
2020 – 2024
(IN THOUSANDS)

	International Containers				Domestic Containers	Total Containers
	Imports	Exports				
Year	Full TEUs	Full TEUs	Empty TEUs	Total Intl. TEUs	TEUs	TEUs
2024	1,289	637	685	2,610	730	3,341
2023	1,078	589	570	2,237	738	2,974
2022	1,250	561	839	2,650	734	3,384
2021	1,465	691	836	2,992	744	3,736
2020	1,254	791	591	2,636	685	3,320

YEAR-TO-DATE COMPARISON
JANUARY – JUNE 2024 AND 2025
(IN THOUSANDS)

	International Containers				Domestic Containers	Total Containers
	Imports	Exports				
Year	Full TEUs	Full TEUs	Empty TEUs	Total Intl. TEUs	TEUs	TEUs
2025	604	303	357	1,264	372	1,636
2024	585	314	293	1,192	365	1,557

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 $2.4 billion worth of Port property and associated Seaport Alliance improvements are insured under the Port's property insurance policy, which was renewed on July 1, 2025 and goes through July 1, 2026.

On October 1, 2024, 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.

Capital Planning

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

The Seaport Alliance CIP for 2025-2030 includes completion of the modernization of the Terminal 5 wharfs, infrastructure repairs and improvements at Terminal 7 in the South Harbor and various other improvements and renewal and replacement projects in both the North and South Harbors.

In April 2019, the Managing Members approved improvements to Terminal 5, which include berth deepening, dock strengthening, and backland improvements. The project does not include the costs of any waterway channel deepening that are considered Port costs and included in the Port CIP. The project also excludes any equipment purchases. The first berth is completed and began operation on January 1, 2022; the second berth was completed in March 2024 and is operational. Remaining project elements are primarily on-terminal improvements including elements to be reimbursed by the tenant through additional lease payments.

TABLE 13
SEAPORT ALLIANCE
CAPITAL IMPROVEMENT PLAN
2025 – 2030[1]
($ IN MILLIONS)

	2025-2030
Terminal 5 Modernization[2]	$ 121.8
Other North Harbor CIP	170.6
South Harbor CIP	246.0
Seaport Alliance Capital Projects[3]	$538.4

Note: Totals may not add due to rounding.
(1) Excludes financing costs and non-capital expense (public assets expense, environmental expense). The Seaport Alliance CIP is under review; specific projects may be added, removed or deferred.
(2) Primarily off-dock improvements, including tenant improvements.
(3) Includes $100.0 million estimated Seaport Alliance CIP in 2030, in addition to the current five-year NWSA forecasted CIP.
Source: Seaport Alliance

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

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

OTHER PORT BUSINESSES

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

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

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 MAG and otherwise depend on volume. In 2024, the facility handled 4.4 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. In 2017, the Port, in conjunction with Norwegian Cruise Lines, completed an upgrade to its Pier 66 facility to accommodate larger ships. Since 2022, annual cruise traffic has exceeded 2019's traffic, which consisted of 211 cruise ship vessel calls and 1,210,722 cruise ship passengers.

TABLE 14
SEATTLE HARBOR CRUISE TRAFFIC
2020 – 2024

Year	Cruise Ship Vessel Calls	Cruise Ship Passengers
2024	275	1,751,892
2023	291	1,777,984
2022	295	1,309,306
2021	82	229,060
2020	0	0

Source: *Port of Seattle*

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

The Port's storm water utility provides surface water and storm water management and pollution control facilities and services to Port properties. The SWU revenues collected by the Port (derived from rates and charges imposed by the SWU) are required to be used to pay related expenses and capital investments. Therefore, all revenues and expenses for the SWU are excluded from the calculation of Available Intermediate Lien Revenue. See Table 5.

CAPITAL PLAN FUNDING

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

The table below summarizes the Port's forecasted "Committed" and "Business Plan Prospective" CIP expenditures (excluding financing costs) for the 2025-2030 period (the time period corresponding with the Certificate Period described under the heading "SECURITY AND SOURCES OF PAYMENT FOR INTERMEDIATE LIEN PARITY BONDS—Additional Intermediate Lien Parity Bonds"), including the Port's share of Seaport Alliance capital projects. Committed Projects are ongoing projects or projects that are ready to move forward and for which a funding commitment will be secured. Projects that are considered important for achieving business plan goals, have business unit or division approval and are expected to move through the funding commitment process, but are less certain in timing or scope and are not yet under contract and can more easily be deferred, are referred to as Business Plan Prospective Projects. In addition to specifically identified projects, the Port includes unspecified contingency for unexpected or undefined projects. The Port's major Committed Projects are described in the paragraphs below. Certain projects are not included in the table below, as described under the subheading "Sustainable Airport Master Plan." Other projects that are not in the current CIP but deemed to be important to the Port may advance and be included in the capital spending during the period.

TABLE 15
PORT OF SEATTLE
CAPITAL IMPROVEMENT PLAN
2025 – 2030(1)
($ IN MILLIONS)

Division	Committed Projects	Business Plan Prospective Projects	Total
Aviation Division	$3,673.8	$1,232.3	$4,906.1
Other Port Businesses(2)	609.4	148.0	757.5
Port Capital Projects(3)	$4,283.3	$1,380.4	$5,663.6
Seaport Alliance(4)	269.2	-	269.2
Total Port-Funded Capital Projects	$ 4,552.5	$1,380.4	$5,932.8

Note: Totals may not add due to rounding.

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

(2) Includes CIP for Maritime Division, SWU, and Port-only funded projects related to licensed Seaport Alliance facilities. The CIP is under review; specific projects may be added, removed or deferred.

(3) Funding of Corporate ("Central Services") CIP, which are primarily information technology improvements, is allocated to the operating divisions, and is included in the Aviation and Other Port Businesses figures above.

(4) Represents the Port's approximately 50 percent share of Seaport Alliance capital funding; assumes all Seaport Alliance CIP is Committed. See "NORTHWEST SEAPORT ALLIANCE—Capital Planning" and Table 13.

Source: Port of Seattle

Aviation Division Capital Plan. The Aviation Division's committed capital plan includes a major committed project to reconfigure the baggage system to improve operational efficiency for both Airport and TSA operations and increase capacity. This project is on-going and being delivered in multiple phases. Additional significant committed projects include the C Concourse Expansion; A Concourse Building Expansion; redevelopment of the North Main Terminal ("SEA Gateway"); renovation of the S Concourse; electrical and other infrastructure upgrades; on-going paving replacement of the airfield and ramp area; security improvements; insulation of nearby homes for noise; and other renewal, replacement and improvement projects. Business Plan Prospective Projects at the Airport include various discretionary projects that can be scoped and timed on an as-needed basis; some or all of these projects may move to committed projects status during the 2025-2030 period.

The capital plan also includes an allowance to accommodate project cost increases or unanticipated projects that may be needed during the 2025-2030 period. There is one known material potential use of the contingency; the Satellite Transit System that connects the main terminal to the North and South concourses is in need of replacement. The Satellite Transit System project is currently in preliminary planning and the Port expects that the project will move forward and that a portion of the costs, including planning, design and equipment acquisition will occur in the 2025-2030 period.

The Port recently completed two major capital projects: a new International Arrivals Facility and the North Satellite Renovation and Expansion. Both facilities are open and operating. In addition, in 2025, the Port acquired International Place, a three building, 549,000 square foot office complex directly across from the Airport, at a cost of $120.9 million.

Seaport Alliance Capital Plan. Table 15 includes the Port's approximately 50 percent share of the Seaport Alliance CIP, and assumes all Seaport Alliance CIP is Committed. See "NORTHWEST SEAPORT ALLIANCE—Capital Planning."

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

Funding. Based on a preliminary funding analysis, the Port expects to fund its $5.9 billion CIP, including its share of the Seaport Alliance CIP but excluding financing costs, from a variety of sources including operating funds, state and federal grants, CFCs, and proceeds of existing and additional revenue bonds. The Port anticipates that additional revenue bonds issued during 2025-2030 will fund $3.5 billion of the Port's CIP, including $3.3 billion at the Airport. The proceeds of the Series 2025 Bonds are expected to fund $684.8 million of the Aviation Division's capital plan. Additionally, the Port may use a portion of the Tax Levy to fund certain projects, particularly those supporting container operations in the North Harbor. The Port estimates that a portion of the Tax Levy and existing and additional LTGO bond proceeds may fund approximately $285.6 million of projects during the 2025-2030 period. See Appendix D for information about the Port's Tax Levy and LTGO bonds.

Cost Projections. The Port endeavors to develop reasonable cost projections for its projects. However, actual costs may be higher or lower than projections in the CIP due to inflation and other factors. Recently, the Seattle regional construction market has experienced growth in construction costs that may impact the costs of certain projects and the Port has experienced increased construction costs affecting some projects underway. During the year the Port actively monitors its CIP and can make adjustments based on changes to scope, timing, and cost escalation of projects within the CIP.

Sustainable Airport Master Plan. The Sustainable Airport Master Plan ("SAMP") process provides a comprehensive assessment of facilities capacity and forecasted demand over five-, ten-, and 20-year timeframes and was initiated in 2013. The SAMP identifies which facilities and infrastructure are needed based on that forecasted demand. The 2025-2030 CIP includes some preliminary planning and design work for SAMP; it does not include potential projects that may be identified by SAMP. The SAMP identified a suite of Near-Term Projects ("NTPs") and a Long-Term Vision. The NTPs (projects that are needed in the next 10 years) may commence construction once environmental review is complete. In 2019, the SAMP estimated a cost of approximately $4-5 billion for the NTPs.

In the fourth quarter of 2018, the Port initiated an environmental review for the NTPs. On December 13, 2024, the public comment period ended for the National Environmental Policy Act Draft Environmental Assessment ("Draft NEPA EA") for the NTPs. The FAA and the Port continue to review and consider comments provided on the Draft NEPA EA. It is expected that the FAA will publish its decision on the results of the environmental review no later than October 31, 2025. Once the NEPA environmental review is final, the State Environmental Policy Act ("SEPA") environmental review will follow. The Port will lead and oversee this review. Under SLOA V, the airlines have approved up to $300 million for preliminary project planning and design spending for gate capacity expansion projects on the north side of the Airport. The Aviation Division's 2025-2030 CIP includes SAMP preliminary planning and design spending of approximately $272.8 million through 2030. The Port is re-calculating the total cost of the NTPs. Upon completion of NEPA and SEPA approval, Commission funding approval is required to begin construction of any NTPs. The Port endeavors to develop reasonable cost projections for its projects. However, actual costs may be higher or lower than projections in the CIP.

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

PORT FINANCIAL MATTERS

General

Attached to this Official Statement as Appendix A are the financial statements of the Port of Seattle Enterprise Fund and the Warehousemen's Pension Trust Fund as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023, and 2022. See "INDEPENDENT AUDITORS."

Summary of Historical Operating Results

The following table summarizes selected operating results of the Port's Enterprise Fund for fiscal years 2020-2024. The table sets forth operating results as extracted by Port management from the Port's audited financial statements. For a discussion of the Port's 2023 and 2024 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 passenger facility charges ("PFCs") as operating revenue and, accordingly, such proceeds are not included in the following summaries of operating results.

TABLE 16
SELECTED HISTORICAL OPERATING RESULTS
FOR THE YEARS ENDED DECEMBER 31, 2020 THROUGH 2024
($ IN THOUSANDS)

	2020	2021[1]	2022[1]	2023[1]	2024[1]
Operating Revenues:					
Aviation	$408,234	$494,686	$652,373	$798,449	$861,301
Non-Aviation[2]	91,382	115,110	145,545	155,111	160,537
Total Operating Revenues[3]	$499,616	$609,796	$797,918	$953,560	$1,021,838
Operating Expenses:					
Aviation	$328,805	$291,752	$383,939	$445,818	$529,828
Non-Aviation[4]	77,840	67,562	90,628	105,252	122,813
Total Operating Expenses Before Depreciation and Amortization[5]	$406,645	$359,314	$474,567	$551,070	$652,641
Net Operating Income Before Depreciation and Amortization	$92,971	$250,482	$323,351	$402,490	$369,197
Depreciation and Amortization	181,989	195,303	237,649	256,740	277,917
Operating Income (Loss)	$(89,018)	$55,179	$85,702	$145,750	$91,280

(1) In 2023, the Port adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, and restated 2021 and 2022 financial statements.
(2) Includes 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.
(3) In 2022, the Port adopted GASB Statement No. 87 *Leases*, and restated 2020 and 2021. Excludes lease interest income of $11.1 million, $11.9 million, and $12.2 million for 2020, 2021, and 2022, respectively. Excludes lease interest income of $15.7 million and $21.7 million for 2023 and 2024, respectively.
(4) Includes 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.
(5) The Port has received pension credits that reduce operating expenses. In 2024, the Port received a $22.8 million state pension credit (including $18.6 million to Aviation).

Source: *Port of Seattle*

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.

OTHER MATTERS

Liquidity

As of December 31, 2024, the Port had $1.11 billion in unrestricted cash and investments as calculated pursuant to GAAP. In addition, the Port has a commercial paper program authorized up to $400 million, of which $250 million is supported by direct pay letters of credit. The Port has outstanding $120.0 million of commercial paper as of July 2, 2025.

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 2,697.6 regular full-time-equivalent ("FTE") employees in 2025, an increase of approximately 3.9 percent from 2,595.3 in the 2024 budget. Approximately 1,085 actual employees (employees can differ from FTEs) belong to bargaining units under 26 labor contracts as of April, 2025.

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. For the State fiscal year ending June 30, 2024, the CTF investments provided an 8.5 percent one-year, time-weighted rate of return, with a five-year annualized rate of return of 9.9 percent.

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.

Using the Entry Age Normal methodology, and as of June 30, 2022, OSA calculated the funded status of the State-administered plans in which the Port participates is as follows: PERS Plan 1 is 75% funded, and PERS Plans 2 and 3 are 97% funded. This funded status calculation relies on the following key assumptions: a valuation interest rate of 7.00%, a general salary growth rate of 3.25%, an inflation rate of 2.75%, and growth in plan membership of 1.00%. 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 current UAAL Rate of 2.97% for PERS Plans is 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, 2024, 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, 2024, the net pension liability was $1,683,000 and the plan fiduciary net position as a percentage of total pension liability was 87.7 percent. For the year ended December 31, 2024, the Warehousemen's Pension Plan reported an annual investment rate of return of 10.1 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, 2024, the Port had an actuarial accrued liability of $5,696,000 for LEOFF Plan 1 Members' Medical Services Plan benefits. As of December 31, 2024, the Port had a net OPEB obligation associated with life insurance coverage for eligible retired employees of $11,040,000. 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 its 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 many Potentially Responsible Parties ("PRP") at the LDW Superfund Site. The Port, as a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle and the Boeing Company, funded the Remedial Investigation and Feasibility Study ("RI/FS") and the initial design work (among other remedial actions) for the LDW Site. In November 2014, the EPA released a Record of Decision ("ROD") for the in-waterway portion of the site cleanup. In 2024, the EPA issued unilateral orders to King County, the City of Seattle, and the Boeing Company, to continue remedial design work on the site while consent decree negotiations were underway. A consent decree obligating King County, the City of Seattle, and the Boeing Company to implement the selected cleanup remedy is expected in 2025 or early 2026, at which point the Port's obligations under the RI/FS Administrative Order on Consent will terminate. In January 2025, the Port reached settlement agreements with most of the PRPs for the site, with the exception of King County, the City of Seattle, and the Boeing Company, and received payments totaling approximately $3,445,000.

East Waterway Superfund. The Port also is one of several PRPs at the Harbor Island/East Waterway Superfund Site and is a member of the East Waterway Group ("EWG"), along with the County and the City of Seattle. Among other remedial actions, the EWG funded the Supplemental Remedial Investigation and Feasibility Study, which was finalized in 2019. In May, 2024, the EPA released its interim ROD for the East Waterway Site cleanup remedy that estimates the capital cost for the selected interim remedy, updated to 2023 dollars, at $401 million ($223 million in net present value at the start of construction). The Port's final share of that cost is unknown, and the estimate will be further refined following completion of an extensive sampling and design effort. A portion of the East Waterway cleanup near Terminal 25 South is expected to be completed as an "early action" ahead of the broader East Waterway Site remediation. In 2024, the Port recorded an additional $91,107,000 in cleanup costs for Terminal 25 South as a special item, following further sampling efforts conducted in 2024 that identified an expanded cleanup area beyond prior estimates. The cleanup will address PCBs contamination discovered in 2019 in the upland portion of the site, estimated at approximately $79 million, as well as contamination in the sediments that the EPA considers an "early action" cleanup under the East Waterway IROD estimated at approximately $64 million. The Port anticipates recovering a portion of these costs from other PRPs, though the amount and timing of such recovery is unknown.

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, 2024, the Port recognized a total environmental remediation liability of $241,432,000 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 2021 recorded, as a special item, $34.9 million in environmental expenses reflecting the cost to construct habitat restoration projects. 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.

Regulatory and Permit Requirements. The Port and the Seaport Alliance must comply with various environmental regulations and permit conditions in the operations of their businesses. These requirements are subject to enforcement by regulatory and permitting authorities. New regulations can be added, or compliance standards may be changed. These requirements, including additions or changes, can add operating and/or capital costs that the Port must absorb (as a responsible party or through contract terms between the Port, the Seaport Alliance and tenants). New or modified regulations go through a multi-step process in order to be finalized and then typically have a phased implementation. For example, the Washington Department of Ecology has indicated its intent to expand its industrial stormwater permit requirements to include additional facilities at the Port and the Seaport Alliance. The Port and the Seaport Alliance will comply with existing and any new standards through various ways, including both operational changes and capital investments. In addition, in 2024 the EPA designated some per- and polyfluoroalkyl substances ("PFAS") as Hazardous Substances under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and finalized National Primary Drinking Water Regulation Maximum Contaminant Levels for 6 PFAS compounds in drinking water. PFAS have not yet been designated under the Resource Conservation and Recovery Act ("RCRA") and the Toxic Substances Control Act ("TSCA") currently only requires recordkeeping and reporting for PFAS. However, in May 2025 four of the six Maximum Contaminant Levels were rescinded and compliance deadlines for the remaining two PFAS were extended from 2029 to 2031. At this time, the Port does not know what specific actions will be required or the potential costs of those actions. The Port is in the process of transitioning away from use of PFAS-containing firefighting foams at SEA Airport.

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, 2024 to October 1, 2025. The Port's insurance year for property coverage runs from July 1, 2025 to July 1, 2026. 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."

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 $500,000 per-occurrence deductible or retention and a $1 billion per-occurrence limit for Aviation Division assets (including Pier 69) and a $250 million per occurrence limit and $1 million 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 $9.4 billion, of which $7.0 billion is Aviation-related and $2.4 billion is non-airport related. 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. The Port received quotes for adding earthquake coverage for certain assets at different locations, but determined that coverage pricing did not justify the purchase of this coverage. The Port has sufficient funds available to initiate recovery efforts in the event of a local earthquake. The Port's coverage does include loss to assets from fire following an earthquake; what is not covered is sole damage from ground movement and collapse following that movement.

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 deductible of $50,000 and a maximum limit of $50 million per project with no underwriting and increased to $110 million with underwriting for Aviation assets and $50 million for non-airport assets. 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.

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. If these projects are not placed as "course of construction" on the Port's main property policy, then a separate builder risk property insurance policy is purchased for the duration of the project. These are referred to as builder risk policies and they cover the "work" or 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. Builder risk insurance is currently in place for the construction of the C-1 Concourse Expansion and the North Main Terminal Renovation ("SEA Gateway") projects. The builders' risk policies described above insure the interests of both the Port and the related contractors and include coverage for terrorism, flood, and earthquake.

The Port has two projects over $50 million that were underwritten to be on the Port's main property insurance policy as "course of construction." Those projects are the Delta Sky Lounge and the IAF Aircraft Realignment Project. These two projects insure the interests of both the Port and the related contractors and include coverage for terrorism, flood, but do not include earthquake coverage.

The Port, which takes care and custody of the TSA's explosion detection systems at the airport, insures these for first party property insurance coverage under a separate and specific policy. The 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 $5 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.

The excess commercial insurance coverage is above a self-insured retention that the Port maintains and funds. 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 prior to 2024 years when insurance was applicable.

In 2024 the Port received an adverse litigation judgement in King County Superior Court following a jury trial; the $24.2 million judgement exceeds the limits of the Port available insurance coverage. The Port is currently appealing the litigation.

In 2024 the Port also was the target of a cyber-attack that resulted in a disruption to its network and operations. The Port's response to the attack was immediate and its emergency recovery process allowed the Port to continue to operate using back up plans. The Port filed an insurance claim with its cyber insurance company in 2025. The loss in terms of cost exceeded the amount of cyber insurance the Port had purchased prior to the event. See "CERTAIN INVESTMENT CONSIDERATIONS—Cyber-Security—*August 2024 Cyberattack.*"

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 requires certain airlines with aircraft operations on the airfield at the airport and operating under an operating permit or license to provide between $25 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.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of the Series 2025 Bonds involves investment risk. Prospective purchasers of the Series 2025 Bonds should consider carefully all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Series 2025 Bonds and confer with their own tax and financial advisors when considering a purchase of the Series 2025 Bonds.

The Series 2025 Bonds are secured solely by a pledge of Available Intermediate Lien Revenues. The Port's ability to derive Available Intermediate Lien Revenues from the operation of the Port sufficient to pay debt service on the Series 2025 Bonds depends on many factors, some of which are not subject to the control of the Port.

Factors subject to the Port's control, to some degree, include the contractual terms the Port establishes with its tenants, including airlines and container terminal operators, as well as the contractual terms the Port establishes with banks and other entities providing liquidity or credit enhancement for Port obligations and whether and when to amend such terms. In addition, the Port determines, subject to the requirements of the Intermediate Lien Master Resolution, whether and when to issue additional indebtedness secured by a lien on Available Intermediate Lien Revenues either senior to, on parity with or subordinate to the lien of the Series 2025 Bonds.

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

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

Uncertainties of the Aviation Industry

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

Uncertainties of Aeronautical Revenues

The FAA provides airports with the ability to recover airline-related costs within certain guidelines. Airports may enter into use and lease agreements with airlines or they may set rates and charges by legislative action. The Port currently receives aeronautical revenues pursuant to its agreement with the airlines, which expire on

December 31, 2034. The Port also has adopted Resolution No. 3677, as amended, establishing airline rates and charges. Implementation of this resolution is currently suspended during the term of the airline agreements. Upon the expiration or termination of the agreements, the Port may enter into a new agreement with the same or different terms, which may be more or less favorable, or may choose to amend its agreements to respond to adverse economic or other conditions at the Airport. It is also possible that Resolution No. 3677, as amended, or any new rate resolution or amendment to the current rate resolution could be challenged by one or more of the airlines. The airlines are not required to pay for all of the Port's costs at the Airport.

Uncertainties of Non-Aeronautical Revenues

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

Federal Funding and Other Actions

Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift significantly from one administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in federal funding. The Port expects a heightened level of uncertainty in federal funding over the next several years due to the change in federal administration.

The Port and the Seaport Alliance receive federal funds, including through FAA and TSA budgets. These federal funds may be adversely impacted by federal legislative and executive actions, including but not limited to actions seeking to freeze, reduce, eliminate or reallocate federal grant, loan and other financial assistance, which could impact the availability of federal funds or adversely impact the conditions for funding award and/or compliance. Federal funding is subject to federal legislative action, including through the federal budget process. Budgetary acts, including sequestration, and executive actions could continue to affect FAA and TSA budgets, operations, and the availability of certain federal grant or other funds. In addition, budgetary acts and other factors have caused and could cause the FAA and/or the TSA to implement employee furloughs, hiring freezes or other staffing changes (including of air traffic controllers), which could result in flight delays or cancellations. These factors could also impact Port capital projects; for instance, staffing changes could slow or delay review and approval or other regulatory oversight functions.

Certain of these actions have been challenged in court, and in some cases enjoined; additional litigation is expected, including, by way of example, in *Martin Luther King Jr. County et al. v. Scott Turner et al*., No. 2:25-cv-00814 (W.D. Wash.), which challenges U.S. Department of Housing and Urban Development and U.S. Department of Transportation grant conditions, and to which the Port is a plaintiff. On June 3, 2025, the District Court issued a preliminary injunction that prevents the government defendants from imposing or enforcing the challenged grant conditions. The government defendants have appealed the injunction to the U.S. Court of Appeals for the Ninth Circuit. The Port makes no representations about the outcome of any pending or future litigation, and any such litigation carries the risk of final, unappealable outcomes that could materially adversely affect the Port. The Port makes no representation about the actions it might take in response to an adverse decision.

Other proposed and potential federal legislative and executive actions and initiatives that could adversely impact the Port's federal funds, or that may have other financial or operating impacts on the Port or the Seaport Alliance, include, but not limited to, the imposition of tariffs, curtailment of tax exempt bond financing, and restrictions on immigration or travel that reduce international passenger traffic. The Port, the Seaport Alliance and other state and local jurisdictions could also be affected if or as the federal government withholds or attempts to withhold federal grants or other funds flowing through or to "sanctuary jurisdictions." The Port can make no representations at this time concerning the ultimate outcome of any such proposed and potential legislative and executive actions (some of which are subject to judicial challenges), or the impact such actions will have on Port or Seaport Alliance finances or operations, or the timing or materiality of such impact.

Cyber-Security

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

August 2024 Cyberattack. On August 24, 2024, the Port identified system outages consistent with a cyberattack. The Port promptly initiated its incident response processes. Port teams isolated critical systems, took certain systems offline, and worked with third-party and federal partners to safely restore and test Port systems. At no point did the incident affect the ability to safely travel to or from the Airport or safely use the Port's maritime facilities. The proprietary systems of the Port's major airline and cruise partners were not affected, nor were the systems of the FAA, TSA, and U.S. Customs and Border Protection. The Port's response to the attack was immediate and its emergency recovery process allowed the Port to continue to operate using back up plans. There were no flight disruptions.

The Port initiated an investigation assisted by cybersecurity and technology experts to investigate what happened and what data may have been impacted. This investigation determined that threat actors accessed and downloaded some personal information from Port systems—primarily legacy systems used for employee, contractor and parking data. Downloaded personal information included identifiers and some medical information.

The Port has notified approximately 90,000 affected individuals, approximately 71,000 of whom live in the State. These notifications include an offer of free comprehensive credit monitoring and identity theft protection services, and contact details for the Port's dedicated call center established to assist with enrollment and to address any inquiries related to the incident.

Prior to the August 2024 cyberattack, the Port had a number of security measures in place. As part of the recovery process, the Port implemented additional technical and administrative security controls to further enhance the security of our systems and data.

Uncertainties of the Container Shipping Industry

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

As noted above, ports are exposed to material shifts in patterns in international trade. The Trump Administration has implemented tariffs, or proposed implementing tariffs, on a broad range of goods imported from countries worldwide. Tariffs are likely to raise the cost of goods, which could increase financial pressures on import-reliant businesses, and result in adjustments to existing supply chains and a decrease in the volume of U.S. imports, among other economic impacts. Retaliatory tariffs on U.S. exports could similarly result in a decreased amount of such exports. As of the date of this Official Statement, tariff policies are in flux, and the application, scope and duration of U.S. import tariffs and retaliatory tariffs remain undefined and uncertain. The Port can give no assurances as to the impacts that tariff policies in the U.S. and abroad will have on the financial health of the maritime industry or on global shipping volumes and routes, and, accordingly the Port's revenues from the Seaport Alliance.

Competition from Other Container Ports

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

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

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

Uncertainties Regarding the Seaport Alliance

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

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

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

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

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

Geopolitical Considerations

Geopolitical conflicts—such as the current international economic conflict over trade policies—and armed conflicts—such Russia's invasion of Ukraine in February 2022 and the Israel-Hamas war—may cause disruptions to the global economy, including disruptions that affect air, maritime, and other transportation modes. Conflicts may also lead to increased volatility in fuel and other commodity prices, challenges in sourcing needed materials, changes in supply, demand or pricing due to tariffs, export restrictions and sanctions, and additional supply chain risks. Armed conflicts may, in addition, impact the aviation industry by preventing access to airports in or around areas of unrest, by causing airline schedule and routing changes, and by increasing passenger anxieties about air travel.

Future Capital Projects

The Port has identified its CIP for the 2025-2030 period. The program is based on identified improvements, current cost, timing estimates, and also includes some allowance for unidentified projects. The actual costs and schedules of projects are subject to change due to, among other factors, inflation including the effects of tariffs, changes to permitting requirements or other legal or regulatory requirements, increased borrowing costs and the availability of labor and supplies, which may result in significantly higher costs than currently estimated. Recent federal policies regarding tariffs and immigration may lead to increased costs of construction materials and labor, and may delay construction schedules. As noted, the Port actively monitors its CIP and can make adjustments, including deferring projects, based on changes to scope, timing, and cost escalation of projects within the CIP.

There may be additional improvement needs including without limitation the following: improvements identified in the Sustainable Airport Master Plan or in the real estate strategic plans, improvements to accommodate growth in the cruise business, expansion or renovation of other facilities for the Port or the Seaport Alliance that are necessary to address competitive challenges in the Port's or the Seaport Alliance's various businesses, improvements to repurpose facilities, and improvements that are deemed to provide an economic or environmental benefit. There is no guarantee that capital investments will generate new revenues or revenues sufficient to offset costs.

Financial Markets

The Port relies on access to financial markets to fund much of its capital program and, in some cases, to provide liquidity. Disruptions to financial markets may impact the Port's access to capital or increase borrowing costs. Significant increases in interest rates will also affect the Port's borrowing costs.

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

Limitation of Remedies

Under the terms of the Resolution, payments of debt service on Series 2025 Bonds are required to be made only as they become due and the occurrence of a default does not grant a right to accelerate payment of the Series 2025 Bonds. In the event of multiple defaults in payment of principal of or interest on the Series 2025 Bonds, the Series 2025 Bond owners could be required to bring a separate action for each such payment not made. Remedies for defaults are limited to such actions that may be taken at law or in equity. See Appendix G. No mortgage or security interest has been granted or lien created in any real property of the Port to secure the payment of any of the Port's bonds, including the Series 2025 Bonds. Leases with tenants, including airlines and container terminal operators, are subject to bankruptcy proceedings, leading to possible rejection of the leases or to long delays in enforcement.

Various State laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the Series 2025 Bonds. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the Port.

In the event of a default in the payment of principal of and/or interest on the Series 2025 Bonds, the remedies available to the owners of the Series 2025 Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the U.S. Bankruptcy Code (the "Bankruptcy Code"). Bond Counsel's opinions as to enforceability to be delivered simultaneously with delivery of the Series 2025 Bonds will be qualified by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles. See the proposed forms of Bond Counsel opinions included in Appendix E.

Bankruptcy; Dissolution

The enforceability of the rights and remedies of the Series 2025 Bondholders, the obligations of tenants or customers of the Port and of the Port and the liens and pledges created by the Resolution are subject to the Bankruptcy Code and/or to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, to equitable principles that may limit the enforcement under State law of certain remedies and to exercise by the United States of America of powers delegated to it by the U.S. Constitution. It is not entirely clear what procedures the holders of the Series 2025 Bonds would have to follow to pursue bankruptcy and state law claims to attempt to obtain possession of Available Intermediate Lien Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Some of the risks associated with a bankruptcy, insolvency or dissolution are described below and include the risks of delay in payment and of nonpayment. Potential purchasers of the Series 2025 Bonds should consult their own attorneys and advisors in assessing the risk and the likelihood of recovery in the event the Port, its tenants or customers, or any other party becomes a debtor in a bankruptcy, insolvency or dissolution case prior to the time the Series 2025 Bonds are paid in full.

In addition, payments made by a bankrupt entity within 90 days (up to 366 days if the entity is found to be an insider) of a filing of a bankruptcy case could be deemed to be "avoidable preferences" under the Bankruptcy Code and thus could be subject to recapture in bankruptcy, including from the Series 2025 Bondholders. If an entity is in bankruptcy, parties (including the Series 2025 Bondholders) may be prohibited from taking action to collect from or to enforce obligations of such entity without permission of the bankruptcy court, and the Port may be prevented from making payments to the Series 2025 Bondholders from funds in its possession. These restrictions may result in delays or reductions in payments on the Series 2025 Bonds.

There may be other possible effects of a bankruptcy of the Port or tenants or customers of the Port that could result in delays or reductions in payments on the Series 2025 Bonds, or result in losses to the Series 2025 Bondholders. Regardless of any specific adverse determinations in any such bankruptcy proceeding, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2025 Bonds.

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

The Port. Under current State law, political subdivisions or public agencies, such as the Port, may be able to file for bankruptcy under chapter 9 of the Bankruptcy Code. In 1935, the Legislature authorized taxing districts in the State to file a petition under Section 80 of chapter IX of the then-applicable Bankruptcy Act of 1898. The 1935 authorizing statute has not been amended notwithstanding the fact that the Bankruptcy Act of 1898 has been superseded. The 1935 authorizing statute likely allows municipalities in the State to seek relief under chapter 9 of the now-applicable Bankruptcy Code. In the event of a chapter 9 bankruptcy filing by the Port, owners of the Series 2025 Bonds may not be able to exercise any of their remedies under the First Lien Master Resolution and Intermediate Lien Master Resolution, as applicable, during the course of the proceeding. Legal proceedings to resolve issues could be time consuming, and substantial delays or reductions in payments to Series 2025 Bondholders may result.

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

Laws and Regulation; Taxes

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

Accounting Rules

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

Seismic and Other Natural Disaster Considerations

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

Climate Change

Climate change has caused rising sea levels, ocean warming and acidification, increases in the frequency and intensity of wildfires and extreme weather events (such as heat waves, droughts, and floods), and changes in rainfall patterns and in the timing and amount of streamflow, among other impacts. These climate change impacts may increase in the coming decades, and could have material adverse effects on the Port, including, but not limited to: flight delays and cancellations; decreased travel demand; damage to critical facilities and infrastructure, such as terminals and runways; global changes in resource availability; decreased cargo movement; reduced access to hydropower; and stormwater surges exceeding the capacity of the Port's current stormwater and industrial wastewater management system.

Given the complexities of predicting the timing and magnitude of climate change, the Port can give no assurances regarding how climate change and its effects will impact Port operations. Based on the Port's 2015 climate change adaptation study's findings, the Port anticipates that, with moderate improvements, the Port's maritime facilities will not experience any major vulnerability within the period of their intended design life (of up to 50 years for certain facilities). See "THE PORT OF SEATTLE—Environmental, Social and Governance." The Airport's stormwater and industrial waste systems are vulnerable to the effects of extreme weather, and will require capital investment to increase capacity. The Port cannot guarantee actual outcomes, and it is possible a need will arise for other significant capital investments. Furthermore, the Port can make no statement regarding the Port of Tacoma owned facilities licensed to the Seaport Alliance.

In addition to climate change's direct impacts, new federal and State laws and regulations imposed to mitigate climate change could have material adverse effects on the Port. In 2021, the EPA began regulating greenhouse gas (GHG) emissions associated with air travel, issuing a rule adopting GHG emission standards for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. While the Port does not expect this rule to have a significant impact on Port operations, the Port cannot predict whether or how future legislation or regulations similarly intended to counteract the effects of climate change could restrict, limit, impose financial costs on or otherwise materially impact the Port and Port tenants.

Environmental Liability Risks

The Port owns numerous properties that have known or potential environmental liabilities beyond those recognized in its financial statements. The Port may be responsible for all or a portion of investigation and cleanup of contamination on its properties. The actual cost of these responsibilities can be difficult to know and estimate and depends on the scope of remediation required by federal and/or state environmental agencies as well as the resolution of cost-sharing agreements, disputes (including litigation) regarding the allocation of costs and other matters, or litigated or negotiated settlements with other responsible parties. The process can be lengthy and outcomes uncertain. Changes in laws, regulations and the application of regulations are beyond the control of the Port. The costs of compliance are also subject to cost escalation pressures. See "OTHER MATTERS—Environmental Concerns."

Public Health

The COVID-19 public health emergency significantly impacted the international and domestic travel industry and the global economy more broadly. The effects of COVID-19 and the restrictions imposed to contain the disease caused airports worldwide, including the Airport, to experience substantial decreases in passenger air travel. Additional variants or other public health developments may affect passenger travel, Port operations and other economic factors. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future.

Continuing Compliance with Tax Covenants; Changes of Law

The Resolution and the Port's tax certificate will contain various covenants and agreements on the part of the Port that are intended to establish and maintain the tax-exempt status of interest on the Series 2025 Bonds. A failure by the Port to comply with such covenants and agreements, including any remediation obligations, could, directly or indirectly, adversely affect the tax-exempt status of interest on the Series 2025 Bonds. Any loss of tax-exemption could cause all of the interest received by the Owners of the Series 2025 Bonds to be taxable. All or a portion of interest on the Series 2025 Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax-exempt status of such interest.

INITIATIVES AND REFERENDA

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

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

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

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

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

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

LITIGATION AND ADMINISTRATIVE PROCEEDINGS

No Litigation Concerning the Series 2025 Bonds

As of the date of this Official Statement, there is no litigation, to the knowledge of the Port, pending or threatened, challenging the authority of the Port to issue the Series 2025 Bonds or seeking to enjoin the issuance of the Series 2025 Bonds.

Other Litigation and Administrative Proceedings

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

In 2023, a class action law suit was filed in U.S. District Court, *Codoni et al. v. Port of Seattle, Alaska Airlines, Delta Airlines*, alleging harm from pollutants that fall from airplanes on residents within a five-mile radius of the Airport; the Port and its co-defendants have filed a motion to dismiss which the U.S. District Court denied. Subsequently the U.S. District Court consented to interlocutory review and the Ninth Circuit Court accepted interlocutory appeal which will be briefed in summer 2025. The plaintiffs are seeking monetary and injunctive relief. The Port cannot predict the outcome of this case.

See also "INSURANCE—Liability Insurance," "OTHER MATTERS—Environmental Concerns," and "CERTAIN INVESTMENT CONSIDERATIONS—Federal Funding and Other Actions" for information regarding other litigation.

CONTINUING DISCLOSURE

The Port is covenanting for the benefit of the holders and beneficial owners of the Series 2025 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, 2026, for the report for the 2025 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 H. These covenants are made by the Port to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule").

The Port has provided the 2024 audited financial statements for the Seaport Alliance in Appendix B, and may choose to file future Seaport Alliance financial statements on a voluntary basis. The Port is not, however, undertaking or committing to provide financial statements of the Seaport Alliance.

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

TAX MATTERS

2025A Bonds and 2025B Bonds

General. In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, (a) the interest on the 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (b) the interest on the 2025B Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2025B Bonds for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced by the 2025B Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Code, but interest on the 2025B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (c) interest on the 2025A Bonds and the 2025B Bonds (the "Tax-Exempt Bonds") is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations.

The proposed forms of opinion of Bond Counsel with respect to the 2025A Bonds and the 2025B Bonds to be delivered on the date of issuance are set forth in Appendix E.

The Code contains a number of requirements that apply to the Tax-Exempt Bonds, and the Port made certain representations and have covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the Port and is subject to the condition that the Port comply with the above-referenced covenants. If the Port fails to comply with such covenants or if the Port's representations are inaccurate or incomplete, interest on the Tax-Exempt Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Tax-Exempt Bonds, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds. Owners of the Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Tax-Exempt Bonds.

Original Issue Premium and Discount. If the initial offering price to the public at which a Tax-Exempt Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Tax-Exempt Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof. The original issue discount accrues over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Tax-Exempt Bonds who purchase the Tax-Exempt Bonds after the initial offering of a substantial amount of such maturity. Owners of such Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Tax-Exempt Bonds under the federal alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the Tax-Exempt Bond (said term being the shorter of the Tax-Exempt Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Tax-Exempt Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Tax-Exempt Bond is amortized each year over the term to maturity of the Tax-Exempt Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Tax-Exempt Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Tax-Exempt Bonds.

Post Issuance Matters. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Port, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Port or the Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Port and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Port legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the Port or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

2025C Bonds

The interest on the 2025C Bonds is not intended by the Port to be excluded from gross income for federal income tax purposes. Owners of the 2025C Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2025C Bonds may have federal income tax consequences not described herein and should consult their own tax advisors with respect to federal income tax consequences of owning such 2025C Bonds. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2025C Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance is set forth in Appendix E.

Not Bank Qualified

The Port has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

LEGAL MATTERS

Issuance of the Series 2025 Bonds is subject to receipt of the legal opinions of Pacifica Law Group LLP, Bond Counsel to the Port, and to certain other conditions. See Appendix E for the forms of the opinions of Bond Counsel. Certain legal matters will be passed upon for the Port by Pacifica Law Group LLP, in its capacity as Disclosure Counsel to the Port. Any opinion of such firm will be addressed solely to the Port, will be limited in scope, and cannot be relied upon by investors.

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

RATINGS

Moody's Ratings, S&P Global Ratings and Fitch Ratings have assigned their ratings of "Aa3," "AA-," and "AA-" respectively, to the Series 2025 Bonds. Certain information was supplied by the Port to such rating agencies to be considered in evaluating the Series 2025 Bonds.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Series 2025 Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2025 Bonds. The Port does not have any obligation to take any action, other than file a listed event notification, if the ratings on the Series 2025 Bonds is changed, suspended or withdrawn.

THE REGISTRAR

The principal of and interest and redemption premium, if any, on the Series 2025 Bonds are payable by the fiscal agent of the State, currently U.S. Bank Trust Company, National Association. For so long as the Series 2025 Bonds remain in a "book-entry only" transfer system, the Registrar will make such payments to DTC, which, in turn, is obligated to remit such principal payments to the DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2025 Bonds. See Appendix F.

MUNICIPAL ADVISOR

Piper Sandler & Co. has served as Municipal Advisor to the Port relative to the sale, timing of the sale, and other factors relating to the Series 2025 Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Series 2025 Bonds. Piper Sandler & Co. makes no guaranty, warranty or other representation on any matter related to the information contained in this Official Statement. A portion of the Municipal Advisor's compensation for this transaction is contingent on the sale and delivery of the Series 2025 Bonds.

UNDERWRITING

The Series 2025 Bonds are expected to be sold pursuant to a bond purchase contract between the Port and Morgan Stanley & Co. LLC, acting on behalf of itself and Backstrom McCarley Berry & Co. LLC, Barclays Capital Inc., Goldman Sachs & Co. LLC, Jefferies LLC and Siebert Williams Shank & Co., LLC (collectively, the "Underwriters"). The bond purchase agreement provides that the Underwriters will purchase all of the Series 2025 Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Series 2025 Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The 2025A Bonds are to be purchased from the Port at an aggregate purchase price of $78,276,944.42 (the principal amount of the 2025A Bonds, less Underwriters' discount of $162,475.13, and plus original issue premium of $4,204,419.55).

The 2025B Bonds are to be purchased from the Port at an aggregate purchase price of $677,020,409.88 (the principal amount of the 2025B Bonds, less Underwriters' discount of $1,386,664.07, and plus net original issue premium of $27,947,073.95).

The 2025C Bonds are to be purchased from the Port at an aggregate purchase price of $22,511,519.82 (the principal amount of the 2025C Bonds, less Underwriters' discount of $38,480.18).

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

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

Morgan Stanley & Co. LLC, an underwriter of the Series 2025 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2025 Bonds.

The Underwriters may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The initial public offering prices or yields set forth on the inside cover page and page ii may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the Series 2025 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices or at yields higher than the yields stated on the inside cover page and page ii.

INDEPENDENT CONSULTANT

This Official Statement includes the Reports with the consent of the Independent Consultant, and in reliance upon the Independent Consultant's expertise in preparing such reports. The Reports should be read in their entirety for an understanding of the financial forecasts and underlying assumptions therein.

The Port's financial forecasts presented in the Reports rely on key assumptions and projections. Financial forecasts in the 2025 Letter Report incorporate actual 2024 operating revenues, expenses, and capital improvement program expenditures (as opposed to projected results) and reflect actual rather than estimated debt service on the Series 2024ABC Bonds. The Forecast Period reviewed in the 2025 Letter Report includes one additional year of capital program expenditures (2030) as compared to the forecast period reviewed in the 2024 Report and also includes updated project cost, timing and funding information for the Forecast Period as compared to the 2024 Report. The forecasts presented in the 2025 Letter Report assume that the Port will implement the approximately $5.9 billion Port capital improvement program, and includes approximately $4.9 billion of capital program expenditures that are identified in the Airport capital improvement program, which include certain significant projects the Port expects to complete after the Forecast Period. The 2025 Letter Report states that the new Airline Agreement does not include material changes to the methodology used to calculate airline rates and charges used in the 2024 Report. See "THE AIRPORT—The Airline Agreements." The financial projections in the 2025 Letter Report do not take account of debt service savings that may result from refundings during the Forecast Period.

The financial forecasts presented in the 2025 Letter Report reflect Port management's expected course of action during the Forecast Period and, in Port management's judgment, present fairly the Port's expected financial results under the assumptions described in the 2025 Letter Report. In the opinion of the Independent Consultant, as set forth more specifically in the 2025 Letter Report, the underlying assumptions provide a reasonable basis for the forecasts. **The results, key findings and assumptions of the Independent Consultant's analyses are summarized in the Reports, which is a part of this Official Statement and should be read in their entirety.** See "Appendix C—Reports of the Independent Consultant."

Any projection, however, is subject to uncertainties and inevitably some assumptions regarding future trends will not be realized and unanticipated events and circumstances may occur. **Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.**

INDEPENDENT AUDITORS

The financial statements of the Port of Seattle Enterprise Fund and the Warehousemen's Pension Trust Fund as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023, and 2022, attached hereto 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, any procedures on the financial statements addressed in that report. Further, Moss Adams LLP has not participated in any way in the preparation or review of this Official Statement.

The Seaport Alliance's financial statements for the year ended December 31, 2024, included herein as Appendix B, have been audited by Moss Adams LLP, independent auditors. Moss Adams LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement.

In addition to the annual audit of its financial statements by its independent auditor, the Port 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.

CONFLICTS OF INTEREST

Some or all of the fees of the Municipal Advisor, Bond Counsel, Disclosure Counsel, and the Registrar are contingent upon the issuance and sale of the Bonds. From time to time, Bond Counsel serves as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds. Disclosure Counsel serves as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds, including as underwriter's counsel to the Municipal Advisor and to one or more of the underwriters on bonds issued by issuers other than the Port. None of the members of the Commission or other officers of the Port have interests in the issuance of the Bonds that are prohibited by applicable law.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Series 2025 Bonds. The summaries provided in this Official Statement and in the appendices attached hereto and the documents referred to herein do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Series 2025 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 Series 2025 Bonds.

PORT OF SEATTLE

By /s/Elizabeth Morrison
Elizabeth Morrison
Interim Chief Financial Officer

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE PORT

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Report of Independent Auditors

The Port Commission
Port of Seattle
Seattle, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Port of Seattle Enterprise Fund and the Warehousemen's Pension Trust Fund (collectively the "Port") as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Port's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective net position of the Port of Seattle Enterprise Fund and the fiduciary net position of the Warehousemen's Pension Trust Fund as of December 31, 2024 and 2023, and the changes in net position and cash flows for the Port of Seattle Enterprise Fund, and the changes in fiduciary net position for the Warehousemen's Pension Trust Fund for the years ended December 31, 2024, 2023, and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in these financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of these financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter

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's Contributions - Enterprise Fund Pension Plans, Schedule of Changes in Total OPEB Liability and Related Ratios - LEOFF Plan 1 Members' Medical Services 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Seattle, Washington
June 26, 2025

Port of Seattle
Management's Discussion and Analysis for the Year Ended December 31, 2024

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, 2024, 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, 2023 and 2022.

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 understand the data contained in the financial statements thoroughly.

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 2024, Washington State's economy remained on a steady growth trajectory despite concerns over international trade and geopolitical risks. The statewide unemployment rate edged up from an average of 4.1% in 2023 to 4.5% in 2024. A notable contraction in the regional workforce resulted from a seven-week strike by 33,000 Boeing workers that ended in November 2024, as well as job cuts announced by major companies in December 2024. These layoffs continued into early 2025 due to business closures and corporate restructuring. Private sector employment saw a modest increase of 0.4% during the same period, while public sector employment grew by 3%. The Seattle metropolitan area gained 23,600 jobs, with the government contributing 18,800 of these positions.

The Port delivered strong financial results in 2024 reflecting the continued economic vitality of the region. Seattle-Tacoma International Airport (SEA) marked its Diamond Anniversary, 75 years of air service to the Pacific Northwest, and had a record-breaking year in 2024 by serving 52.6 million passengers, an increase of 3.5% over 2023. Robust demand for leisure travel remained a key driver of the strong performance in both air and cruise industries. In 2024, the Port celebrated the Silver Anniversary of Seattle as a home port to the Alaska cruise industry. The 2024 cruise season hosted 275 ship calls, and welcomed 1,752,000 passengers, though passenger volume had a slight 1.5% decline compared to 2023. Grain volumes surged to 4.4 million metric tons, marking a 64.9% increase in volume from 2023, driven largely by heightened demand for soybean exports. The overall occupancy rate of commercial and industrial properties decreased slightly from 90% at the end of 2023 to 89% at the end of 2024.

The Northwest Seaport Alliance

In August 2015, the home ports of Seattle and Tacoma unified the management of marine cargo facilities and businesses 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 established as a Port Development Authority. 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, but ownership of the licensed facilities remains with the home ports. The NWSA's financial framework aims to support both home ports' credit profiles without negatively affecting existing bond pledges and covenants. Outstanding bonds remain the obligations of each individual home port. To maintain the rights of each home port's existing bondholders, the NWSA is prohibited 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.

In 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 only be achieved with the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first two installments of $11 million each were paid in 2020 and 2021, respectively. The final installment will be made in 2025. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA received the funds from the Port.

In 2019, an Interlocal Agreement was approved between the Port and the NWSA to facilitate the development of a new cruise terminal by the Port occupying 29 acres of the overall 86.5 acres at Terminal 46. The remainder of the site would be maintained by the NWSA as a marine cargo facility and for administrative use. This cruise terminal project was postponed due to the pandemic and is no longer being actively planned. The Port agreed to pay the NWSA a monthly use fee, starting January 1, 2020, for 23 years with a 2% annual increase. In both 2024 and 2023, the Port's payment to the NWSA was $4.1 million each year. The Port's 50% share of the NWSA's change in net position was reduced by $2.1 million in 2024 and $2 million in 2023 due to the elimination of profit on the intra-entity transaction.

In 2022, the Managing Members approved an amendment and restatement of an Interlocal Agreement allowing the NWSA's use of three cranes owned by the Port at Terminal 46. The NWSA agreed to pay the Port a monthly use fee, beginning October 1, 2022, for 4 years. In 2024 and 2023, the Port's 50% share of the NWSA's change in net position was increased by $165,000 for both years, due to the elimination of profit on the intra-entity transaction.

In 2024, the Port's share of joint venture income before the elimination of profit on the intra-entity transactions was $62.4 million, an increase of $4.7 million or 8.2% from 2023. The increase was primarily driven by higher operating revenues and nonoperating income, partially offset by increased operating expenses. Operating revenues rose due to container business expansion, with the Terminal 5 redevelopment project increasing the lease footprint and revenue. A 12% increase in container volumes boosted crane and other equipment revenues, while intermodal revenue grew alongside a 20% rise in lift volumes. Non-container revenue also increased, largely due to military cargo-driven breakbulk activities. Operating expenses climbed, driven by higher rail operational incentives, increased longshore labor costs for intermodal operations, and rising auto business expenses from additional rent for storage and drayage costs to manage congestion. Breakbulk business costs increased as well, reflecting heightened longshore and security expenses tied to military cargo growth. Legal and consulting costs also contributed to higher administrative expenses. Nonoperating income rose primarily due to increased lease interest income and investment interest income, though partially offset by reduced capital grant contributions and higher public expenses.

In 2023, the Port's share of joint venture income before the elimination of profit on the intra-entity transactions was $57.7 million, an increase of $2.3 million or 4.2% from 2022. The increase was primarily due to higher operating revenues, which were partially offset by higher operating expenses and lower nonoperating income. The increase in operating revenues was due to (1) increased volume at the Husky Terminal leading to higher equipment rental and intermodal revenues, (2) additional revenues from a shipping line that failed to meet its guaranteed minimum volume, and (3) an increase in imported automobile unit volumes, some of which were heavier and required longer discharge periods. Operating expenses also increased due to higher facility and equipment maintenance costs, as well as increased operations and security expenses to support the growth of auto, breakbulk, and intermodal activity. Nonoperating income—net decreased due to nonrecurring transactions recorded in 2022, which included contributed stormwater improvement assets at Terminal 18 and a settlement payment from a former tenant at the West Sitcum Terminal.

In 2024 and 2023, the NWSA spent $56.2 million and $51.7 million, respectively, on the acquisition and construction of capital assets, primarily for the modernization of container terminals for ultra-large ships and the redevelopment of Terminal 5. Both home ports contributed equally to the capital expenditures in both years as investments in the joint venture.

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

Enterprise Fund

Financial Position Summary

The Statement of Net Position presents the financial position of the Port's Enterprise Fund 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):

	2024	2023 (Restated)	2022 (Restated)
Assets:			
Current, long-term, and other assets	$ 3,444,361	$ 2,863,153	$ 2,957,356
Capital assets	7,901,215	7,412,534	7,172,593
Total assets	$ 11,345,576	$ 10,275,687	$ 10,129,949
Deferred Outflows of Resources	$ 104,939	$ 86,206	$ 88,655
Liabilities:			
Current liabilities	$ 700,010	$ 592,107	$ 492,153
Noncurrent liabilities	5,208,552	4,614,166	4,888,052
Total liabilities	$ 5,908,562	$ 5,206,273	$ 5,380,205
Deferred Inflows of Resources	$ 668,121	$ 506,907	$ 521,814
Net Position:			
Net investment in capital assets	$ 3,595,160	$ 3,504,319	$ 3,352,145
Restricted	533,120	460,162	482,477
Unrestricted	745,552	684,232	481,963
Total net position	$ 4,873,832	$ 4,648,713	$ 4,316,585

Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $4.9 billion as of December 31, 2024, and $4.6 billion for 2023. Total net position increased by $225.1 million from 2023 to 2024, and $332.1 million from 2022 to 2023, respectively.

In 2024, the Port restated its financial statements for all periods presented retroactively for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Restatement of the 2023 and 2022 Statement of Net Position resulted in (1) a decrease of $3.4 million, and $3.7 million, respectively, to payroll and taxes payable, for the short-term portion of the compensated absence liability, and (2) addition of $8 million, and $8.1 million, respectively, to lease securities and other long-term liabilities, for the long-term portion of the compensated absence liability. The restatement reflected the recognition of unvested sick leave that would be more likely than not to be used based on historical usage trends.

In 2023, the Port restated its financial statements for all periods presented retroactively for the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Restatement of the 2022 Statement of Net Position resulted in (1) additions of $17.4 million to capital assets–net, mostly for intangible subscription assets, and (2) additions of $16.1 million to subscription liability.

Net Investment in Capital Assets

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 2023 to 2024, and from 2022 to 2023, there were increases of $90.8 million and $152.2 million, respectively, in net investment in capital assets.

The respective increases in this category, net of accumulated depreciation and amortization, was primarily driven by new asset additions and construction activities in major Aviation programs, partially offset by related demolitions and bond principal payments. Additional information can be found in the MD&A about Capital Assets and Debt Administration.

Restricted Net Position

As of December 31, 2024 and 2023, the restricted net position of $533.1 million and $460.2 million, respectively, were composed mainly of bond proceeds restricted for debt service reserves in accordance with bond covenants, airport Passenger Facility Charges (PFC) subject to federal regulations, rental car Customer Facility Charges (CFC) subject to state regulations and net pension asset related to the statewide public employee retirement plans administered by the Department of Retirement Systems (DRS). There was an increase of $73 million in the restricted net position from 2023 to 2024 and a decrease of $22.3 million from 2022 to 2023.

The increase in this category from 2023 to 2024 was largely due to a $51.7 million increase in restricted debt service reserves. The issuance of the 2024AB Intermediate Lien Revenue and Refunding Bonds contributed a $78.2 million increase in restricted debt reserves. This increase was offset by $29.8 million in debt service payments made from the capitalized interest funds associated with the 2021 ACD Intermediate Lien Revenue and Refunding Bonds and 2022BC Intermediate Lien Revenue and Refunding Bonds. The $25 million in Harbor Maintenance Tax proceeds received in 2024 also significantly contributed to the increase in this category. These increases were offset by a $14.3 million decrease from the restricted net pension asset, which was mostly driven by a decline of the Port's share of the net pension assets of $12.5 million. In 2024, passenger activity at SEA increased by 3.5% compared to 2023, contributing to increases in PFC and CFC revenues and restricted net position.

The decrease in this category from 2022 to 2023 was largely due to a $41.2 million decrease in restricted debt service reserves, of which $41 million in debt service payments were made from the capitalized interest funds associated with the 2021ACD and the 2022BC Intermediate Lien Revenue and Refunding Bonds. This decrease was offset by a $3.5 million increase from the restricted net pension asset, which was mainly driven by a $5.2 million increase of the Port's share of the net pension assets. In 2023, passenger activity at SEA increased by 10.7% compared to 2022, leading to increases in PFC and CFC revenues, which further offset the decrease in the restricted net position.

Unrestricted Net Position

As of December 31, 2024 and 2023, the unrestricted net position was $745.6 million and $684.2 million, respectively. From 2023 to 2024, and from 2022 to 2023, there were increases of $61.3 million and $202.3 million, respectively. The Port's operating performance largely contributed to the increase in the unrestricted net position in 2024, which was partially offset by the $91.1 million special item related to cleanup costs at Terminal 25 South, unanticipated legal costs, and $8.1 million reduction of the Environmental Legacy Fund from 2023.

In 2023, the Port's strong operating performance largely contributed to the increase in the unrestricted net position. In 2023, the Port established a new Environmental Legacy Fund starting with a $30 million deposit from previously collected tax levy dollars. The purpose of this new fund was to ensure the availability of critical resources for legacy environmental remediation and cleanup while acting as an environmental and financial steward for our community.

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. In 2024, cash and cash equivalents, and investment balances related to SEA operations increased from $655.1 million in 2023 to $739.8 million in 2024. The $84.7 million increase was largely driven by (1) delayed cash spending on capital projects, (2) higher non-aeronautical revenues, and (3) reimbursement received from the American Rescue Plan (ARP) Act grant. These funding contributions were partially offset by (1) higher operating expenses driven by record-breaking passenger volumes, and (2) reduced cash receipts from airlines, resulting from higher dollar amount of credit memos issued following the 2023 annual settlement of the Signatory Lease and Operating Agreement.

In 2023, cash and cash equivalents, and investment balances related to SEA operations increased from $494.1 million in 2022 to $655.1 million. The $161 million increase was largely due to (1) higher net operating income from recovering airline activity and passenger volumes to 98.2% of the pre-pandemic level, and (2) management's decision to increase the working capital target to $576 million, i.e. cash level which approximated 15 months of SEA-related operations and maintenance (O&M) expenses based on 2023 budgeted O&M expenses. By 2025, the target is to have working capital sufficient to cover 18 months of SEA-related O&M expenses.

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:

	2024	2023 (Restated)	2022 (Restated)
Operating revenues	$ 1,021,838	$ 953,560	$ 797,918
Operating expenses	652,641	551,070	474,567
Operating income before depreciation and amortization	369,197	402,490	323,351
Depreciation and amortization	277,917	256,740	237,649
Operating income	91,280	145,750	85,702
Nonoperating income—net	130,664	150,069	94,692
Capital grants and contributions	94,282	36,309	38,116
Special items:			
Terminal 25 cleanup costs	(91,107)		
Increase in net position	225,119	332,128	218,510
Net position—beginning of year, as previously reported	4,653,220	4,320,921	4,097,938
Adoption of new accounting standard(s)	(4,507)	(4,336)	137
Net position—beginning of year, as restated (Note 1)	4,648,713	4,316,585	4,098,075
Net position—end of year	$ 4,873,832	$ 4,648,713	$ 4,316,585

Financial Operation Highlights

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

	2024	2023	2022
Operating Revenues:			
Services	$ 395,720	$ 353,114	$ 297,740
Property rentals	544,484	527,348	433,729
Customer facility charge revenues	20,872	16,954	12,171
Operating grants	269	324	875
Joint venture income	60,493	55,820	53,403
Total operating revenues	$ 1,021,838	$ 953,560	$ 797,918

During 2024, operating revenues increased by $68.3 million, or 7.2%, from $953.6 million in 2023 to $1 billion in 2024. Aviation Division operating revenues rose by $62.9 million in 2024, with increases of $41.3 million in aeronautical revenues and $21.6 million in non-aeronautical revenues. Aeronautical revenue growth, which follows a cost-recovery model, was primarily driven by higher operating expenses, particularly in (1) allocated costs from Central Services and Law Enforcement, largely due to unanticipated legal costs, (2) increased staffing costs for Transportation Security Administration exit lanes, and (3) payroll increases resulting from newly negotiated contracts. These cost increases were partially offset by a $28 million settlement related to the International Arrivals Facility project, which was applied to reduce aeronautical revenue requirements charged to airlines. Non-aeronautical revenue growth was driven by a 3.5% increase in passenger volumes, particularly in Airport Dining and Retail of $7.3 million, Public Parking of $5.6 million driven by strong demand and greater utilization of the parking reservation program, Rental Car of $2.9 million due to higher percentage of passengers renting cars, continued above-average rental costs, and longer rental durations, and SEA-owned Clubs and Lounges of $5 million with expanded hours and new international air service routes. Maritime Division operating revenues increased by $1 million, or 1.4%, from 2023. The increase was mainly attributed to (1) Grain of $2.6 million driven by strong demand for soybean exports, (2) Recreational Boating of $1.1 million from higher moorage rates, and (3) Maritime Portfolio Management of $0.8 million, largely from the completion of Terminal 106 development, a 700,000 square-foot, two-story light industrial warehouse in April 2024 triggering full ground lease rates. These increases were partially offset by a $3.6 million decrease in Cruise operations with a 1.5% decline in passenger volume. Economic Development Division operating revenues experienced a modest increase of $0.2 million, or 1.1%, from 2023, primarily due to an increase in Conference and Event Centers reservations.

During 2023, operating revenues increased by $155.6 million or 19.5% from $797.9 million in 2022 to $953.6 million, primarily due to the continued economic recovery from the pandemic. Aviation Division operating revenues rose by $146.1 million in 2023 with increases of $77.2 million in aeronautical revenues and $68.9 million in non-aeronautical revenues. Higher aeronautical revenues were primarily due to (1) a $31.6 million increase in debt service mostly resulting from minimal federal relief grants remaining to reimburse debt service payments, and (2) a $49.2 million increase in operating expenses. Non-aeronautical revenues surpassed the pre-pandemic level as a result of a 10.7% increase in passenger volumes compared to 2022, particularly in Airport Dining and Retail of $30 million, Public Parking of $22 million, Rental Car of $7.1 million, and Ground Transportation of $4.1 million. Public Parking and Rental Car rates also increased in 2023, further contributing to higher revenues. Maritime Division operating revenues increased by $8.5 million or 12.8% from 2022. The majority of this increase was attributed to a rise in Cruise revenues, which increased by $11.2 million due to higher vessel occupancy and rates. The 2023 cruise season hosted over 290 sailings with a record of 1.8 million passengers. Grain revenues dropped by $2.4 million compared to 2022 due to lower demand from China. Economic Development Division operating revenues decreased slightly by $0.7 million or 4% from 2022. This decrease was due to a larger number of Conference and Event Centers cancellations from increased competition for similar space.

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

	2024	2023 (Restated)	2022 (Restated)
Operating Expenses:			
Operations and maintenance	$ 484,186	$ 409,792	$ 352,333
Administration	123,227	102,260	89,033
Law enforcement	45,228	39,018	33,201
Total operating expenses	$ 652,641	$ 551,070	$ 474,567

During 2024, operating expenses increased by $101.6 million, or 18.4% from $551.1 million in 2023 to $652.6 million in 2024. In 2024, the Port experienced a notable increase in payroll and related benefit costs, primarily due to (1) pay rate adjustments following the implementation of a new Compensation Program for non-represented employees, incorporating a pay equity methodology, (2) payroll increases resulting from newly negotiated labor contracts for represented employees, and (3) a $7 million increase in pension expenses in 2024 mostly due to reduction of pension credits from nonrecurring changes in actuarial methods related to certain retirement plans administered by the DRS. Additionally, Central Services and Law Enforcement expenses increased, largely due to unanticipated legal costs, and a $5.5 million Trade, Business and Community Development expense to attract tourism and expand economic development to the Port facilities that were in close proximity to the Seattle Aquarium and the new Waterfront Park. Aviation Division operating expenses before depreciation and amortization increased by $84 million, mainly due to (1) higher payroll costs of $29.8 million resulting from pay adjustments and increases in headcount, (2) a $15.9 million increase in Outside Services to support growing passenger volumes, (3) higher allocated costs of $34 million from Central Services and Law Enforcement, and (4) a $6.8 million settlement with Highline Water District related to the presence of per- and polyfluoroalkyl substances or PFAS exceeding established guidelines in the District's well on the Port's property near SEA. These increases were partially offset by a $10.4 million reduction in environmental remediation expenses as the asbestos removal at aeronautical facilities did not recur in 2024. Maritime Division operating expenses before depreciation and amortization increased by $7.5 million, primarily due to (1) a $6.1 million increase from payroll and Central Services allocations, and (2) a $1.3 million increase in spending on Equipment and Supplies to support ongoing maintenance needs. These increases were partially offset by a $3.3 million reduction in environmental remediation expenses as the remediation efforts related to the Terminal 91 Berths 6 and 8 Redevelopment and the Maritime Innovation Center at Fishermen's Terminal did not recur in 2024. Economic Development Division operating expenses before depreciation and amortization rose by $1.3 million from 2023. This increase was mainly because of (1) a $0.5 million increase in variable costs for Conference and Event Centers associated with higher reservation volumes, and (2) a $0.9 million increase from Central Services allocations. These increases were slightly offset by a $0.5 million reduction in spending for the regional economic development partnership program, due to the nature of its two-year grant cycle covering the period from 2024 to 2025. Compared to 2023, spending at the start of the 2024 cycle was slower, as cities in King County had already fulfilled the grant requirements for economic development projects aligned with the Port's business interests at the conclusion of the previous cycle of 2022 to 2023.

During 2023, the Port resumed its prudent cost management measures while strategically increasing spending to support the continued recovery of operational activities. Operating expenses increased by $76.5 million or 16.1% from $474.6 million in 2022 to $551.1 million in 2023. Aviation Division operating expenses before depreciation and amortization increased by $61.9 million, mainly due to (1) higher payroll costs of $24.7 million from increases in pay and headcount, (2) a $13.9 million increase in Outside Services to support recovering passenger volumes, (3) a $21.9 million increase in allocated costs from Central Services and Law Enforcement due to staffing increases, and (4) an increase of $14.3 million in environmental remediation expenses, mostly for asbestos removal at facilities within the aeronautical rate base. These increases were partially offset by an $11.3 million decrease in pension expenses as compared to 2022. The Port experienced higher pension expenses in 2022 due to nonrecurring changes in assumptions and changes in benefit terms related to certain retirement plans administered by the DRS. Maritime Division operating expenses before depreciation and amortization increased by $9.2 million, primarily due to (1) a $2.9 million increase in environmental remediation expenses related to construction at Terminal 91 Berths 6 and 8 Redevelopment and the Maritime Innovation Center at Fishermen's Terminal, (2) a $2.6 million increase in maintenance expenses, mostly related to cruise operations, and (3) a $3.3 million increase in allocated costs from Central Services and Law Enforcement. Economic Development Division operating expenses before depreciation and amortization rose by $1.8 million from 2022. This increase was mostly attributed to a $1.4 million increase in spending for the regional economic development partnership program. The program's grant cycle has been extended from one year to two years, covering the period from 2022 to 2023. This change allows cities in King County a longer time frame to meet grant requirements for economic development projects that align with the Port's business interests.

As a result, operating income before depreciation and amortization decreased by $33.3 million in 2024 and increased by $79.1 million in 2023. Depreciation and amortization expenses increased by $21.2 million and $19.1 million in 2024 and 2023, respectively.

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

	2024	2023	2022 (Restated)
Nonoperating Income (Expense):			
Ad valorem tax levy revenues	$ 85,885	$ 82,313	$ 80,785
Passenger facility charge revenues	99,364	95,681	88,284
Customer facility charge revenues	24,896	24,657	24,461
Noncapital grants and contributions	3,491	19,192	153,764
Fuel hydrant facility revenues	6,389	6,681	7,451
Lease interest income	21,711	15,721	12,212
Investment income (loss)—net	81,374	94,541	(50,735)
Revenue and capital appreciation bonds interest expense	(150,434)	(146,686)	(140,838)
GO bonds interest expense	(14,365)	(10,162)	(11,877)
Public expense	(11,150)	(20,869)	(8,282)
Environmental expense—net	(3,072)	(10,056)	(1,296)
Other (expense) income—net	(13,425)	(944)	(59,237)
Total nonoperating income—net	$ 130,664	$ 150,069	$ 94,692
Capital Grants and Contributions	$ 94,282	$ 36,309	$ 38,116
Special Items:			
Terminal 25 cleanup costs	$ (91,107)	$	$

During 2024, nonoperating income—net was $130.7 million, a $19.4 million decrease from 2023. The decrease was largely driven by (1) a decrease of $13.2 million in investment income—net, consisting of a $22.9 million decline in the investments' mark-to-market adjustments, partially offset by a $9.8 million increase in investment earnings due to higher average portfolio balances and interest rates, (2) a $15.7 million decrease in noncapital grants and contributions, mainly due to the exhaustion of the $13 million ARP Act grant that was specific to 2023, (3) a $12.5 million increase in other expense—net, which mostly included a $55 million increase in losses from demolition, retirement, and sale of capital assets as compared to 2023, partially offset by increases of $22.3 million in Harbor Maintenance Tax and $20.5 million in other nonoperating income as a result of a $28 million settlement favorable to SEA related to the International Arrivals Facility project. The increase in capital assets retirement losses was primarily due to one-time retirements including $30.7 million losses associated with the Checked Baggage Optimization program and $19.1 million losses related to the C Concourse Expansion program. The decreases in nonoperating income—net were slightly offset by a $9.7 million decrease in public expense driven by the first $15 million contribution to the State Route 509 Completion Project, which was specific to 2023, and the final $6 million contribution to the City of Seattle for the West Seattle Bridge infrastructure improvement project completed in 2024, improving freight mobility and access to cargo terminals, and a $7 million decrease in environmental expense compared to 2023.

During 2023, nonoperating income—net was $150.1 million, a $55.4 million increase from 2022. The increase was largely driven by (1) an increase of $145.3 million in investment income—net, consisting of a $107.8 million increase in the investments' mark-to-market adjustments, as well as a $37.5 million increase in investment earnings due to higher average investment portfolio balances and higher interest rates, and (2) a $58.3 million decrease in other expense—net, which mostly included a $52 million decrease in losses from demolition, retirement, and sale of capital assets as compared to 2022. The decrease in losses was mainly attributable to the nonrecurring loss of retirements related to the Baggage System associated with the Checked Baggage Optimization program at SEA in 2022. These increases were offset by (1) a $134.6 million decrease in noncapital grants and contributions, as SEA received most of its ARP Act grants from the Federal Aviation Administration in 2022; and (2) a $12.6 million increase in public expense, mainly due to the Port recording a $15 million contribution to the Washington State Department of Transportation (WSDOT) for the construction of the State Route 509 Completion Project as part of the Puget Sound Gateway Program. This was the first installment of the Interlocal Agreement between the Port and WSDOT for eligible construction costs incurred on the State Route 509 Completion Project. The Port will pay the remaining $15 million to WSDOT no earlier than December 2026. The State Route 509 Completion Project will improve local and regional accessibility to the Port's facilities, including SEA and both NWSA harbors.

In 2024, capital grants and contributions increased by $58 million as compared to 2023. The increase was primarily driven by a $37.1 million increase in capital contributions from airport cargo buildings reverted to the Port's ownership upon expiration of ground leases, along with $36.1 million in federal funding for ongoing and newly initiated Airport Improvement Projects (AIPs) in 2024. Notable programs contributing to this increase included $12.9 million for the design and construction of the Terminal Building Concourse S Rehabilitation, $8 million for Taxilane Reconstruction, $13.8 million for the arrivals roadway widening project.

In 2023, capital grants and contributions decreased by $1.8 million as compared to 2022. The decrease was mainly due to the winding down and closeout of several AIPs, which resulted in a decrease of $14.6 million. This decrease was offset by a $12.1 million increase in grant receipts for ongoing and new AIPs started in 2023. Some of the notable programs that received funding as part of the increase were $4.5 million for restroom renovations in Concourses B, C, and D, $2.6 million for the improvement of Checkpoint 1 at the Main Terminal, and $1.5 million for the reconstruction of the South Satellite Taxilane.

The change in net position for 2024 was $225.1 million, a decrease of $107 million or 32.2% from $332.1 million in 2023. The decrease was primarily driven by a special item related to cleanup costs at Terminal 25 South. Following additional sampling efforts conducted in 2024, the Port identified an expanded cleanup area larger than prior estimates, resulting in an additional $91.1 million in remediation costs. The cleanup focuses on addressing polychlorinated biphenyls (PCBs) contamination, originally discovered in 2019 in the upland portion of the site and in surrounding sediments. The Environmental Protection Agency considers the in-water portion of this cleanup as an "early action" cleanup under the East Waterway Interim Record of Decision issued in 2024.

The change in net position for 2023 was $332.1 million, an increase of $113.6 million or 52% from $218.5 million in 2022, mostly due to strong operating performance by SEA despite the phasing out of federal relief grants.

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 before 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.

The following is a summary 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):

	2024	2023	2022
Total assets	$ 12,032	$ 11,056	$ 9,789
Total liabilities	11	11	10
Total fiduciary net position	$ 12,021	$ 11,045	$ 9,779
Total additions	$ 2,611	$ 2,951	$ (215)
Total deductions	(1,635)	(1,685)	(1,737)
Increase (Decrease) in fiduciary net position	976	1,266	(1,952)
Fiduciary net position—beginning of year	11,045	9,779	11,731
Fiduciary net position—end of year	$ 12,021	$ 11,045	$ 9,779

Total fiduciary net position as of December 31, 2024 increased by $1 million, mostly due to an increase in the fair value of investments in 2024. The fiduciary net position as of December 31, 2023 increased by $1.3 million, mostly due to an increase in the fair value of investments in 2023.

Capital Assets

The Port's capital assets, net of accumulated depreciation and amortization, for its business activities as of December 31, 2024, amounted to $7.9 billion. Capital assets include land, air rights, facilities and improvements, equipment, furniture and fixtures, intangible right-to-use lease and subscription assets, and construction in progress.

In 2024, the Port's expenditures for capital construction projects totaled $780.5 million, of which $690.7 million, $76.6 million, and $3.4 million related to the Aviation Division, Maritime Division, and Economic Development Division, respectively. Aviation construction accounted for 88.5% of total spending for capital projects at the Port in 2024. Major Aviation project spending included $175.5 million for the North Main Terminal Redevelopment program, $79.7 million for the C Concourse Expansion, $60.3 million for airfield-related improvements for taxiways and pavement, $49.7 million for Checked Baggage Optimization program, $47.1 million for utilities and mechanical infrastructure improvements, $46.4 million for Lounge Expansion programs in Concourse A, $35 million for Roadway Improvements to alleviate congestion outside of the airport, $28.5 million for Airline Realignment activities, $26.6 million for the International S Concourse Expansion project, $26.2 million for Security Projects in the terminals, $18.4 million for the International Arrivals Facility, $18.1 million for the SEA Underground Transit Controls Replacement project, and $14 million for terminal interior improvements, including the B, C, and D Concourse Restrooms Renovation program. Maritime construction accounted for 9.8% of total spending for capital projects in 2024, which included $23.2 million for Terminal 91 Rehabilitation and Development programs, $21.1 million for shore power at the Bell Street Cruise Terminal at Pier 66, a new electrical infrastructure providing cruise ships to connect to the Seattle City Light grid, shut down their diesel engines, and significantly reduce greenhouse gas and particulate emissions in Elliott Bay, and $11.7 million for Fishermen's Terminal Redevelopment, which includes restoration of the historic Ship Supply Building as the new Maritime Innovation Center.

During 2024, capital construction projects totaling $652.8 million were completed and placed in service as capital assets, of which $589.7 million, $53.6 million, and $3.8 million related to the Aviation Division, Maritime Division, and Economic Development Division, respectively. Aviation Division projects accounted for 90.3% of total additions to new capital assets in 2024. Major Aviation projects included $262.6 million for Checked Baggage Optimization systems, $158.5 million for North Main Terminal Redevelopment, $51.2 million in airfield-related assets, including taxiway and pavement improvements, $23.5 million for terminal security improvements, $17.5 million for the International Arrivals Facility, and $10.2 million for sound insulation and noise abatement programs for local communities. Maritime Division projects accounted for 8.2% of total additions to new capital assets in 2024. One of the major Maritime projects included $37.8 million investment in shore power infrastructure at Pier 66 to support greener cruise operations.

During 2024, the Port collected $86.1 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, the ad valorem tax levy, PFCs, CFCs, federal and state grants, and bond proceeds. All capital assets are accounted for within the Enterprise Fund.

In June 2024, the Port Commission approved the sale of habitat restoration credits (Discounted Service-Acre Years, or DSAYs) generated by restoration work at Duwamish River People's Park and Shoreline Habitat. The sale closed in January 2025 for $47.9 million. An initial deposit of $11 million was received in 2024 and the first payment of $14 million was collected in 2025. The remaining payments will be $19.9 million due in 2026 and the final $3 million installment in 2027.

In October 2024, the Port Commission approved the purchase of International Place, a 17.7-acre, three-building office campus adjacent to SEA. The acquisition, including a long-term ground lease, was completed in February 2025 for $120.9 million.

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, 2024, the Port had outstanding revenue bonds of $4.1 billion, a $337.8 million increase from 2023, due to the issuance of new bonds in 2024, partially offset by principal payments.

In August 2024, the Port issued $817.9 million in Series 2024AB Intermediate Lien Revenue and Refunding Bonds to fully refund the Port's outstanding Series 2015A Intermediate Lien Revenue Bonds, Series 2013 and 2015B Intermediate Lien Revenue Refunding Bonds, to pay for or reimburse costs of capital improvements to Airport facilities, to pay a portion of the interest on the bonds during construction, to pay the costs of issuing the bonds, and to contribute to the Intermediate Lien Common Reserve Fund.

As of December 31, 2024, the Port had outstanding General Obligation (GO) Bonds of $445.5 million, a $130.1 million increase from 2023, due to issuance of new bonds in 2024, partially offset by principal payments.

In July 2024, the Port issued $256.2 million in Series 2024 Limited Tax GO and Refunding Bonds to finance eligible Port costs, including paying commercial paper issued to finance such costs, to fully refund the Port's outstanding Series 2015 Limited Tax GO and Refunding Bonds, and to pay the costs of issuing the bonds.

As of December 31, 2024, the Port had outstanding Fuel Hydrant Special Facility Revenue Bonds of $47.7 million, a $4.7 million decrease from 2023, due to a principal payment.

Below are the underlying Port credit ratings as of December 31, 2024. Certain Port bonds include bank letters of credit, and as such, those bonds may assume the credit rating of the associated letter of credit provider.

	Fitch	Moody's	S&P
GO bonds	AA-	Aaa	AA
First lien revenue bonds	AA	Aa2	AA
Intermediate lien revenue bonds	AA-	A1	AA-
Subordinate lien revenue bonds	AA-	A2	A+
Fuel hydrant special facility revenue bonds		A1	A+

In February 2025, the Port issued $120 million of commercial paper used to finance the purchase of International Place.

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.

Request For Information

This financial report provides a general overview of the Port's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting and Financial Reporting Department at:

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

Port of Seattle — Enterprise Fund
Statement of Net Position as of December 31, 2024 and 2023 (in thousands)

Assets and Deferred Outflows of Resources	2024	2023 (Restated)
Current Assets:		
Cash and cash equivalents	$ 378,051	$ 98,025
Restricted cash and cash equivalents:		
Bond funds and other	354,505	79,180
Fuel hydrant assets held in trust	5,041	4,871
Short-term investments	199,856	419,445
Restricted short-term investments: bond funds and other	186,259	350,462
Accounts receivable, less allowance for doubtful accounts of $2,104 and $1,914	153,444	76,510
Current lease receivable	32,974	20,586
Related party receivable—joint venture	35,822	5,328
Grants-in-aid receivable	44,641	26,504
Taxes receivable	1,404	1,646
Materials and supplies	10,387	10,577
Prepayments and other current assets	10,226	18,537
Total current assets	1,412,610	1,111,671
Noncurrent Assets:		
Long-term investments	530,556	493,785
Restricted long-term investments:		
Bond funds and other	522,914	423,473
Fuel hydrant assets held in trust	6,022	5,500
Investment in joint venture	340,180	324,984
Restricted net pension asset	64,799	77,277
Lease receivable	564,943	426,253
Other long-term assets	2,337	210
Capital Assets:		
Land, air rights, and other	2,064,561	2,053,809
Facilities and improvements	7,210,152	6,874,730
Equipment, furniture, and fixtures	1,260,478	1,051,871
Intangible lease assets	2,990	7,715
Intangible subscription assets	42,858	30,696
Total capital assets	10,581,039	10,018,821
Less accumulated depreciation and amortization	(3,528,180)	(3,326,981)
Construction work in progress	848,356	720,694
Total capital assets—net	7,901,215	7,412,534
Total noncurrent assets	9,932,966	9,164,016
Total assets	11,345,576	10,275,687
Deferred Outflows of Resources:		
Deferred loss on refunding bonds	18,682	21,816
Deferred charges on net pension asset and liability	84,981	62,609
Deferred charges on total other postemployment benefits (OPEB) liability	1,276	1,781
Total deferred outflows of resources	104,939	86,206
Total	$ 11,450,515	$ 10,361,893

See Notes to Financial Statements.

(Continued)

Port of Seattle — Enterprise Fund
Statement of Net Position as of December 31, 2024 and 2023 (in thousands)

Liabilities, Deferred Inflows of Resources, and Net Position	2024	2023 (Restated)
Current Liabilities:		
Accounts payable and accrued expenses	$ 266,303	$ 180,735
Related party payable—joint venture	1,842	5,341
Payroll and taxes payable	86,975	65,480
Bonds interest payable	64,576	56,012
Customer advances and unearned revenues	58,046	62,679
Current maturities of long-term debt	222,268	221,860
Total current liabilities	700,010	592,107
Noncurrent Liabilities:		
Long-Term Liabilities:		
Net pension liability	18,961	24,001
Environmental remediation liability	227,289	113,109
Bonds interest payable	45,659	40,917
Total OPEB liability	16,736	16,957
Lease and subscription liabilities	17,958	12,934
Lease securities and other long-term liabilities	17,247	16,335
Total long-term liabilities	343,850	224,253
Long-Term Debt:		
Revenue and capital appreciation bonds	4,374,636	4,025,085
General obligation (GO) bonds	445,491	314,980
Fuel hydrant special facility revenue bonds	44,575	49,848
Total long-term debt	4,864,702	4,389,913
Total noncurrent liabilities	5,208,552	4,614,166
Total liabilities	5,908,562	5,206,273
Deferred Inflows of Resources:		
Deferred gain on refunding bonds	37,548	18,325
Deferred credits from leasing	597,917	446,839
Deferred credits on net pension asset and liability	29,663	38,479
Deferred credits on total OPEB liability	2,993	3,264
Total deferred inflows of resources	668,121	506,907
Net Position:		
Net investment in capital assets	3,595,160	3,504,319
Restricted for:		
Debt service reserves	344,503	292,818
Passenger facility charges	59,060	57,243
Customer facility charges	40,736	32,355
Net pension asset	47,885	62,170
Grants and other	40,936	15,576
Unrestricted	745,552	684,232
Total net position	4,873,832	4,648,713
Total	$ 11,450,515	$ 10,361,893

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, 2024, 2023, and 2022 (in thousands)

	2024	2023 (Restated)	2022 (Restated)
Operating Revenues:			
Services	$ 395,720	$ 353,114	$ 297,740
Property rentals	544,484	527,348	433,729
Customer facility charge revenues	20,872	16,954	12,171
Operating grants	269	324	875
Joint venture income	60,493	55,820	53,403
Total operating revenues	1,021,838	953,560	797,918
Operating Expenses:			
Operations and maintenance	484,186	409,792	352,333
Administration	123,227	102,260	89,033
Law enforcement	45,228	39,018	33,201
Total operating expenses	652,641	551,070	474,567
Net Operating Income Before Depreciation and Amortization	369,197	402,490	323,351
Depreciation and amortization	277,917	256,740	237,649
Operating Income	91,280	145,750	85,702
Nonoperating Income (Expense):			
Ad valorem tax levy revenues	85,885	82,313	80,785
Passenger facility charge revenues	99,364	95,681	88,284
Customer facility charge revenues	24,896	24,657	24,461
Noncapital grants and contributions	3,491	19,192	153,764
Fuel hydrant facility revenues	6,389	6,681	7,451
Lease interest income	21,711	15,721	12,212
Investment income (loss)—net	81,374	94,541	(50,735)
Revenue and capital appreciation bonds interest expense	(150,434)	(146,686)	(140,838)
GO bonds interest expense	(14,365)	(10,162)	(11,877)
Public expense	(11,150)	(20,869)	(8,282)
Environmental expense—net	(3,072)	(10,056)	(1,296)
Other (expense) income—net	(13,425)	(944)	(59,237)
Total nonoperating income—net	130,664	150,069	94,692
Income Before Capital Contributions and Special Items	221,944	295,819	180,394
Capital Grants and Contributions	94,282	36,309	38,116
Income Before Special Items	316,226	332,128	218,510
Special items:			
Terminal 25 cleanup costs	(91,107)		
Increase in Net Position	225,119	332,128	218,510
Total Net Position:			
Beginning of year, as previously reported	4,653,220	4,320,921	4,097,938
Adoption of new accounting standard(s)	(4,507)	(4,336)	137
Beginning of year, as restated/adjusted (Note 1)	4,648,713	4,316,585	4,098,075
End of year	$ 4,873,832	$ 4,648,713	$ 4,316,585

See Notes to Financial Statements.

Port of Seattle — Enterprise Fund
Statement of Cash Flows for the Years Ended December 31, 2024, 2023, and 2022 (in thousands)

	2024	2023 (Restated)	2022 (Restated)
Operating Activities:			
Cash received from customers	$ 841,341	$ 883,074	$ 700,739
Cash received from joint venture for support services provided	10,401	10,051	7,779
Customer facility charge receipts	20,872	16,954	12,171
Cash paid to suppliers for goods and services	(196,850)	(222,247)	(149,570)
Cash paid to employees for salaries, wages, and benefits	(364,277)	(325,058)	(283,799)
Operating grants receipts	269	324	875
Other	(2,095)	3,126	1,557
Net cash provided by operating activities	309,661	366,224	289,752
Noncapital and Related Financing Activities:			
Principal payments on GO bonds	(7,000)	(6,655)	(6,330)
Interest payments on GO bonds	(9,003)	(9,267)	(9,591)
Cash paid for environmental remediation liability	(10,771)	(7,787)	(8,647)
Cash paid for public expenses	(26,430)	(4,273)	(8,800)
Ad valorem tax levy receipts	86,128	82,177	80,756
Noncapital grants and contributions receipts	28,508	17,152	155,635
Environmental recovery receipts	34,830	2,969	1,448
Insurance proceeds		5,922	
Net cash provided by noncapital and related financing activities	96,262	80,238	204,471
Capital and Related Financing Activities:			
Proceeds from issuance and sale of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and commercial paper	1,153,036		1,070,450
Proceeds used for refunding of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and PFC bonds	(375,561)		(328,440)
Principal payments on revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper	(227,720)	(215,440)	(255,100)
Interest payments on revenue bonds, GO bonds, PFC bonds, fuel hydrant special facility revenue bonds, and commercial paper	(187,689)	(194,394)	(177,535)
Acquisition and construction of capital assets	(781,397)	(503,953)	(386,490)
Payments for leases and subscriptions	(7,695)	(6,490)	(6,149)
Capital grants and contributions receipts	37,825	26,626	31,702
Deposits and proceeds from sale of capital assets	11,367	547	412
Receipts from leases	54,123	36,546	33,243
Passenger facility charge receipts	102,908	95,208	87,697
Customer facility charge receipts	22,369	24,456	24,443
Fuel hydrant facility revenues	6,389	6,681	7,451
Net cash (used in) provided by capital and related financing activities	$ (192,045)	$ (730,213)	$ 101,684

See Notes to Financial Statements.

(Continued)

Port of Seattle — Enterprise Fund
Statement of Cash Flows for the Years Ended December 31, 2024, 2023, and 2022 (in thousands)

	2024	2023 (Restated)	2022 (Restated)
Investing Activities:			
Purchases of investment securities	$ (612,392)	$ (841,130)	$ (1,091,334)
Proceeds from sales and maturities of investments	878,408	787,740	170,749
Interest received on investments	63,997	44,152	19,877
Cash used to fund investment in joint venture	(28,796)	(28,219)	(28,671)
Cash distributions received from joint venture	42,007	65,475	58,903
Net cash provided by (used in) investing activities	343,224	28,018	(870,476)
Net Increase (Decrease) in Cash and Cash Equivalents			
(including $2,097, $516, and $789 restricted cash and cash equivalents of fuel hydrant assets held in trust reported as restricted long-term investments, respectively)	557,102	(255,733)	(274,569)
Cash and Cash Equivalents:			
Beginning of year	182,592	438,325	712,894
End of year	$ 739,694	$ 182,592	$ 438,325
Reconciliation of Operating Income to Net Cash Flow from Operating Activities:			
Operating income	$ 91,280	$ 145,750	$ 85,702
Miscellaneous nonoperating (expense) income	(2,095)	3,126	1,557
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	277,917	256,740	237,649
(Increase) Decrease in assets:			
Investment in joint venture	(62,399)	(57,685)	(55,353)
Accounts receivable	(59,825)	(3,594)	(13,175)
Materials and supplies, prepayments, and other	(22,775)	(39,125)	(10,081)
Net pension asset	12,478	(5,158)	102,929
(Increase) Decrease in deferred outflows of resources	(22,318)	(427)	(40,065)
Increase (Decrease) in liabilities:			
Accounts payable and accrued expenses	79,268	43,844	44,338
Payroll and taxes payable	18,181	2,263	8,056
Customer advances, unearned revenues, and lease securities	23,884	28,717	11,178
Net pension liability	(3,417)	(4,258)	13,834
Environmental remediation liability	(11,210)	13,220	(1,267)
Total OPEB liability	(221)	1,152	(4,967)
(Decrease) Increase in deferred inflows of resources	(9,087)	(18,341)	(90,583)
Net cash provided by operating activities	$ 309,661	$ 366,224	$ 289,752
Supplemental Schedule of Noncash Investing, Capital, and Financing Activities:			
Net unrealized investment gain (loss)	$ 4,975	$ 27,916	$ (79,845)
Buildings reversion to the Port's ownership	$ 37,050		

See Notes to Financial Statements.

(Concluded)

Port of Seattle — Warehousemen's Pension Trust Fund
Statement of Fiduciary Net Position as of December 31, 2024 and 2023 (in thousands)

	2024	2023
Assets:		
Cash and cash equivalents	$ 57	$ 236
Investments in mutual funds—fair value:		
Fixed income	4,607	4,156
Domestic equities	4,444	3,823
International equities	2,801	2,716
Total investments	11,852	10,695
Other assets	123	125
Total assets	12,032	11,056
Liabilities:		
Accounts payable	11	11
Net position restricted for pensions	$ 12,021	$ 11,045

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, 2024, 2023, and 2022 (in thousands)

	2024	2023	2022
Additions:			
Employer contributions	$ 1,500	$ 1,500	$ 1,500
Investment income:			
Net appreciation (depreciation) in fair value of investments	796	1,172	(1,980)
Dividends	362	326	304
Less investment expenses	(47)	(47)	(39)
Net investment income (loss)	1,111	1,451	(1,715)
Total additions	2,611	2,951	(215)
Deductions:			
Benefits	1,548	1,596	1,657
Administrative expenses	57	50	51
Professional fees	30	39	29
Total deductions	1,635	1,685	1,737
Net increase (decrease) in net position	976	1,266	(1,952)
Net position restricted for pensions			
Beginning of year	11,045	9,779	11,731
End of year	$ 12,021	$ 11,045	$ 9,779

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 a 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 27 foreign-flag passenger air carriers providing nonstop service from SEA to 129 cities, including 34 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 contracts 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, the bonds outstanding will remain the 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, insurance recoveries, lease and subscription liabilities, litigated and non-litigated loss contingencies, allowances for doubtful accounts, grants-in-aid receivable, lease receivable, unearned revenues, lives of depreciable or amortizable assets, 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; cyber-attacks; security; litigation; federal, state, and local government regulations; changes in law; and unforeseen and unpredictable events. Casualty risks include natural or man-made events that may cause injury, disruption to operations, and/or other damage at Port facilities. The Port has a comprehensive risk management program that protects the Port against unforeseen 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 and funds. 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 2022 and 2023 when insurance was applicable. In 2024, the Port received an adverse jury verdict in a King County Superior Court trial that exceeded the limits of the Port available insurance coverage. The Port is appealing the verdict and seeking additional coverage from its insurer. In 2024, the Port was also the target of a cyber-attack that resulted in a disruption to its network and operations. The Port filed an insurance claim with its cyber insurance policy in 2025. While the claim exceeded available cyber insurance coverage, the additional costs resulted from the disruption to the operation did not have a significant impact to the Port's financial condition.

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 annual individual claims liability. The limit was increased to $350,000 in 2024 from $325,000 in 2023. The stop-loss coverage also provides aggregate coverage that was 200% of expected claims. The increase in 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 made during the current year is included as "Other".

Years ended December 31,	**2024**	**2023**	**2022**
Beginning balance	$ 1,857	$ 1,265	$ 1,482
Current year claims and changes in estimates	21,676	20,206	16,427
Claim payments	(25,877)	(22,423)	(18,820)
Other	3,652	2,809	2,176
Ending balance	$ 1,308	$ 1,857	$ 1,265

Compensated Absences

Eligible Port employees accrue paid time off (PTO) and sick leave. PTO accrual rates increase based on the length of service. A stipulated maximum of paid time off may be accumulated by the employee, whereas there is no limit to the amount of sick leave that can be accrued. Terminated employees are entitled to be paid for unused PTO. Under certain conditions, terminated employees are also entitled to be paid for a portion of unused sick leave. Compensated absences liability, including related taxes, is recognized for both used but unpaid leave and leave that is more likely than not to be used based on historical usage trends. The current portion of the estimated liability, due within one year, is included in payroll and taxes payable in the Statement of Net Position. The long-term portion is included in lease securities and other long-term liabilities in the Statement of Net Position.

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. These plans do not meet the criteria as fiduciary activities. As such, the Port does not have fiduciary responsibility for these plans, and 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
2024			
Net pension asset	$ 64,799	$	$ 64,799
Net pension liability	17,278	1,683	18,961
Deferred outflows of resources	84,884	97	84,981
Deferred inflows of resources	29,663		29,663
Pension (credit) expense	(1,502)	329	(1,173)
2023			
Net pension asset	$ 77,277	$	$ 77,277
Net pension liability	20,695	3,306	24,001
Deferred outflows of resources	62,061	548	62,609
Deferred inflows of resources	38,479		38,479
Pension (credit) expense	(8,528)	315	(8,213)

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 which 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 (loss)—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 is minimal. The Port's policy defines delinquent receivables as 90 days or more past due. The allowance for doubtful accounts is based on the specific identification of troubled accounts and delinquent receivables. Accruals 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 the 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.

Investment 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 and 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 (excluding intangible lease and subscription 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. Intangible lease assets are stated at the present value of payments expected to be made during the lease term plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs, less accumulated amortization. Intangible subscription assets are stated at the present value of payments expected to be made during the subscription term plus any subscription payments made before placing the intangible subscription assets into service and capitalizable implementation costs, less accumulated amortization.

Except for intangible lease and subscription 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. The Port's policy is to capitalize (1) intangible lease assets with total payments over the lease term that are greater than $50,000, and (2) intangible subscription assets with implementation costs and total payments over the subscription term that are greater than $50,000.

Depreciation and amortization are computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment of three to 20 years, and furniture and fixtures of five to 10 years. Intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Intangible subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

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.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Leases

The Port determines whether an arrangement is a lease at the inception of the agreement. A lease agreement is defined as a noncancellable contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) for more than 12 months in an exchange or exchange-like transaction.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either a lessee or a lessor's option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.

- Lessee arrangements, the Port as a lessee, are included in capital assets and lease liabilities (current and noncurrent liabilities) in the Statement of Net Position. Lease liabilities represent the Port's obligation to make lease payments arising from the lessee arrangement. For leases meeting the capitalization threshold, lease liabilities are recognized at the commencement date of a lease based on the present value of expected lease payments over the lease term, less any lease incentives. Lease interest expense is recognized ratably over the lease term.

- Lessor arrangements, the Port as a lessor, are included in lease receivable (current and noncurrent assets) and deferred inflows of resources in the Statement of Net Position. The Port's policy is to record lease receivable with total payments over the lease term that is greater than $100,000. Lease receivable represents the Port's right to claim lease payments from the lessor arrangement. At the commencement date of a lease, lease receivable is recorded at the present value of payments expected to be received during the lease term, reduced by any incentives given, and provisions for estimated uncollectible amounts. Subsequently, lease receivable is reduced by the principal portion of lease payments received. The interest portion of lease payments is recognized as lease interest income. Deferred inflows of resources related to leases are initially measured at the amount of lease receivable, plus any payments received from the lessee at or before the commencement of the lease term relating to future periods, less any lease incentives given to the lessee at or before the commencement of the lease term. Subsequently, deferred inflows of resources related to leases are recognized as lease revenue using the effective interest method over the lease term.

SBITAs
The Port determines whether an arrangement is a SBITA at the inception of the agreement. A SBITA is defined as a noncancellable contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, for more than 12 months in an exchange or exchange-like transaction.

The subscription term includes the noncancellable period of the SBITA plus any additional periods covered by either party's option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both parties have a unilateral option to terminate are excluded from the SBITA term.

The Port recognizes an intangible subscription asset and a corresponding subscription liability (current and noncurrent liabilities) in the Statement of Net Position when the intangible subscription asset is placed into service. Subscription liabilities represent the Port's obligation to make subscription payments arising from the SBITAs. For SBITAs meeting the capitalization threshold, subscription liabilities are recognized, at the commencement of the subscription term, which is when the intangible subscription asset is placed into service, based on the present value of expected subscription payments over the contract term, less any incentives. Subscription interest expense is recognized ratably over the contract term.

The Port's incremental borrowing rate is used as the discount rate to measure lease receivable, lease liability, and subscription liability. A discount rate of 4.5% was used for 2024 and 2023.

The Port monitors changes in circumstances that may require remeasurement of a lease receivable, lease liability, or subscription liability. When certain changes occur that are expected to significantly affect the amount of the lease or SBITA, the corresponding lease receivable, lease liability, or subscription liability is remeasured, and an adjustment is made to the associated deferred inflow of resources or capital assets.

For arrangements that do not meet the above-stated definition of a lease or SBITA, and for leases or SBITAs below the respective capitalization thresholds or leases or SBITAs with a maximum possible term of 12 months or less at commencement, the Port recognizes payments as expense when payments are made or revenue when payments are received.

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 contributions, Passenger Facility Charges (PFC) revenues, the remaining portion of CFC revenues for debt service payments, fuel hydrant facility revenues, lease interest income, 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 in which 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.

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 $4.50 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 $7.50, $7.25, and $7.00 per transaction day in 2024, 2023, and 2022, respectively, 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 year and physically inspected at least once every six 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.

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 liabilities 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 payments. 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, being named as a party responsible for sharing costs, being 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 an operating expense. Costs incurred for environmental cleanups can be capitalized if they meet specific criteria. Capitalization criteria include: preparation of the property in anticipation of a sale, preparation of the property for use if the property was acquired with known or suspected pollution that was expected to be remediated, the performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as 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, 2024 and 2023, there were no defeased, but unredeemed, bonds outstanding.

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 outflows of resources or deferred inflows 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

In 2024, the Port recorded an additional $91,107,000 in cleanup costs for Terminal 25 South as a special item, following further sampling efforts conducted in 2024 that identified an expanded cleanup area larger than prior estimates. The cleanup targets polychlorinated biphenyls (PCBs) contamination discovered in 2019 in the upland portion of the site as well as contamination in the sediments that the Environmental Protection Agency (EPA) considers an "early action" cleanup under the East Waterway Interim Record of Decision (IROD) issued in 2024.

Net Position

Net position represents the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. Net position is disclosed in the Statement of Net Position in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and amortization, 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, the restricted net position is considered to be used first over the unrestricted net position.

Recently Adopted Accounting Standards and Adjustments

The Port adopted the following new accounting standards during 2023 and 2024.

- In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. This Statement defines a SBITA, establishes that a 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 a SBITA), and requires note disclosures regarding a SBITA. The Statement is effective for periods beginning after June 15, 2022. The Port has adopted this new standard retroactively by restating the financial statements for all periods presented. The beginning balance of the net position was restated as of January 1, 2022 by an increase of $137,000, and the ending balance of the net position was restated as of December 31, 2022 by an increase of $176,000 due to (1) the difference between amortization computed using the straight-line method and subscription interest expense recognized using the effective interest method, and (2) capitalization of previously expensed subscription payments. The required disclosures for intangible subscription assets can be found in Note 4 in the accompanying notes to the financial statements.
- In June 2022, the GASB issued Statement No. 101 (GASB 101), *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. This Statement is effective for fiscal years beginning after December 15, 2023. The Port has adopted this new standard retroactively by restating the financial statements for all periods presented. The ending balance of the net position was restated as of December 31, 2022 by a reduction of $4,336,000 to account for additional compensated absence liability. The added liability reflected the recognition of unvested sick leave that would be more likely than not to be used based on historical usage trends. The required disclosures for compensated absence liability can be found in Note 7 in the accompanying notes to the financial statements.

The following tables show the balances within the financial statements being restated (in thousands):

2023	As previously reported	Effect of GASB 101 restatement	As restated
Statement of Net Position			
Current Liabilities:			
Payroll and taxes payable	$ 68,924	$ (3,444)	$ 65,480
Noncurrent Liabilities:			
Lease securities and other long-term liabilities	8,384	7,951	16,335
Net Position:			
Unrestricted	688,739	(4,507)	684,232

(Continued)

2023	As previously reported	Effect of GASB 101 restatement	As restated
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses:			
Operations and maintenance	$ 409,743	$ 49	$ 409,792
Administration	102,310	(50)	102,260
Law enforcement	38,846	172	39,018
Total Net Position:			
Beginning of year	4,320,921	(4,336)	4,316,585
End of year	4,653,220	(4,507)	4,648,713

2022	As previously reported	Effect of GASB 96 restatement	Effect of GASB 101 restatement	As restated
Statement of Revenues, Expenses, and Changes in Net Position				
Operating Expenses:				
Operations and maintenance	$ 352,168	$ (2,475)	$ 2,640	$ 352,333
Administration	89,977	(1,947)	1,003	89,033
Law enforcement	32,648	(140)	693	33,201
Depreciation and amortization	233,869	3,780		237,649
Nonoperating Income (Expense):				
Other (expense) income—net	(58,631)	(606)		(59,237)
Total Net Position:				
Beginning of year	4,097,938	137		4,098,075
End of year	4,320,608	313	(4,336)	4,316,585

(Concluded)

Recently Issued Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources, while a constraint is defined as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess: (1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and (2) whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Statement is effective for fiscal years beginning after June 15, 2024. The Port is currently evaluating the impact of adopting this standard on its financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement focuses on improvements in several areas, including management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information, budgetary comparison information, and financial trends information in the statistical section. The Statement is effective for fiscal years beginning after June 15, 2025. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires separate disclosure of (1) lease assets under Statement No. 87, *Leases*, (2) intangible right-to-use assets under Statement No. 94, *Public-Private and Public-Public Partnerships and Availability*

Payment Arrangements, (3) subscription assets under Statement No. 96, *Subscription-Based Information Technology Arrangements*, and (4) intangible assets other than those three types to be disclosed separately by major class of underlying asset in the capital assets note disclosures. This Statement also requires additional disclosures for capital assets held for sale, including: (1) the historical cost and accumulated depreciation by major class of asset, (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset, and (3) capital assets held for sale to be evaluated each reporting period. The Statement is effective for fiscal years beginning after June 15, 2025. The adoption of this standard is not likely to have a material impact on the Port's financial statements.

Reclassifications and Presentation

Certain reclassifications of prior years' balances have been made to conform with the current year's presentations. These 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 I50.924, 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 certificates of deposit, 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 investments in the LGIP, and the Allspring Government Money Market Fund, Institutional Class (ticker GVIXX), are not subject to fair value application and were measured at amortized cost.

Investment Portfolio

As of December 31, 2024 and 2023, restricted investments—bond funds and other totaled $1,063,678,000 and $853,115,000, respectively. These are primarily unspent bond proceeds designated for capital improvements to the Port's facilities and debt service reserve fund requirements. Others include cash receipts from PFCs and CFCs.

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, 2024 and 2023, the LGIP investment was 34.0% and 9.6% 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
2024					
Washington State Local Government Investment Pool *	$ 732,556	$ 732,556	$	$	34.0%
Level 1					
U.S. Treasury Notes	765,695	203,500	356,168	206,027	35.5
Level 2					
Federal agencies securities:					
Federal Farm Credit Banks	211,399		18,907	192,492	9.8
Federal Home Loan Bank	377,197	116,533	114,266	146,398	17.5
Federal Home Loan Mortgage Corporation	69,489	44,887		24,602	3.2
Total portfolio	$ 2,156,336	$ 1,097,476	$ 489,341	$ 569,519	100.0%
Accrued interest receivable	15,805				
Total cash, cash equivalents, and investments	$ 2,172,141				
Percentage of total portfolio	100.0%	50.9%	22.7%	26.4%	
2023					
Washington State Local Government Investment Pool *	$ 177,205	$ 177,205	$	$	9.6%
Level 1					
U.S. Treasury Notes	623,329	324,205	258,053	41,071	33.5
Level 2					
Federal agencies securities:					
Federal Farm Credit Banks	189,163		18,289	170,874	10.2
Federal Home Loan Bank	794,389	429,008	193,648	171,733	43.0
Federal Home Loan Mortgage Corporation	69,374		69,374		3.7
Total portfolio	$ 1,853,460	$ 930,418	$ 539,364	$ 383,678	100.0%
Accrued interest receivable	10,910				
Total cash, cash equivalents, and investments	$ 1,864,370				
Percentage of total portfolio	100.0%	50.2%	29.1%	20.7%	

* Includes $12,770,000 and $4,278,000 of cash as of December 31, 2024 and 2023, respectively.

Investment Authorized by Debt Agreements

Investment from Fuel Hydrant debt proceeds held by bond trustees is 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 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 Computershare Corporate Trust (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, 2024 and 2023, 64.7% and 52.1%, respectively, of the Fuel Hydrant Investment Pool was invested in the GVIXX with security holdings having maturity limits no longer than 13 months. The GVIXX holds securities authorized by the statutes, which means at least 80% of the investments are in U.S. government obligations, including repurchase agreements collateralized by U.S. government obligations. The remainder of the GVIXX was invested in AAA rated high-quality, short-term money market instruments. Current credit ratings of the GVIXX 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 AAA and AA+ rated U.S. government agency securities. A portion of the proceeds from the Fuel Hydrant bonds, along with monthly facilities rent, is held by the Trustee to satisfy the debt service reserve fund requirement, to make debt service payments, and to pay the 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**
2024					
Allspring Government Money Market Fund	$ 7,139	$ 7,139	$	$	64.7%
Level 2					
Federal agencies securities:					
Federal National Mortgage Association	3,893	3,893			35.3
Total portfolio	$ 11,032	$ 11,032	$	$	100.0%
Accrued interest receivable	31				
Total cash, cash equivalents, and investments	$ 11,063				
Percentage of total portfolio	100.0%	100.0%			
2023					
Allspring Government Money Market Fund	$ 5,388	$ 5,388	$	$	52.1%
Level 2					
Federal agencies securities:					
Federal National Mortgage Association	4,953		4,953		47.9
Total portfolio	$ 10,341	$ 5,388	$ 4,953	$	100.0%
Accrued interest receivable	30				
Total cash, cash equivalents, and investments	$ 10,371				
Percentage of total portfolio	100.0%	52.1%	47.9%		

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 target of 2 plus or minus 50 basis points. A target of 2 is an approximate average life of 27 months. For 2024 and 2023, the modified duration of the portfolio was approximately 2 and 1.7, 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, 2024 and 2023, the LGIP WAM was 24 days and 16 days, respectively.

As of December 31, 2024 and 2023, the modified duration of the Fuel Hydrant Investment Pool was approximately 0.7 for both years. As of December 31, 2024 and 2023, $7,139,000 and $5,388,000, respectively, of the Fuel Hydrant Investment Pool was invested in the GVIXX, 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 counterparty, 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, be 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, except for 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 before 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

Lessee Arrangements

The Port leases buildings and equipment under a variety of long-term and noncancellable lease agreements. These leases expire at various dates, and certain leases include renewal options. The Port records the intangible lease assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. Variable payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. For the years ended December 31, 2024, and 2023, the Port's operating expenses from variable payments, excluded from the measurement of lease liability, were $2,292,000 and $2,151,000, respectively. The Port did not incur expenses related to residual value guarantees, termination penalties, or losses due to impairment. As of December 31, 2024, the Port has two ground leases and one sublease that have not yet commenced, with total undiscounted payments of $327,110,000 due over the terms of these agreements. The two ground leases will begin in 2025, each with a 30-year lease term, while the sublease will also commence in 2025 with a term of 26.8 years.

Minimum future lease payments are as follows (in thousands):

Years ended December 31,	Principal	Interest	Total
2025	$ 810	$ 59	$ 869
2026	568	23	591
2027	156	9	165
2028	81	4	85
2029	43	1	44
Total	$ 1,658	$ 96	$ 1,754

Lessor Arrangements—Regulated Leases

The Port has a variety of long-term and noncancellable regulated leases of land; facilities and improvements; and equipment, furniture, and fixtures for aeronautical use, including but not limited to airfield, air cargo operations, aircraft hangars, air terminal, fuel delivery system, hardstand operations, international arrival facility, and maintenance facilities for aircraft and ground equipment. These leases are subject to external laws, regulations, or legal rulings, such as the U.S. Department of Transportation, and the Federal Aviation Administration regulates aviation leases between airports and air carriers, and other aeronautical users. Most leases have fixed receipts or variable receipts that are fixed in substance. Regulated leases are excluded from the measurement of lease receivable and deferred inflows of resources. Revenues are recognized based on payment provisions of the respective regulated leases.

Below are the Port's two major leases which contributed more than 95% of total revenues from regulated leases between 2022 and 2024.

Signatory Lease and Operating Agreement (SLOA IV)
SLOA IV was effective from January 1, 2018 to December 31, 2022. On September 13, 2022, the Commission approved a two-year extension of SLOA IV through December 31, 2024. Under SLOA IV, aeronautical rates are set to recover both operating and capital costs by cost center for the use of landing, ramp tower, apron, terminal rent, and international arrival facility. SLOA IV is a hybrid-compensatory rate setting methodology for cost recovery.

Key provisions were maintained including: (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 from 2020–2022. Key provisions of the extension included: (1) lease term extended to December 31, 2024, (2) common-use gate caps for 2023 (22 gates) and 2024 (22 gates), (3) pro rata increase of management reserve from $150 million to $210 million, (4) pro rata increase of discretionary projects from $30 million to $42 million, (5) no revenue sharing for 2023 and 2024, and (6) agreement for 67 preferential-use-gates for 2023 and 2024.

For the years ended December 31, 2024, 2023, and 2022, SEA had SLOA IV with 44, 42, and 42 airlines, respectively. In 2024, 2023, and 2022, certain airlines had preferential use of the following capital assets: 67, 67, and 67 gates; 60, 60, and 60 passenger loading bridges; 42,000, 42,000, and 43,000 square feet of ticket counters; 87,000, 78,000, and 79,000 square feet of baggage make up devices; 299,000, 298,000, and 281,000 square feet of offices and storages, respectively. Five major airlines accounted for 94.9%, 92.1%, and 91.9% of total revenues generated from preferential use of these capital assets in 2024, 2023, and 2022, respectively.

SLOA IV settlement calculations are completed each year by comparing revenue requirements and invoices billed for each cost center and all airlines. Due to the variable nature of the annual settlement, expected SLOA IV minimum future lease receipts are indeterminable.

Signatory Lease and Operating Agreement (SLOA V)
On December 10, 2024, the Port Commission approved SLOA V, effective from January 1, 2025 to December 31, 2034. It continues the use of a hybrid-compensatory rate setting methodology to recover both operating and capital costs by cost center for the use of landing, ramp tower, apron, terminal rent, and international arrival facilities.

Key provisions carried forward include: (1) capital recovery formulas that include cash-funded assets dating back to 1992, (2) no recovery of costs for vacant publicly accessible office space (all other airline-occupied space is fully cost-recovered), and (3) full recovery of annual airline-allocated debt service unless a higher charge is needed to maintain the Port's minimum 1.25 times SEA revenue bond coverage ratio. New provisions in SLOA V include: (1) support for a significant capital investment plan estimated at $8 billion over the term, (2) enhanced airline engagement in the planning and delivery of projects with costs in excess of $300 million, (3) updated gate management protocols to ensure operational flexibility during major construction, (4) strengthened collaboration with airlines through the Airline Airport Affairs Committee, (5) an option for airlines to reduce their leased space by up to 25% after January 1, 2030, and (6) a process for potential financial review and adjustments if both project costs and fiscal impacts exceed certain thresholds. Annual settlement calculations under SLOA V will continue to compare revenue requirements and invoices billed for each cost center and all airlines.

Fuel System Lease Agreement

In 2003, the Port leased its fuel facility to SeaTac Fuel Facilities LLC, a limited liability company formed by a consortium of airlines, to provide jet fuel storage and distribution to commercial air carriers at SEA. Receipts of the facility 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. The bonds were issued to pay for all or a portion of the costs of the acquisition, design, and construction by the Port for the jet aircraft fuel storage and delivery facilities 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. All special facility lease revenues are restricted and are to be used solely for debt service on the bonds and not for Port operations.

For the years ended December 31, 2024, 2023, and 2022, the Port recognized fuel hydrant facility revenues and operating revenues related to other regulated leases, which are either fixed receipts or variable receipts that are fixed in substance, of $23,336,000, $20,198,000, and $20,376,000, respectively.

Minimum future lease receipts for fuel system lease and other regulated leases are as follows (in thousands):

Years ended December 31,	Fuel System Lease	Other	Total
2025	$ 6,985	$ 13,183	$ 20,168
2026	6,986	12,485	19,471
2027	6,986	11,996	18,982
2028	7,006	8,763	15,768
2029	7,017	4,941	11,958
2030–2034	19,883	9,867	29,751
2035–2037		1,542	1,542
Total	$ 54,863	$ 62,777	$ 117,640

Additionally, for the years ended December 31, 2024, 2023, and 2022, the Port's operating revenues for variable receipts not included in the minimum future lease receipts, including but not limited to SLOA IV, were $490,133,000, $451,279,000, and $372,788,000, respectively.

Lessor Arrangements—Non-Regulated Leases

The Port has a variety of long-term and noncancellable leases with tenants for the use of properties, primarily land, buildings, and infrastructure, including Aviation Division nonaeronautical land and facilities, such as airport dining and retail space, RCF, and commercial properties; Maritime Division cruise terminals, grain terminal, and maritime industrial properties; and Economic Development Division commercial and industrial properties. These leases expire at various dates and certain leases include renewal options. The Port also has a variety of variable receipts clauses among its leases, which include rents dependent on indexes (such as the Consumer Price Index (CPI)), fair market value appraisal, concessions based on the tenant's future performance (such as revenues or volumes) and usage of the underlying asset or minimum annual guarantees determined by the preceding year's revenues. Only fixed receipts and components of variable receipts that are fixed in substance are included in the measurement of the lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases.

For the years ended December 31, 2024, 2023, and 2022, the total amount of lease revenues and lease interest income recognized was $54,123,000, $36,546,000, and $33,243,000, respectively.

Minimum future lease receipts for non-regulated leases are as follows (in thousands):

Years ended December 31,	Principal	Interest	Total
2025	$ 32,974	$ 23,316	$ 56,290
2026	31,934	22,019	53,953
2027	28,095	20,814	48,909
2028	27,058	19,711	46,769
2029	25,706	18,651	44,357
2030–2034	114,235	78,743	192,978
2035–2039	109,606	53,937	163,543
2040–2044	38,417	39,258	77,675
2045–2049	33,996	33,197	67,193
2050–2054	36,201	26,773	62,974
2055–2059	29,007	20,690	49,697
2060–2064	31,536	14,871	46,407
2065–2069	38,300	8,109	46,409
2070–2073	20,852	1,192	22,044
Total	$ 597,917	$ 381,281	$ 979,198

Additionally, for the years ended December 31, 2024, 2023, and 2022, the Port's operating revenues from variable receipts, excluded from the measurement of lease receivable, were $154,063,000, $159,179,000, and $115,876,000, respectively.

Note 4. Capital Assets

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

2024	Beginning balance	Additions/ transfers	Retirements/ transfers	Ending balance
Capital assets, not being depreciated:				
Land and air rights	$ 2,039,717	$ 10,462	$	$ 2,050,179
Art collections and others	14,092	290		14,382
Total	2,053,809	10,752		2,064,561
Capital assets being depreciated:				
Facilities and improvements	6,874,730	449,898	(114,476)	7,210,152
Equipment, furniture, and fixtures	1,051,871	228,042	(19,435)	1,260,478
Total	7,926,601	677,940	(133,911)	8,470,630
Capital assets being amortized:				
Intangible lease facilities	3,930	739	(3,930)	739
Intangible lease equipment	3,785	1,059	(2,593)	2,251
Intangible subscription assets	30,696	13,442	(1,280)	42,858
Total	38,411	15,240	(7,803)	45,848
Total capital assets	10,018,821	703,932	(141,714)	10,581,039
Less accumulated depreciation for:				
Facilities and improvements	(2,872,887)	(195,642)	51,970	(3,016,559)
Equipment, furniture, and fixtures	(438,241)	(72,954)	17,582	(493,613)
Less accumulated amortization for:				
Intangible lease facilities	(3,371)	(654)	3,930	(95)
Intangible lease equipment	(2,446)	(875)	2,091	(1,230)
Intangible subscription assets	(10,036)	(7,792)	1,145	(16,683)
Total	(3,326,981)	(277,917)	76,718	(3,528,180)
Construction work in progress	720,694	780,451	(652,789)	848,356
Total capital assets—net	$ 7,412,534	$ 1,206,466	$ (717,785)	$ 7,901,215

(Continued)

2023	Beginning balance	Additions/ transfers	Retirements/ transfers	Ending balance
Capital assets, not being depreciated:				
Land and air rights	$ 2,038,915	$ 1,014	$ (212)	$ 2,039,717
Art collections and others	13,781	311		14,092
Total	2,052,696	1,325	(212)	2,053,809
Capital assets being depreciated:				
Facilities and improvements	6,789,876	114,886	(30,032)	6,874,730
Equipment, furniture, and fixtures	938,043	128,827	(14,999)	1,051,871
Total	7,727,919	243,713	(45,031)	7,926,601
Capital assets being amortized:				
Intangible lease facilities	3,930			3,930
Intangible lease equipment	3,825	458	(498)	3,785
Intangible subscription assets	28,555	5,525	(3,384)	30,696
Total	36,310	5,983	(3,882)	38,411
Total capital assets	9,816,925	251,021	(49,125)	10,018,821
Less accumulated depreciation for:				
Facilities and improvements	(2,709,332)	(185,144)	21,589	(2,872,887)
Equipment, furniture, and fixtures	(388,642)	(64,335)	14,736	(438,241)
Less accumulated amortization for:				
Intangible lease facilities	(2,491)	(880)		(3,371)
Intangible lease equipment	(2,212)	(732)	498	(2,446)
Intangible subscription assets	(7,771)	(5,649)	3,384	(10,036)
Total	(3,110,448)	(256,740)	40,207	(3,326,981)
Construction work in progress	466,116	503,217	(248,639)	720,694
Total capital assets—net	$ 7,172,593	$ 497,498	$ (257,557)	$ 7,412,534

(Concluded)

SBITAs

The Port has a variety of long-term and noncancellable SBITAs for the right to use information technology software, alone or in combination with hardware. These SBITAs expire at various dates, and certain SBITAs include an option to renew. The Port records the intangible subscription assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective SBITAs plus any subscription payments made before placing the intangible subscription assets into service and capitalizable implementation costs. Variable payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the subscription liability. The Port does not have any SBITAs with variable payments. The Port did not incur expenses related to termination penalties or losses due to impairment. The Port does not have commitments for SBITAs that have not commenced as of December 31, 2024.

Minimum future subscription payments are as follows (in thousands):

Years ended December 31,	Principal	Interest	Total
2025	$ 1,811	$ 797	$ 2,608
2026	5,061	590	5,651
2027	4,571	393	4,964
2028	4,521	211	4,732
2029	2,198	71	2,269
2030–2034	759	35	794
Total	$ 18,921	$ 2,097	$ 21,018

Note 5. Long-Term Debt

Long-term debt outstanding as of December 31, 2024, 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 2009 B-2	0*	2025–2031	$ 22,000	$	$	$ 22,000
Series 2016 B	5	2025–2032	92,930	8,425		84,505
Series 2016 C	2.5–3.32	2025–2032	4,255	425		3,830
Series 2021	5	2025–2026	27,280	8,655		18,625
Total			146,465	17,505		128,960
Intermediate lien:						
Series 2013	4.5–5	2025–2029	99,785	99,785		
Series 2015 A	3–5	2025–2040	60,055	60,055		
Series 2015 B	5	2025–2035	138,155	138,155		
Series 2015 C	5	2025–2040	182,970	8,400		174,570
Series 2016	4–5	2025–2030	99,095			99,095
Series 2017 A	5	2027–2028	16,705			16,705
Series 2017 B	2.97–3.76	2025–2036	183,760	17,885		165,875
Series 2017 C	5–5.25	2025–2042	280,245	9,055		271,190
Series 2017 D	5	2025–2027	45,385	10,505		34,880
Series 2018 A	3.85–5	2025–2043	431,455	12,910		418,545
Series 2018 B	5	2025–2028	51,180	9,240		41,940
Series 2019	4–5	2025–2044	430,660	11,915		418,745
Series 2021 A	5	2025–2030	12,610	1,555		11,055
Series 2021 B	4–5	2025–2040	138,805	5,370		133,435
Series 2021 C	4–5	2025–2046	481,730	26,680		455,050
Series 2021 D	1.14–2.15	2025–2031	41,395	4,935		36,460
Series 2022 A	5	2025–2033	206,200			206,200
Series 2022 B	4–5.5	2025–2047	569,140	17,525		551,615
Series 2022 C	3.57–4.09	2025–2032	55,095	15,820		39,275
Series 2024 A	5	2025–2040			168,975	168,975
Series 2024 B	5–5.25	2025–2049			648,940	648,940
Total			3,524,425	449,790	817,915	3,892,550
Subordinate lien:						
Series 2008	3.65**	2033	136,395	12,860		123,535
Total			136,395	12,860		123,535
Revenue bond totals			$ 3,807,285	$ 480,155	$ 817,915	$ 4,145,045

(Continued)

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

** Variable interest rate as of December 31, 2024.

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
GO bonds:						
Series 2013 B	2.77	2025	$ 1,225	$	$	$ 1,225
Series 2015	4–5	2025–2040	111,030	111,030		
Series 2017	5	2025–2042	109,465	3,540		105,925
Series 2022 A	5	2025–2029	12,055	1,775		10,280
Series 2022 B	1.45–2.98	2025–2041	81,585	9,765		71,820
Series 2024 A	4–5	2025–2040			94,695	94,695
Series 2024 B	5	2043–2049			65,745	65,745
Series 2024 C	4.4–5.2	2025–2042			95,775	95,775
Total			315,360	126,110	256,215	445,465
Fuel hydrant special facility revenue bonds:						
Series 2013	3.45–5	2025–2033	52,400	4,675		47,725
Total			52,400	4,675		47,725
Bond totals			4,175,045	610,940	1,074,130	4,638,235
Unamortized bond premium—net			436,728	71,293	83,300	448,735
Total debt			4,611,773	682,233	1,157,430	5,086,970
Less current maturities of long-term debt:						
First lien revenue bonds			(17,505)			(22,968)
Intermediate lien revenue bonds			(177,450)			(168,545)
GO bonds			(22,230)			(25,890)
Fuel hydrant special facility revenue bonds			(4,675)			(4,865)
Total current maturities of long-term debt			(221,860)			(222,268)
Long-term debt			$ 4,389,913			$ 4,864,702

(Concluded)

Long-term debt outstanding as of December 31, 2023, 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 2009 B-2	0*	2025–2031	$ 22,000	$	$	$ 22,000
Series 2016 B	5	2024–2032	100,960	8,030		92,930
Series 2016 C	2.4–3.32	2024–2032	4,670	415		4,255
Series 2021	5	2024–2026	35,520	8,240		27,280
Total			163,150	16,685		146,465
Intermediate lien:						
Series 2013	4.5–5	2024–2029	113,805	14,020		99,785
Series 2015 A	3–5	2024–2040	62,260	2,205		60,055
Series 2015 B	5	2024–2035	146,350	8,195		138,155
Series 2015 C	5	2024–2040	190,970	8,000		182,970
Series 2016	4–5	2025–2030	99,095			99,095
Series 2017 A	5	2027–2028	16,705			16,705
Series 2017 B	2.84–3.76	2024–2036	200,920	17,160		183,760
Series 2017 C	5–5.25	2024–2042	288,855	8,610		280,245
Series 2017 D	5	2024–2027	55,385	10,000		45,385
Series 2018 A	3.85–5	2024–2043	443,735	12,280		431,455
Series 2018 B	5	2024–2028	59,975	8,795		51,180
Series 2019	4–5	2024–2044	441,995	11,335		430,660
Series 2021 A	5	2024–2030	24,740	12,130		12,610
Series 2021 B	4–5	2024–2040	143,910	5,105		138,805
Series 2021 C	4–5	2024–2046	499,110	17,380		481,730
Series 2021 D	0.77–2.15	2024–2031	41,395			41,395
Series 2022 A	5	2025–2033	206,200			206,200
Series 2022 B	4–5.5	2024–2047	585,930	16,790		569,140
Series 2022 C	3.48–4.09	2024–2032	70,435	15,340		55,095
Total			3,691,770	167,345		3,524,425
Subordinate lien:						
Series 2008	3.85**	2033	148,475	12,080		136,395
Total			148,475	12,080		136,395
Revenue bond totals			$ 4,003,395	$ 196,110	$	$ 3,807,285

(Continued)

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

** Variable interest rate as of December 31, 2023.

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
GO bonds:						
Series 2013 B	2.77	2025	$ 1,225	$	$	$ 1,225
Series 2015	4–5	2024–2040	117,830	6,800		111,030
Series 2017	5	2024–2042	112,830	3,365		109,465
Series 2022 A	5	2024–2029	13,745	1,690		12,055
Series 2022 B	1.25–2.98	2024–2041	91,260	9,675		81,585
Total			336,890	21,530		315,360
Fuel hydrant special facility revenue bonds:						
Series 2013	3.45–5	2024–2033	56,855	4,455		52,400
Total			56,855	4,455		52,400
Bond totals			4,397,140	222,095		4,175,045
Unamortized bond premium—net			485,909	49,181		436,728
Total debt			4,883,049	271,276		4,611,773
Less current maturities of long-term debt:						
First lien revenue bonds			(16,685)			(17,505)
Intermediate lien revenue bonds			(167,345)			(177,450)
GO bonds			(21,530)			(22,230)
Fuel hydrant special facility revenue bonds			(4,455)			(4,675)
Total current maturities of long-term debt			(210,015)			(221,860)
Long-term debt			$ 4,673,034			$ 4,389,913

(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 2024, the Port issued $817,915,000 in Series 2024A and Series 2024B Intermediate Lien Revenue and Refunding Bonds. Series 2024A, $168,975,000, fully refunded the outstanding Series 2015A Intermediate Lien Revenue Bonds and Series 2015B Revenue Refunding Bonds. Series 2024B, $648,940,000, is being used to pay for or reimburse costs of capital improvements to Airport facilities and to fully refund the outstanding Series 2013 Intermediate Lien Revenue Refunding Bonds. Series 2024B is also being used to pay a portion of the interest on the bonds during construction and to contribute to the Intermediate Lien Common Reserve Fund. A portion of each bond series was also used to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 5.0% to 5.25% with maturities ranging from 2025 to 2049. The interest on the Series 2024A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2025. The interest on the Series 2024B Bonds is payable on January 1 and July 1 of each year, commencing on January 1, 2025. Certain maturities of Series 2024A and 2024B Bonds are subject to optional redemption by the Port before their scheduled maturities and certain maturities of the Series 2024B Bonds are also subject to mandatory sinking fund redemption. The economic gain resulting from the 2024AB Bonds refunding transaction was $23,802,000, while the Port also decreased its aggregate debt service payments by $28,527,000 over the life of the refunding bonds.

Capital Appreciation Revenue Bonds

In 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, 2024 and 2023, the accreted value of the Series 2009B-2 Taxable Capital Appreciation Revenue Bonds was $67,659,000 and $62,917,000, 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 is one series of Subordinate Lien Variable Rate Demand Bonds (VRDB), Series 2008. Series 2008 VRDB bears 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 optional redemption before 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 backed by a letter of credit (LOC).

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. The Port made early principal payments on the bonds, including a payment of $12,860,000 in 2024 and $12,080,000 in 2023. As of December 31, 2024 and 2023, there were $123,535,000 and $136,395,000, respectively, of the Series 2008 Subordinate Lien Revenue Refunding Bonds outstanding.

On May 1, 2023, the Port entered into a LOC agreement with Bank of America, N.A. in the amount of $151,111,000 and an expiration date of May 1, 2026.

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 Bank of America, N.A. to convert the bonds to an installment loan payable in 10 equal semiannual installments bearing an interest rate no less than 8.5%.

There were no borrowings drawn against the LOC during 2024 and 2023; therefore, there were no outstanding obligations to the LOC provider at December 31, 2024 or 2023.

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 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 LOCs.

- In 2015, the Port amended its LOC reimbursement agreement with Bank of America, N.A., which increased the amount from $108,000,000 to $130,000,000. In March 2024, the agreement was amended to extend the expiration date from May 31, 2024 to May 28, 2027, 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 Bank of America, N.A. in 10 equal, semiannual installments bearing an interest rate of no less than 8.5%.

- In 2015, the Port entered into a LOC reimbursement agreement with Sumitomo Mitsui Banking Corporation (Sumitomo) of $125,000,000. In September 2023, the agreement was amended to extend the expiration date to September 12, 2028, 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, 2024 and 2023.

There was no commercial paper outstanding at December 31, 2024 and 2023. Commercial paper, if applicable, is included in current maturities of long-term debt on the Statement of Net Position. In February 2025, the Port issued $120,000,000 of commercial paper used to finance the purchase of International Place, a 17.7 acre, three-building office campus adjacent to SEA.

GO 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 Bondholders do not have a security interest in specific revenues or assets of the Port.

In July 2024, the Port issued $256,215,000 in Series 2024 ABC Limited Tax GO and Refunding Bonds. Series 2024A, $94,695,000, was used to fully refund the Port's outstanding Series 2015 Limited Tax GO and Refunding Bonds and to pay the costs of issuing the bonds. Series 2024B, $65,745,000 and Series 2024C, $95,775,000 were used to finance eligible Port costs and to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 4.0% to 5.2% with maturities ranging from 2025 to 2049. The interest on the Series 2024A, B, and C GO and Refunding Bonds is payable on June 1 and December 1 of each year, commencing on December 1, 2024. Certain maturities of Series 2024A and B GO Bonds are subject to optional redemption before their scheduled maturities. The economic gain resulting from the refunding was $4,867,000, while the Port also decreased its aggregate debt service payments by $6,285,000 over the life of the refunding bonds.

In June 2020, the Port entered into an agreement with JP Morgan Chase Bank, N.A. for a revolving credit facility of up to $150 million for three years to provide additional liquidity in response to the pandemic. The facility was 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 was based on the Secured Overnight Financing Rate plus a spread based on the Port's GO bond ratings. In November 2021, the Port and JP Morgan Chase Bank, N.A. amended the agreement to extend the expiration date to June 4, 2024, to reduce the amount to $75 million, and to modify other terms. No borrowings on this facility occurred, and this agreement was terminated on March 28, 2024.

Fuel Hydrant Special Facility Revenue Bonds

In May 2003, the Port issued Fuel Hydrant Special Facility Revenue Bonds 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 to a limited liability company formed by a consortium of airlines to provide jet fuel storage and distribution at SEA. The Port owns the system and the consortium will oversee day-to-day management. The consortium 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 consortium has provided a guaranty and a security agreement to the trustee, securing the consortium's obligation to pay principal and interest on the bonds. Proceeds from the bonds are held by the trustee. At December 31, 2024 and 2023, there were $11,032,000 and $10,341,000, 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 of $47,725,000 and $52,400,000 were outstanding as of December 31, 2024 and 2023, 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, 2024 and 2023.

Schedule of Debt Service

Total debt service requirements to maturity for bonds are as follows (in thousands):

Years ended December 31,	Principal	Interest	Total
2025	$ 222,268	$ 224,258	$ 446,526
2026	227,720	218,045	445,765
2027	242,012	204,055	446,067
2028	239,122	193,530	432,652
2029	234,767	185,496	420,263
2030–2034	1,224,881	714,676	1,939,557
2035–2039	974,825	438,462	1,413,287
2040–2044	868,040	211,311	1,079,351
2045–2049	404,600	51,730	456,330
Total	$ 4,638,235	$ 2,441,563	$ 7,079,798

Note 6. Conduit Debt

The Port has conduit debt obligations totaling $66,025,000 at December 31, 2024 and 2023, 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, manufacturing, airport, dock, and wharf 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 long-term liabilities activity for the years ended December 31 (in thousands):

2024	Beginning balance	Additions	Reductions	Ending balance	Current portion	Long-term portion
Net pension liability	$ 24,001	$ 4,786	$ (9,826)	$ 18,961	$	$ 18,961
Environmental remediation liability[a]	133,036	130,382	(21,986)	241,432	14,143	227,289
Bonds interest payable	40,917	4,742		45,659		45,659
Total OPEB liability	16,957	1,039	(1,260)	16,736		16,736
Lease and subscription liabilities[a]	16,502	13,806	(9,729)	20,579	2,621	17,958
Compensated absences liability[b]	43,972	41,408	(36,086)	49,294	40,138	9,156
Lease securities and other	8,384	416	(709)	8,091		8,091
Total	$ 283,769	$ 196,579	$ (79,596)	$ 400,752	$ 56,902	$ 343,850
2023 (Restated)						
Net pension liability	$ 30,196	$ 3,669	$ (9,864)	$ 24,001	$	$ 24,001
Environmental remediation liability[a]	114,404	30,462	(11,830)	133,036	19,927	113,109
Bonds interest payable	36,507	4,410		40,917		40,917
Total OPEB liability	15,805	2,155	(1,003)	16,957		16,957
Lease and subscription liabilities[a]	19,348	2,967	(5,813)	16,502	3,568	12,934
Compensated absences liability[b]	40,648	36,283	(32,959)	43,972	36,021	7,951
Lease securities and other	8,945	800	(1,361)	8,384		8,384
Total	$ 265,853	$ 80,746	$ (62,830)	$ 283,769	$ 59,516	$ 224,253

[a] The current portion of the environmental remediation liability as well as lease and subscription liabilities are included in the accounts payable and accrued expenses in the Statement of Net Position.

[b] The current portion of the compensated absences liability is reported under payroll and taxes payable, while the long-term portion is classified within lease securities and other long-term liabilities 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 (COLAs), and death benefits to plan members and beneficiaries. Under PERS plans, annual cost-of-living allowances are based on the CPI, capped at 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 before 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 (UAAL). 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 0.20%, from the employer contribution rate, for the years ended December, were as follows:

	Effective date	PERS Plan 1	PERS Plan 2	PERS Plan 3
2024				
Port	Jan 1 to Jun 30	9.33%	9.33%	9.33%
	Jul 1 to Aug 31	8.83	8.83	8.83
	Sep 1 to Dec 31	8.91	8.91	8.91
Plan member	Jan 1 to Dec 31	6.00	6.36	varies
2023				
Port	Jan 1 to Jun 30	10.21%	10.21%	10.21%
	Jul 1 to Aug 31	9.21	9.21	9.21
	Sep 1 to Dec 31	9.33	9.33	9.33
Plan member	Jan 1 to Dec 31	6.00	6.36	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
2024	$ 33	$ 18,143
2023	33	17,327
2022	53	16,313

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 COLAs, and death benefits to plan members and beneficiaries. Under LEOFF Plan 2, annual cost-of-living allowances are based on the CPI, capped at 3% annually.

Vesting
Both LEOFF Plans' members are vested after the 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 age 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 0.20% and 0.18% as of 2024 and 2023, respectively, 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)
2024					
Port	Jan 1	to	Dec 31	5.12%	8.53%
Plan member	Jan 1	to	Dec 31	8.53	8.53

(Continued)

	Effective date			LEOFF Plan 2 (Fire fighters)	LEOFF Plan 2 (Police officers)
2023					
Port	Jan 1	to	Dec 31	5.12%	8.53%
Plan member	Jan 1	to	Dec 31	8.53	8.53

(Concluded)

For the years ended December 31, 2024, 2023, and 2022, the Port's employer contributions, excluding administrative expenses, made to LEOFF Plan 2 were $3,050,000, $2,821,000, and $2,393,000, respectively.

Public Safety Employees' Retirement System (PSERS)

Plan Description

PSERS retirement benefit provisions are contained in Chapters 41.37 and 41.45 RCW. PSERS is a cost-sharing, multiple-employer retirement system composed of a single defined benefit plan, PSERS Plan 2, for both accounting and membership purposes. PSERS membership includes certain public employees whose jobs contain a high degree of physical or psychological risk to their own personal safety. House Bill 1055, passed in 2023, expanded the eligibility of the plan to certain public safety telecommunicators, effective June 1, 2024. The Port began enrolling employees in the PSERS starting in July 2024.

Retirement benefits are financed by employee and employer contributions and investment earnings. PSERS Plan 2 provides retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. Under PSERS Plan 2, annual cost-of-living allowances are based on the CPI, capped at 3% annually.

Vesting

PSERS Plan 2 members are vested after the completion of five years of eligible service.

Benefits Provided

PSERS Plan 2 retirement benefits are determined as 2% of the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PSERS Plan 2 has no cap on years of service credit. Retirement before age 65 is considered early retirement under PSERS Plan 2. Members are eligible for full retirement benefits at age 65 with at least five years of service, or at age 60 with at least ten years of service. Members can also retire as early as age 53 with at least 20 years of service credit, but in that case, their benefit is reduced by 3% for each year their retirement age is under 60. If a survivor benefit is selected, the retirement benefit is actuarially reduced to account for the survivor option.

Contributions

Each biennium, the Washington State Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The PSERS Plan 2 employer and employee contribution rates are developed by the OSA to fully fund Plan 2. All employers are required to contribute at the level established by the legislature. The employer rate includes a component to address the PERS Plan 1 UAAL.

The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.20% from the employer contribution rate, for the year ended December 31 were as follows:

	Effective date			PSERS Plan 2
2024				
Port	Jan 1	to	Jun 30	9.70%
	Jul 1	to	Aug 31	9.20
	Sep 1	to	Dec 31	9.31
Plan member	Jan 1	to	Dec 31	6.73

For the year ended December 31, 2024, the Port's employer contributions, excluding administrative expenses, made to PSERS Plan 2 was $60,000.

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	PSERS Plan 2
2024					
Port's proportionate share of the net pension (liability) asset	$ (17,278)	$ 40,314	$ 2,153	$ 22,332	$
State's proportionate share of the net pension asset associated with the Port				14,492	
Total	$ (17,278)	$ 40,314	$ 2,153	$ 36,824	$
2023					
Port's proportionate share of the net pension (liability) asset	$ (20,695)	$ 47,790	$ 2,330	$ 27,157	$
State's proportionate share of the net pension asset associated with the Port				17,342	
Total	$ (20,695)	$ 47,790	$ 2,330	$ 44,499	$

For the years ended December 31, 2024 and 2023, the net pension asset (liability) was measured as of June 30, 2024 and 2023, 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, 2023 and 2022, 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	PSERS Plan 2
2024	0.97%	1.22%	0.08%	1.19%	0.00%
2023	0.91%	1.17%	0.08%	1.13%	0.00%
Change between years	0.06%	0.05%	%	0.06%	%

For the years ended December 31, 2024, 2023, and 2022, the Port included (contra) operating revenues of $(212,000), $(1,159,000), and $2,126,000, respectively, for the support provided by the State to the Port regarding LEOFF Plan 2.

For the years ended December 31, the Port recorded the following pension expense (credit) (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2	PSERS Plan 2
2024	$ 1,452	$ (1,977)	$ 104	$ (1,081)	$
2023	119	(5,121)	(235)	(3,291)	
2022	11,123	(13,393)	(65)	5,456	

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	PSERS Plan 2
2024					
Deferred Outflows of Resources					
Differences between expected and actual experience	$	$ 22,907	$	$ 16,435	$
Changes of assumptions		22,262		9,193	
Changes in proportion and differences between Port contributions and proportionate share of contributions		627		1,380	
Port contributions subsequent to the measurement date	3,025	7,270		1,741	44
Total deferred outflows of resources	$ 3,025	$ 53,066	$	$ 28,749	$ 44
Deferred Inflows of Resources					
Differences between expected and actual experience	$	$ (93)	$	$ (170)	$
Changes of assumptions		(2,554)		(1,877)	
Net difference between projected and actual earnings on pension plan investments	(1,383)	(11,553)	(82)	(3,674)	
Changes in proportion and differences between Port contributions and proportionate share of contributions		(2,738)		(5,539)	
Total deferred inflows of resources	$ (1,383)	$ (16,938)	$ (82)	$ (11,260)	$
2023					
Deferred Outflows of Resources					
Differences between expected and actual experience	$	$ 9,735	$	$ 11,093	$
Changes of assumptions		20,064		6,937	
Changes in proportion and differences between Port contributions and proportionate share of contributions		1,035		1,626	
Port contributions subsequent to the measurement date	3,284	6,675		1,612	
Total deferred outflows of resources	$ 3,284	$ 37,509	$	$ 21,268	$
Deferred Inflows of Resources					
Differences between expected and actual experience	$	$ (534)	$	$ (223)	$
Changes of assumptions		(4,373)		(2,231)	
Net difference between projected and actual earnings on pension plan investments	(2,334)	(18,010)	(155)	(5,746)	
Changes in proportion and differences between Port contributions and proportionate share of contributions		(548)		(4,325)	
Total deferred inflows of resources	$ (2,334)	$ (23,465)	$ (155)	$ (12,525)	$

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, 2025. 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	PSERS Plan 2
2025	$ (2,288)	$ (9,073)	$ (137)	$ (3,319)	$
2026	1,175	17,435	71	5,293	
2027	(124)	7,314	(7)	1,967	
2028	(146)	7,132	(9)	2,127	
2029		3,251		2,677	
Thereafter		2,799		7,003	
Total	$ (1,383)	$ 28,858	$ (82)	$ 15,748	$

Actuarial Assumptions and Methods

The total pension asset (liability) was determined by an actuarial valuation as of June 30, 2023, with the results rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of OSA's 2013–2018 Demographic Experience Study and the 2023 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2023 Actuarial Valuation Report (AVR). The AVR was prepared using the Entry Age Normal cost method.

- *Inflation* — A 2.75% total economic inflation and a 3.25% salary inflation were used.
- *Salary increases* — In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow through promotions and longevity.
- *Mortality* — Mortality rates were developed using the Society of Actuaries' Pub. H-2010 Mortality rates. OSA applied age offsets to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale also developed by the Society of Actuaries to project mortality rates after the 2010 base table. To apply mortality rates on a generational basis, 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 the 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% 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, 2024, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	19%	2.1%
Tangible assets	8	4.5
Real estate	18	4.8
Global equity	30	5.6
Private equity	25	8.6
Total	100%	

The inflation component used to create the above table is 2.5% 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% 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 and PSERS Plan 2 employers whose rates include a component for the PERS Plan 1 UAAL), 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 the current plan members. Therefore, the long-term expected rate of 7% 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, 2023 valuation reflect the following assumption changes and methods:

- *Assumption Changes* — Assumptions did not change from the prior contribution rate setting June 30, 2022 AVR.
- *Methods* — OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA also made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

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%, 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%)	Current discount rate (7%)	1% Increase (8%)
PERS Plan 1	$ (25,415)	$ (17,278)	$ (10,141)
PERS Plans 2/3	(72,674)	40,314	133,110
LEOFF Plan 1	1,895	2,153	2,378
LEOFF Plan 2	(14,795)	22,332	52,699
PSERS Plan 2			

Payables to the PERS, LEOFF, and PSERS Plans

At December 31, the Port reported payables for the outstanding amount of the required contributions to PERS Plan 1, PERS Plan 2/3, LEOFF Plan 2, and PSERS 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	PSERS Plan 2
2024	$ 247	$ 631	$ 130	$ 6
2023	212	467	139	

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 Comprehensive 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', PSERS', 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 of 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, 2024, 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	24	
Inactive employees entitled to but not yet receiving benefit payments		540
Active employees		1,288
Total	24	1,828

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 $700,000 and $50,000, respectively, for the year ended December 31, 2024. The Port's contributions to the LEOFF Plan 1 Members' Medical Services Plan and Retirees Life Insurance Plan were $593,000 and $410,000, respectively, for the year ended December 31, 2023. 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, 2024, using the Alternative Measurement Method. Total OPEB liability for the Retirees Life Insurance Plan was determined by an actuarial valuation as of January 1, 2024, and update procedures were used to roll forward the total OPEB liability to December 31, 2024. As of December 31, 2024 and 2023, the Port's total OPEB liability for the two plans was $16,736,000 and $16,957,000, respectively. For the years ended December 31, 2024 and 2023, the total OPEB expense for the two plans was $763,000 and $1,520,000, 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):

	2024	2023
Deferred Outflows of Resources		
Changes of assumptions	$ 1,276	$ 1,781
Total deferred outflows of resources	$ 1,276	$ 1,781
Deferred Inflows of Resources		
Differences between expected and actual experience	$ 70	$ 62
Changes of assumptions	2,923	3,202
Total deferred inflows of resources	$ 2,993	$ 3,264

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,	
2025	$ (209)
2026	(252)
2027	(428)
2028	(546)
2029	(183)
Thereafter	(99)
Total	$ (1,717)

Actuarial Assumptions and Methods

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 72, No. 12, November 7, 2023. The Life Table for Males: U.S. 2021 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. The rate of increase is expected to average 5% over the next several years.
- *Health insurance premiums* — 2018 health insurance premiums for retirees, adjusted by the 2019–2025 rates from the National Health Expenditures Projections 2013–2032 Table 1, were used as the basis for the calculation of the present value of total benefits to be paid.
- *Discount rate* — An average index rate of 4.08% as of December 31, 2024, for 20-year GO Bonds with an average AA credit rating 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, 2024, and update procedures were used to roll forward total OPEB liability to December 31, 2024, 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 before 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:

- *Pre-retirement mortality* — Pub 2010 Headcount Weighted General Employee Mortality Tables for males and females for all PERS plans and the Pub 2010 Headcount Weighted Safety Employee Mortality Tables for males and females for LEOFF Plan 2; projected using the Long-Term MP-2017 Scale.
- *Post-retirement mortality* — Pub 2010 Headcount Weighted General Healthy Annuitant Mortality Tables for males and females for all PERS plans and the Pub 2010 Headcount Weighted Safety Annuitant Mortality Tables for females and with a one-year setback for males for LEOFF Plan 2; projected using the Long-Term MP-2017 Scale.
- *Salary increases* — An estimated payroll growth of 3.25% per year was used.
- *Discount rate* — An average index rate of 4.08% as of December 31, 2024, for 20-year GO Bonds with an average AA credit rating was used.

Change in Assumptions

For the LEOFF Plan 1 Members' Medical Services Plan and the Retirees Life Insurance Plan, changes in assumptions reflected a change in the discount rate from 3.77% in 2023 to 4.08% in 2024.

Change in Total OPEB Liability

Changes in the 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	$	$ 269
Interest expense	228	416
Difference between expected and actual experience		(28)
Changes of assumptions	126	(482)
Employer contributions	(700)	(50)
Net changes	(346)	125
Total OPEB liability beginning of year	6,042	10,915
Total OPEB liability end of year	$ 5,696	$ 11,040

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 4.08%, 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 (3.08%)	Current discount rate (4.08%)	1% Increase (5.08%)
LEOFF Plan 1 Members' Medical Services Plan	$ 6,011	$ 5,696	$ 5,406
Retirees Life Insurance Plan	12,720	11,040	9,690

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%, 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%)	Healthcare cost trend rate (5%)	1% Increase (6%)
LEOFF Plan 1 Members' Medical Services Plan	$ 5,460	$ 5,696	$ 5,946

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.

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, 2024 and 2023, the Port's environmental remediation liability was $241,432,000 and $133,036,000, respectively, based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The environmental remediation liability will change over time due to changes in costs of goods and services, remediation technologies, and 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, 2024 and 2023, the environmental remediation liability was reduced by $11,699,000 and $23,716,000, respectively, for estimated unrealized recoveries.

The Port's environmental remediation liability does not include cost components that are not yet reasonably estimable. As of December 31, 2024 and 2023, there were two major sites where certain cost components of the associated environmental remediation liability could not be reasonably estimated.

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 2024 was $11,116,000. In 2024, the EPA released an IROD for the East Waterway Site cleanup remedy that estimates the capital cost for the selected interim remedy, updated to 2023 dollars, at $401 million ($223 million in net present value at the start of construction). The Port's final share of that cost is unknown, and the estimate will be further refined following completion of an extensive sampling and design effort. As of December 31, 2024 and 2023, the Port's outstanding environmental remediation liability recorded was $1,120,000 and $1,657,000, respectively.

A portion of the East Waterway cleanup near Terminal 25 South is expected to be completed as an "early action" ahead of the broader East Waterway Site remediation. In 2024, the Port recorded an additional $91,107,000 in cleanup costs for Terminal 25 South as a special item, following further sampling efforts conducted in 2024 that identified an expanded cleanup area beyond prior estimates. The cleanup will address PCBs contamination discovered in 2019 in the upland portion of the site, estimated at approximately $79 million, as well as contamination in the sediments that the EPA considers an "early action" cleanup under the East Waterway IROD estimated at approximately $64 million. The Port anticipates recovering a portion of these costs from other PRPs, though the amount and timing of such recovery is unknown.

Lower Duwamish Waterway Superfund Site (the Duwamish Site)

The Port is one of many PRPs at the Duwamish Site and was a member of the Lower Duwamish Waterway Group (LDWG), along with King County, the City of Seattle, and the Boeing Company, that funded the Remedial Investigation and Feasibility Study (RI/FS) and the initial design work (among other remedial actions) for the site. The RI/FS study was completed in 2014. In November 2014, the EPA released the Record of Decision (ROD) for the Duwamish Site cleanup remedy. Between 2014 and 2019, the LDWG conducted an Enhanced Natural Recovery Activated Carbon Pilot Study and a Fishers Community Survey. Design work began in 2019. The Port's share of RI/FS costs through 2024 was $30,476,000. In 2024, the EPA issued unilateral orders to King County, the City of Seattle, and the Boeing Company, to continue remedial design work on the site while consent decree negotiations were underway. A consent decree obligating King County, the City of Seattle, and the Boeing Company to implement the selected cleanup remedy is expected in 2025 or early 2026, at which point the Port's obligations under the RI/FS Administrative Order on Consent will terminate. As of December 31, 2024 and 2023, the Port's outstanding environmental remediation liability recorded for the Duwamish Site was $6,100,000 and $9,575,000, respectively. In January 2025, the Port reached settlement agreements with most of the PRPs for the site, with the exception of King County, the City of Seattle, and the Boeing Company, and received payments totaling approximately $3,445,000.

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 determined, 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):

	2024	2023
Funds committed:		
Aviation	$ 625,517	$ 435,724
Maritime	104,265	40,507
Economic Development	1,148	3,599
Stormwater Utility	677	15
Other	3,122	
Total	$ 734,729	$ 479,845

As of December 31, 2024 and 2023, the Port also made commitments of $11,484,000 and $26,614,000, respectively, for the acquisition and construction of 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, 2024 and 2023, funds authorized by the Port but not yet committed for all divisions amounted to $859,300,000 and $840,648,000, 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):

	2024	2023
Total assets	$ 2,614,245	$ 2,137,299
Deferred outflows of resources	2,332	1,766
Total liabilities	116,748	51,629
Deferred inflows of resources	1,839,670	1,458,802
Total net position	$ 660,159	$ 628,634

	2024	2023	2022
Operating revenues	$ 207,618	$ 180,499	$ 149,380
Operating expenses	126,072	106,637	91,051
Operating income before depreciation and amortization	81,546	73,862	58,329
Depreciation and amortization	24,832	21,277	20,992
Nonoperating income—net	68,084	62,785	73,368
Increase in net position	$ 124,798	$ 115,370	$ 110,705

A copy of the NWSA financial report may be obtained at:

The Northwest Seaport Alliance
P.O. Box 2985
Tacoma, WA 98401-2985
www.nwseaportalliance.com

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 would 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 and is no longer being actively planned. 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 and an annual increase of 2%. In 2024 and 2023, the Port's payments to the NWSA were $4,142,000 and $4,061,000, respectively. The Port's 50% share of the NWSA's change in net position was reduced by $2,071,000 in 2024 and $2,030,000 in 2023 (50% of the $4,142,000 and $4,061,000, respectively), due to the elimination of profit on the intra-entity transaction.

In 2022, the Managing Members approved an amendment and restatement of an Interlocal Agreement between the Port and the NWSA regarding three cranes located at Terminal 46. The Port purchased these cranes in 2019. The amendment allowed the NWSA's use of these cranes, such as the right to lease, sublease, and license, for future cargo operations. The NWSA agreed to pay the Port a monthly use fee, beginning October 1, 2022, for 4 years. In 2024 and 2023, the Port's 50% share of the NWSA's change in net position was increased by $165,000 for both years, 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 2024 and 2023, the Port's 50% share of the NWSA's change in net position before the elimination of profit on the intra-entity transactions was $62,399,000 and $57,685,000, respectively. The change in net position, after the intra-entity transaction elimination, was $60,493,000 and $55,820,000 in 2024 and 2023, 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, 2024 and 2023, was $35,822,000 and $5,328,000, respectively. This amount is presented in the Port's Statement of Net Position as a related party receivable—joint venture.

In 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 only be achieved with the redevelopment of Terminal 5. This additional contribution is being made to the NWSA in three installments. The first and second installments of $11,000,000 were made in 2020 and 2021, respectively. The final $10,000,000 installment will be made in 2025. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA received the funds from the Port.

The Port's investment in joint venture as of December 31 is as follows (in thousands):

	2024	2023
Working capital	$ 25,500	$ 25,500
Membership interest affirmation	22,000	22,000
Capital construction	345,074	319,776
Construction work in progress	7,887	7,887
50% share of the NWSA's changes in net position	490,698	428,299
Distribution of operating cash	(539,924)	(467,423)
Distribution of membership interest affirmation	(11,000)	(11,000)
Adjustment from NWSA's adoption of accounting principle	(55)	(55)
Total investment in joint venture	$ 340,180	$ 324,984

As of December 31, 2024 and 2023, land, facilities, and equipment—net of accumulated depreciation and amortization licensed to the NWSA by the Port were $711,792,000 and $725,376,000, with related depreciation and amortization expenses of $13,802,000 and $14,233,000, respectively. As of December 31, 2024 and 2023, the Port's total debt on licensed assets was $146,574,000 and $160,496,000, respectively.

During 2024 and 2023, the Port's 50% share of capital construction expenditures was $25,298,000 and $27,012,000 of which $1,842,000 and $5,341,000 were unpaid and included in the Port's Statement of Net Position as related party payable—joint venture as of December 31, 2024 and 2023, respectively.

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 the 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 2024 and 2023, support services provided by the Port to the NWSA were $10,429,000 and $10,035,000, 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 and amortization expenses for the years ended December 31, is as follows (in thousands):

	2024	2023 (Restated)	2022 (Restated)
Operating revenues	$ 7,244	$ 6,913	$ 6,840
Operating expenses	7,562	6,446	5,670
Operating (loss) income before depreciation and amortization	(318)	467	1,170
Depreciation and amortization	1,332	1,264	1,272
Operating (loss)	$ (1,650)	$ (797)	$ (102)

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):

	2024	2023	2022
Maritime Division	$ 1,098	$ 1,235	$ 1,249
Economic Development Division	510	486	441
Total operating revenues from internal charges	$ 1,608	$ 1,721	$ 1,690

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 and lease interest income, 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):

	2024	2023	2022
Aviation Division:			
Terminal	$ 294,901	$ 293,295	$ 249,281
Airfield	193,786	156,411	121,679
Public parking	116,535	110,940	88,899
Airport dining and retail/Terminal leased space	79,794	72,494	42,501
Rental car	43,562	44,600	42,330
Ground transportation	23,946	24,878	20,804
Customer facility charges	20,872	16,954	12,171
Commercial properties	17,639	16,238	12,565
Utilities	9,578	8,666	7,943
Other	60,688	53,973	54,200
Total Aviation Division operating revenues	861,301	798,449	652,373
Lease interest income	7,853	7,841	6,780
Total Aviation Division operating revenues and lease interest income	$ 869,154	$ 806,290	$ 659,153
Maritime Division:			
Cruise operations	$ 36,723	$ 40,372	$ 29,197
Recreational boating	17,663	16,584	14,957
Maritime portfolio	6,875	6,070	8,608
Fishing and operations	10,567	10,451	9,524
Grain terminal	4,478	1,887	4,297
Other	12	(81)	179
Total Maritime Division operating revenues	76,318	75,283	66,762
Lease interest income	12,994	7,127	4,772
Total Maritime Division operating revenues and lease interest income	$ 89,312	$ 82,410	$ 71,534

(Continued)

	2024	2023	2022
Economic Development Division:			
Conference and event centers	$ 7,490	$ 6,738	$ 8,914
Central harbor portfolio	9,152	9,724	8,225
Total Economic Development Division operating revenues	16,642	16,462	17,139
Lease interest income	864	753	661
Total Economic Development Division operating revenues and lease interest income	$ 17,506	$ 17,215	$ 17,800

(Concluded)

Operating revenues and lease interest income, excluding Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the major customers for the years ended December 31, are as follows (in thousands):

	2024	2023	2022
Aviation Division:			
Operating revenues and lease interest income	$ 349,309	$ 330,264	$ 253,500
Number of major customers	2	2	2
Maritime Division:			
Operating revenues and lease interest income	$ 43,138	$ 42,041	$ 30,665
Number of major customers	2	2	2
Economic Development Division:			
Operating revenues and lease interest income	$ 1,846	$ 1,778	$
Number of major customers	1	1	
Total:			
Operating revenues and lease interest income	$ 394,293	$ 374,083	$ 284,165
Number of major customers	5	5	4

Two major customers represented 33.5%, 34.1%, and 31.5% of total Port operating revenues and lease interest income in 2024, 2023, and 2022, respectively. For Aviation, revenues from two major customers accounted for 40.2%, 41.0%, and 38.5% of total Aviation operating revenues and lease interest income in 2024, 2023, and 2022, respectively. For Maritime, revenues from two major customers accounted for 48.3%, 51.1%, 42.9% of total Maritime operating revenues and lease interest income in 2024, 2023, and 2022, respectively. For Economic Development, revenues from one major customer accounted for 10.5% and 10.3% of total Economic Development operating revenues and lease interest income in 2024 and 2023, respectively. No major customers represented more than 10% of total Economic Development operating revenues and lease interest income in 2022.

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):

	2024	2023 (Restated)	2022 (Restated)
Aviation Division:			
Operations and maintenance	$ 402,925	$ 334,194	$ 286,087
Administration	88,134	78,654	69,112
Law enforcement	38,769	32,970	28,740
Operating expenses before depreciation and amortization	529,828	445,818	383,939
Depreciation and amortization	238,265	214,599	196,278
Total Aviation Division operating expenses	$ 768,093	$ 660,417	$ 580,217

(Continued)

	2024	2023 (Restated)	2022 (Restated)
Maritime Division:			
Operations and maintenance	$ 53,671	$ 48,504	$ 42,308
Administration	14,669	12,651	11,296
Law enforcement	5,857	5,545	3,867
Operating expenses before depreciation and amortization	74,197	66,700	57,471
Depreciation and amortization	19,465	18,300	18,093
Total Maritime Division operating expenses	$ 93,662	$ 85,000	$ 75,564
Economic Development Division:			
Operations and maintenance	$ 20,707	$ 20,215	$ 18,664
Administration	5,727	4,976	4,751
Law enforcement	344	299	256
Operating expenses before depreciation and amortization	26,778	25,490	23,671
Depreciation and amortization	4,400	4,132	3,954
Total Economic Development Division operating expenses	$ 31,178	$ 29,622	$ 27,625

(Concluded)

As reflected in the Statement of Net Position, total assets and total debt, excluding (1) the Stormwater Utility related assets and debt, (2) assets and debt related to properties licensed to the NWSA, and (3) Series 2017 and Series 2024A refunding Series 2015 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):

	2024	2023
Aviation Division:		
Current, long-term, and other assets	$ 2,051,502	$ 1,849,796
Total capital assets	8,243,900	7,741,898
Accumulated depreciation and amortization	(2,511,171)	(2,343,607)
Construction work in progress	772,063	671,088
Total Aviation Division assets	$ 8,556,294	$ 7,919,175
Total Aviation Division debt	$ 4,499,445	$ 4,138,084
Maritime Division:		
Current, long-term, and other assets	$ 776,277	$ 495,159
Total capital assets	791,799	739,726
Accumulated depreciation and amortization	(353,330)	(336,774)
Construction work in progress	58,202	35,201
Total Maritime Division assets	$ 1,272,948	$ 933,312
Total Maritime Division debt	$ 242,622	$ 99,303
Economic Development Division:		
Current, long-term, and other assets	$ 79,572	$ 79,597
Total capital assets	230,677	226,617
Accumulated depreciation and amortization	(116,228)	(111,488)
Construction work in progress	8,546	8,920
Total Economic Development Division assets	$ 202,567	$ 203,646
Total Economic Development Division debt	$	$

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. 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 healthcare 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 Warehousemen's Pension Plan has been 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 held 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 are 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 before April 1, 2004, shall be utilized to calculate benefits under the Plan. No separate financial statements are issued for the Plan.

Membership in the Plan consisted of the following at December 31:

	2024	2023
Retirees and beneficiaries receiving benefits	116	120
Terminated plan members entitled to but not yet receiving benefits	29	31
Total	145	151

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 before January 1, 1992, the normal retirement age with full benefit is 65 with at least five years of credited service. Effective January 1, 1992, the 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 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 regarding 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 an 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 Employee Retirement Income Security Act (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 35% plus or minus 5% of the portfolio to be invested in domestic equities securities, 25% 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 funds and professionally managed mutual funds. For the fixed income mutual funds, the Plan manages its exposure to changes in interest rates by investing in intermediate-term bonds. As of December 31, 2024 and 2023, the average duration for PIMCO Income Fund was 3.3 years and 4.7 years, respectively. As of December 31, 2024 and 2023, the average duration for Dodge and Cox Fixed Income Fund was 6.3 years and 6 years, respectively. As of December 31, 2024 and 2023, the average duration for Vanguard Total Bond Market Index Fund was 5.9 years and 6.4 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, 2024 and 2023, the Plan's investment in PIMCO Income Fund had an average credit quality rating of BBB and BB, respectively and Dodge and Cox Fixed Income Fund had an average credit quality rating of A and BBB, respectively. As of December 31, 2024 and 2023, the Plan's investment in Vanguard Total Bond Market Index Fund had an average credit quality rating of AA for both years.

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 $2,801,000 and $2,716,000 in international equity mutual funds that were invested in foreign securities as of December 31, 2024 and 2023, respectively.

Rate of Return
For the year ended December 31, 2024 and 2023, the annual money-weighted rate of return on the Plan investments, net of investment expense, was 10.1% and 15.1%, 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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. As of December 31, 2024 and 2023, the Port's net pension liability for this Plan was $1,683,000 and $3,306,000, respectively. For the year ended December 31, 2024, 2023, and 2022, the Port recognized pension expense of $329,000, $315,000, and $961,000, respectively. As of December 31, 2024 and 2023, the total deferred outflows and (inflows) of resources resulting from the net difference between projected and actual earnings on pension plan investments was $97,000 and $548,000, respectively. The Plan will recognize $170,000 for 2025, $250,000 for 2026, $(244,000) for 2027, and $(79,000) for 2028, as future pension expenses.

The components of the net pension liability at December 31, were as follows (in thousands):

	2024	2023
Total pension liability	$ 13,704	$ 14,351
Plan fiduciary net position	(12,021)	(11,045)
Net pension liability	$ 1,683	$ 3,306
Plan fiduciary net position as a percentage of total pension liability	87.7%	77.0%

Changes in Net Pension Liability

The following table identifies changes in the Port's net pension liability for the current year (in thousands):

	Total pension liability	Plan fiduciary net position	Net pension liability
Interest expense	$ 882	$	$ 882
Employer contributions		1,500	(1,500)
Net investment income		1,111	(1,111)
Difference between expected and actual experience	19		19
Benefit payments	(1,548)	(1,548)	
Administrative expenses		(57)	57
Professional fees		(30)	30
Net changes	(647)	976	(1,623)
Balances at beginning of year	14,351	11,045	3,306
Balances at end of year	$ 13,704	$ 12,021	$ 1,683

Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of December 31, 2024, 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, 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, 2024, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equities mutual fund	35%	7.25%
International equities mutual fund	25	8.64
Domestic fixed income mutual fund	40	4.95
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 of 4.08%. 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	$ 2,735	$ 1,683	$ 769

Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Ten Fiscal Years (in thousands)

	2024	2023	2022	2021	2020
PERS Plan 1					
Port's proportion of the NPL	0.97%	0.91%	0.90%	0.91%	0.89%
Port's proportionate share of the (NPL)	$ (17,278)	$ (20,695)	$ (24,953)	$ (11,120)	$ (31,506)
Port's covered payroll	$ 350	$ 321	$ 757	$ 852	$ 1,067
Port's proportionate share of the (NPL) as a percentage of its covered payroll	(4,936.57)%	(6,447.04)%	(3,296.30)%	(1,305.16)%	(2,952.76)%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%
PERS Plan 2/3					
Port's proportion of the NPA or NPL	1.22%	1.17%	1.15%	1.15%	1.13%
Port's proportionate share of the NPA (NPL)	$ 40,314	$ 47,790	$ 42,530	$ 114,829	$ (14,440)
Port's covered payroll	$ 189,130	$ 161,174	$ 140,945	$ 137,887	$ 131,998
Port's proportionate share of the NPA (NPL) as a percentage of its covered payroll	21.32%	29.65%	30.17%	83.28%	(10.94)%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%
LEOFF Plan 1					
Port's proportion of the NPA	0.08%	0.08%	0.08%	0.08%	0.08%
Port's proportionate share of the NPA	$ 2,153	$ 2,330	$ 2,217	$ 2,700	$ 1,464
Port's covered payroll[(a)]	n/a	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA as a percentage of its covered payroll[(a)]	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	168.48%	175.99%	169.62%	187.45%	146.88%
LEOFF Plan 2					
Port's proportion of the NPA	1.19%	1.13%	1.01%	0.99%	1.09%
Port's proportionate share of the NPA	$ 22,332	$ 27,157	$ 27,372	$ 57,519	$ 22,203
State's proportionate share of the NPA associated with the Port	14,492	17,342	17,731	37,106	14,197
Total	$ 36,824	$ 44,499	$ 45,103	$ 94,625	$ 36,400
Port's covered payroll	$ 40,919	$ 36,141	$ 30,121	$ 28,084	$ 29,767
Port's proportionate share of the NPA as a percentage of its covered payroll	89.99%	123.13%	149.74%	336.94%	122.28%
Plan fiduciary net position as a percentage of the total pension liability	109.27%	113.17%	116.09%	142.00%	115.83%
PSERS Plan 2[(b)]					
Port's proportion of the NPA or NPL	0.00%	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA (NPL)	$	n/a	n/a	n/a	n/a
Port's covered payroll	$	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA (NPL) as a percentage of its covered payroll	0.00%	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	102.61%	n/a	n/a	n/a	n/a

(Continued)

(a) Annual covered payroll was not applicable as LEOFF Plan 1 has no active employees.

(b) The Port began enrolling employees in the PSERS Plan 2 starting in July 2024.

Schedule of Port of Seattle's Proportionate Share of Net Pension Asset/Liability (NPA/NPL) Enterprise Fund Pension Plans

Last Ten Fiscal Years (in thousands)

	2019	2018	2017	2016	2015
PERS Plan 1					
Port's proportion of the NPL	0.86%	0.87%	0.86%	0.83%	0.87%
Port's proportionate share of the (NPL)	$ (33,048)	$ (38,752)	$ (40,683)	$ (44,426)	$ (45,557)
Port's covered payroll	$ 1,141	$ 1,450	$ 1,451	$ 1,440	$ 1,504
Port's proportionate share of the (NPL) as a percentage of its covered payroll	(2,896.41)%	(2,672.55)%	(2,803.79)%	(3,085.14)%	(3,029.06)%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%
PERS Plan 2/3					
Port's proportion of the NPA or NPL	1.08%	1.08%	1.07%	1.02%	1.09%
Port's proportionate share of the NPA (NPL)	$ (10,531)	$ (18,467)	$ (37,149)	$ (51,569)	$ (38,826)
Port's covered payroll	$ 117,866	$ 111,910	$ 104,804	$ 95,817	$ 96,416
Port's proportionate share of the NPA (NPL) as a percentage of its covered payroll	(8.93)%	(16.50)%	(35.45)%	(53.82)%	(40.27)%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%
LEOFF Plan 1					
Port's proportion of the NPA	0.08%	0.08%	0.08%	0.07%	0.07%
Port's proportionate share of the NPA	$ 1,529	$ 1,382	$ 1,144	$ 761	$ 883
Port's covered payroll[(a)]	n/a	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA as a percentage of its covered payroll[(a)]	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	127.36%
LEOFF Plan 2					
Port's proportion of the NPA	1.07%	1.03%	1.08%	1.03%	1.07%
Port's proportionate share of the NPA	$ 24,861	$ 20,851	$ 15,053	$ 5,967	$ 11,018
State's proportionate share of the NPA associated with the Port	16,281	13,501	9,765	3,890	7,285
Total	$ 41,142	$ 34,352	$ 24,818	$ 9,857	$ 18,303
Port's covered payroll	$ 27,404	$ 24,512	$ 24,778	$ 22,343	$ 22,322
Port's proportionate share of the NPA as a percentage of its covered payroll	150.13%	140.14%	100.16%	44.12%	82.00%
Plan fiduciary net position as a percentage of the total pension liability	119.43%	118.50%	113.36%	106.04%	111.67%
PSERS Plan 2[(b)]					
Port's proportion of the NPA or NPL	n/a	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA (NPL)	n/a	n/a	n/a	n/a	n/a
Port's covered payroll	n/a	n/a	n/a	n/a	n/a
Port's proportionate share of the NPA (NPL) 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 liability	n/a	n/a	n/a	n/a	n/a

(Concluded)

Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[a]

Last Ten Fiscal Years (in thousands)

	2024	2023	2022	2021	2020
PERS Plan 1					
Contractually required contribution	$ 33	$ 33	$ 53	$ 88	$ 127
Contributions in relation to the contractually required contribution	(33)	(33)	(53)	(88)	(127)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 364	$ 334	$ 521	$ 758	$ 1,000
Contributions as a percentage of covered payroll	9.07%	9.88%	10.17%	11.61%	12.70%
PERS Plan 2/3					
Contractually required contribution	$ 18,143	$ 17,327	$ 16,313	$ 14,813	$ 18,653
Contributions in relation to the contractually required contribution	(18,143)	(17,327)	(16,313)	(14,813)	(18,653)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 198,447	$ 177,292	$ 161,113	$ 127,209	$ 146,750
Contributions as a percentage of covered payroll	9.14%	9.77%	10.13%	11.64%	12.71%
LEOFF Plan 2					
Contractually required contribution	$ 3,050	$ 2,821	$ 2,393	$ 1,904	$ 2,170
Contributions in relation to the contractually required contribution	(3,050)	(2,821)	(2,393)	(1,904)	(2,170)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 42,708	$ 39,962	$ 34,010	$ 27,216	$ 30,638
Contributions as a percentage of covered payroll	7.14%	7.06%	7.04%	7.00%	7.08%
PSERS Plan 2[b]					
Contractually required contribution	$ 60	n/a	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	(60)	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 647	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	9.27%	n/a	n/a	n/a	n/a

(Continued)

[a] LEOFF Plan 1 is fully funded and no further employer or employee contributions have been required since June 2000.

[b] The Port began enrolling employees in the PSERS Plan 2 starting in July 2024.

Schedule of Port of Seattle's Contributions Enterprise Fund Pension Plans[a]

Last Ten Fiscal Years (in thousands)

	2019	2018	2017	2016	2015
PERS Plan 1					
Contractually required contribution	$ 149	$ 173	$ 151	$ 164	$ 146
Contributions in relation to the contractually required contribution	(149)	(173)	(151)	(164)	(146)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 1,174	$ 1,398	$ 1,289	$ 1,490	$ 1,474
Contributions as a percentage of covered payroll	12.69%	12.37%	11.71%	11.01%	9.91%
PERS Plan 2/3					
Contractually required contribution	$ 15,993	$ 13,920	$ 12,882	$ 10,979	$ 9,761
Contributions in relation to the contractually required contribution	(15,993)	(13,920)	(12,882)	(10,979)	(9,761)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 126,312	$ 110,897	$ 109,605	$ 99,808	$ 98,556
Contributions as a percentage of covered payroll	12.66%	12.55%	11.75%	11.00%	9.90%
LEOFF Plan 2					
Contractually required contribution	$ 2,107	$ 1,837	$ 1,723	$ 1,663	$ 1,596
Contributions in relation to the contractually required contribution	(2,107)	(1,837)	(1,723)	(1,663)	(1,596)
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	$ 29,274	$ 25,389	$ 24,355	$ 23,911	$ 22,624
Contributions as a percentage of covered payroll	7.20%	7.24%	7.07%	6.95%	7.05%
PSERS Plan 2[b]					
Contractually required contribution	n/a	n/a	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	n/a	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	$	$	$	$	$
Port's covered payroll	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

(Concluded)

Schedule of Changes in Total OPEB Liability and Related Ratios LEOFF Plan 1 Members' Medical Services Plan

Last Seven Fiscal Years[(a)] (in thousands)

	2024	2023	2022	2021	2020
Interest expense	$ 228	$ 224	$ 126	$ 146	$ 200
Changes of assumptions	126	870	(893)	(41)	476
Contributions	(700)	(593)	(577)	(492)	(668)
Net change in total OPEB liability	(346)	501	(1,344)	(387)	8
Total OPEB liability—beginning	6,042	5,541	6,885	7,272	7,264
Total OPEB liability—ending[(b)]	$ 5,696	$ 6,042	$ 5,541	$ 6,885	$ 7,272
Covered-employee payroll[(c)]	n/a	n/a	n/a	n/a	n/a
Total OPEB liability as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a	n/a

	2019	2018
Interest expense	$ 262	$ 240
Changes of assumptions	772	107
Contributions	(824)	(525)
Net change in total OPEB liability	210	(178)
Total OPEB liability—beginning	7,054	7,232
Total OPEB liability—ending[(b)]	$ 7,264	$ 7,054
Covered-employee payroll[(c)]	n/a	n/a
Total OPEB liability as a percentage of covered-employee payroll	n/a	n/a

[(a)] This schedule is presented prospectively starting in 2018 resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).*

[(b)] The plan has no assets accumulated in a trust or equivalent arrangement.

[(c)] Annual covered-employee 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 Seven Fiscal Years[a] (in thousands)

	2024	2023	2022	2021	2020
Service cost	$ 269	$ 224	$ 416	$ 464	$ 349
Interest expense	416	412	258	264	316
Difference between expected and actual experience	(28)		(16)		(107)
Changes of assumptions	(482)	425	(4,131)	361	1,348
Benefit payments	(50)	(410)	(150)	(366)	(356)
Net change in total OPEB liability	125	651	(3,623)	723	1,550
Total OPEB liability—beginning	10,915	10,264	13,887	13,164	11,614
Total OPEB liability—ending[b]	$ 11,040	$ 10,915	$ 10,264	$ 13,887	$ 13,164
Covered-employee payroll	$ 174,257	$ 153,143	$ 121,668	$ 120,237	$ 121,647
Total OPEB liability as a percentage of covered-employee payroll	6.3%	7.1%	8.4%	11.5%	10.8%

	2019	2018
Service cost	$ 250	$ 286
Interest expense	357	343
Changes of assumptions	1,667	(1,003)
Benefit payments	(345)	(336)
Net change in total OPEB liability	1,929	(710)
Total OPEB liability—beginning	9,685	10,395
Total OPEB liability—ending[b]	$ 11,614	$ 9,685
Covered-employee payroll	$ 103,868	$ 100,356
Total OPEB liability as a percentage of covered-employee payroll	11.2%	9.7%

[a] This schedule is presented prospectively starting in 2018 resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).*

[b] The plan has no assets accumulated in a trust or equivalent arrangement.

Schedule of Changes in Net Pension Liability and Related Ratios
Warehousemen's Pension Trust Fund

Last Ten Fiscal Years (in thousands)

	2024	2023	2022	2021	2020
Total pension liability					
Interest expense	$ 882	$ 925	$ 946	$ 990	$ 1,055
Difference between expected and actual experience	19		348		(290)
Changes of assumptions					
Benefit payments	(1,548)	(1,596)	(1,657)	(1,667)	(1,760)
Net change in total pension liability	(647)	(671)	(363)	(677)	(995)
Total pension liability—beginning	14,351	15,022	15,385	16,062	17,057
Total pension liability—ending	$ 13,704	$ 14,351	$ 15,022	$ 15,385	$ 16,062
Plan fiduciary net position					
Employer contributions	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Net investment income (loss)	1,111	1,451	(1,715)	1,103	1,215
Benefit payments	(1,548)	(1,596)	(1,657)	(1,667)	(1,760)
Administrative expenses	(57)	(50)	(51)	(50)	(51)
Professional fees	(30)	(39)	(29)	(39)	(30)
Net change in plan fiduciary net position	976	1,266	(1,952)	847	874
Plan fiduciary net position—beginning	11,045	9,779	11,731	10,884	10,010
Plan fiduciary net position—ending	$ 12,021	$ 11,045	$ 9,779	$ 11,731	$ 10,884
Net pension liability					
Total pension liability—ending	$ 13,704	$ 14,351	$ 15,022	$ 15,385	$ 16,062
Plan fiduciary net position—ending	(12,021)	(11,045)	(9,779)	(11,731)	(10,884)
Net pension liability—ending	$ 1,683	$ 3,306	$ 5,243	$ 3,654	$ 5,178
Plan fiduciary net position as a percentage of total pension liability	87.7%	77.0%	65.1%	76.2%	67.8%
Covered payroll[(a)]	n/a	n/a	n/a	n/a	n/a

(Continued)

[(a)] 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 Ten Fiscal Years (in thousands)

	2019	2018	2017	2016	2015
Total pension liability					
Interest expense	$ 1,092	$ 1,239	$ 1,280	$ 1,255	$ 1,306
Difference between expected and actual experience		(1,616)		105	(512)
Changes of assumptions				1,044	
Benefit payments	(1,791)	(1,863)	(1,946)	(2,093)	(2,079)
Net change in total pension liability	(699)	(2,240)	(666)	311	(773)
Total pension liability—beginning	17,756	19,996	20,662	20,351	21,124
Total pension liability—ending	$ 17,057	$ 17,756	$ 19,996	$ 20,662	$ 20,351
Plan fiduciary net position					
Employer contributions	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
Net investment income (loss)	1,575	(611)	1,352	554	(116)
Benefit payments	(1,791)	(1,863)	(1,946)	(2,093)	(2,079)
Administrative expenses	(49)	(49)	(46)	(45)	(46)
Professional fees	(48)	(28)	(47)	(41)	(57)
Net change in plan fiduciary net position	1,187	(1,051)	813	(125)	(798)
Plan fiduciary net position—beginning	8,823	9,874	9,061	9,186	9,984
Plan fiduciary net position—ending	$ 10,010	$ 8,823	$ 9,874	$ 9,061	$ 9,186
Net pension liability					
Total pension liability—ending	$ 17,057	$ 17,756	$ 19,996	$ 20,662	$ 20,351
Plan fiduciary net position—ending	(10,010)	(8,823)	(9,874)	(9,061)	(9,186)
Net pension liability—ending	$ 7,047	$ 8,933	$ 10,122	$ 11,601	$ 11,165
Plan fiduciary net position as a percentage of total pension liability	58.7%	49.7%	49.4%	43.9%	45.1%
Covered payroll[(a)]	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	Actual contribution	Contribution deficiency (excess)
2024	$ 536	$ 1,500	$ (964)
2023	749	1,500	(751)
2022	531	1,500	(969)
2021	681	1,500	(819)
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)

(a) Annual covered payroll was not applicable as the operation was terminated in 2002.

Schedule of Investment Returns Warehousemen's Pension Trust Fund

Last Ten Fiscal Years

Years ended December 31,	Annual money-weighted rate of return, net of investment expense
2024	10.1%
2023	15.1
2022	(14.8)
2021	10.3
2020	12.4
2019	18.3
2018	(6.4)
2017	15.4
2016	6.3
2015	(1.2)

Notes to Required Supplementary Information Warehousemen's Pension Trust Fund for the Year Ended December 31, 2024

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions
The actuarially determined contribution rates in the schedule are calculated as of December 31, 2024, for the year of 2024. Valuations of the accrued liability are performed bi-annually (odd years), and a roll-forward liability calculation is made in the off (even) years. Actual assets are valued each year to determine a new actuarially determined contribution.

The following actuarial methods and assumptions were used to determine contribution rates reported in this schedule:

Valuation Date:	January 1, 2025
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years as of January 1, 2025
Asset valuation method	Market value
Investment rate of return	6.5%
Discount rate	6.5%
Retirement age	100% assumed retirement at the 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 adjustment 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, 10-year funding period as of January 1, 2025.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE NORTHWEST SEAPORT ALLIANCE

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The Northwest Seaport Alliance

Financial Report
December 31, 2024

The Northwest Seaport Alliance

Financial Report

For The Year Ended

December 31, 2024

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MOSSADAMS

Report of Independent Auditors

Managing Members
The Northwest Seaport Alliance
Tacoma, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Northwest Seaport Alliance (the "NWSA"), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of The Northwest Seaport Alliance, as of December 31, 2024 and 2023, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NWSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NWSA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NWSA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NWSA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of NWSA's share of net pension asset/liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025, on our consideration of NWSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NWSA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NWSA's internal control over financial reporting and compliance.

Moss Adams LLP

Tacoma, Washington
April 18, 2025

The Northwest Seaport Alliance
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2024 and 2023

INTRODUCTION

The Northwest Seaport Alliance (NWSA) Management Discussion and Analysis (MD&A) of financial activities and performance introduces the 2024 and 2023 financial statements with comparison to 2022 of the NWSA, a Port Development Authority. NWSA management prepared this MD&A and readers should consider it in conjunction with the financial statements and the notes thereto.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents information about the formation of the NWSA and certain required supplementary financial information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The financial statements include: the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows.

The statements of net position present information on the NWSA's assets and deferred outflows and liabilities and deferred inflows, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the NWSA is improving or deteriorating. The statements of revenues, expenses and changes in net position show how the NWSA's net position changed during the year. These changes are reported in the period in which the underlying event occurs, regardless of the timing of related cash flows.

Structure of The Northwest Seaport Alliance

The NWSA is a special purpose governmental entity established as a Port Development Authority (PDA), similar to Public Development Authorities formed by cities and counties. The PDA is governed by the Ports of Seattle and Tacoma ("home ports") as equal members (each a "Managing Member" and collectively, "Managing Members") with each home port acting through its elected commissioners. As approved, the charter for the NWSA ("Charter") may be amended only by mutual agreement of the Managing Members. Each home port will remain a separate legal entity, independently governed by its own elected commissioners. Each home port has granted to the NWSA a license for the NWSA's exclusive use, operation, and management of certain facilities, but ownership of the licensed facilities remains with the home ports, not with the NWSA.

Membership Interests

The home ports made an initial contribution of certain cargo terminals and related marine cargo business activities to the NWSA through license agreements ("Licensed Properties"). Under these agreements, the NWSA is charged with managing the properties as an agent on behalf of the Managing Members.

The initial contribution of each home port to the NWSA was 50% (based on the value of the contributed facilities using cash flow forecasts for each parcel that went to the NWSA) with a revaluation review that was settled in 2019 by the Managing Members.

The revaluation review determined that a material change in cash flows from Licensed Properties had occurred since the initial valuation and the Port of Seattle agreed to contribute up to an additional $32 million to the NWSA. This additional contribution was in recognition that certain forecasted revenue streams not secured by long-term contractual agreements in the initial valuation may not be achieved due to the redevelopment of Terminal 5. This additional contribution by the Port of Seattle is being paid to the NWSA in three installments. The first and second installments of $11 million were made in March 2020, and 2021, respectively. The final installment will be made in 2025. The Managing Members also authorized the distribution of these affirmation payments to the home ports equally after the NWSA receives the funds from the Port of Seattle; hence, there is no impact on NWSA's net position.
The 2020 and 2021 contributions were distributed to the home ports in 2020 and 2021, respectively, and the final contribution will be distributed to the home ports in 2025.

Financial Framework

The NWSA supports the credit profiles of both home ports, and its financial framework will preserve both ports' commitment to financial strength and fiscal stewardship. The NWSA distributes cash to each home port based on cash flow from operations, calculated pursuant to generally accepted accounting principles (GAAP). Cash distributions based on cash flow from operations and capital grant contributions are made no less than quarterly based on each Managing Member's Membership Interest and interest income is distributed equally ("50/50") to each home port annually. Cash flow from operations is being distributed to home ports and not retained by the NWSA for funding capital investments.

The NWSA is responsible for capital investments, including renewal and replacement projects and new development. Such capital investments, or post-formation assets, will be treated as tenant improvements owned by the NWSA. Both home ports work cooperatively with the NWSA to develop an annual capital investment plan for approval by each Managing Member. Capital funding will be provided by joint contributions from the home ports. Each Managing Member must approve its capital contributions.

The Charter recognizes that each home port's respective share of revenues received by the NWSA with respect to the Licensed Properties has been or may be pledged in connection with the home port's bond obligations. Under the Charter, the Managing Members instruct the Chief Executive Officer (CEO) to manage the PDA in a prudent and reasonable manner in support of the home ports' respective bond covenants. The home ports shall keep the CEO and the NWSA management informed of their respective bond obligations and shall each notify the other home port of any proposed change to such home port's governing bond resolutions as soon as practical before adoption. The Charter does not modify or alter the obligations of each home port with respect to its own bond obligations. The NWSA does not assume any obligations to the home ports' bondholders.

Funding

Working capital cannot be redirected to fund capital construction as defined in the Charter. Future funding needs are evaluated during the annual budget process or if the working capital reserve should decline below a target minimum established by the Managing Members. Managing Members each must vote affirmatively to approve additional working capital contributions. The NWSA has generated enough cash from operations to cover its working capital requirements through 2024 and the 2025 NWSA budget does not anticipate additional funding needs. Capital funding is provided by joint contributions from the home ports and is typically received from the home ports in the month following NWSA's spending

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Financial Position Summary

The statements of net position present the financial position of the NWSA. The statements include the NWSA’s assets and deferred outflows, and liabilities and deferred inflows. Net position serves as an indicator of the NWSA’s financial position. The NWSA’s current assets consist primarily of cash and cash equivalents, restricted cash, current portion of investments, grants receivable, current portion of lease receivable, related party receivable, accounts receivable, and prepayments. Current liabilities consist of accounts payable, accrued liabilities and related-party payables to the homeports. Noncurrent liabilities consist primarily of customer rent deposits and lease liability.

Statements of Net Position (dollars in thousands):

	2024	2023	2022
Current assets	$ 233,848	$ 149,637	$ 126,837
Capital assets, net	602,878	578,784	549,488
Long-term investments	11,159	15,729	20,499
Leases receivable	1,764,592	1,390,949	1,434,819
Other assets	1,768	2,200	920
Total assets	$ 2,614,245	$ 2,137,299	$ 2,132,563
Deferred outflows of resources	$ 2,332	$ 1,766	$ 2,207
Current liabilities	$ 106,280	$ 40,189	$ 46,425
Noncurrent liabilities	10,468	11,440	11,669
Total liabilities	$ 116,748	$ 51,629	$ 58,094
Deferred inflows of resources	$ 1,839,670	$ 1,458,802	$ 1,497,928
Investment in capital assets	$ 599,482	$ 572,689	$ 540,841
Restricted net position for customer deposits	2,260	2,306	2,266
Restricted net position for investments	-	191	1,662
Restricted net position for pension	1,681	2,102	2,137
Unrestricted	56,736	51,346	31,683
Total net position	$ 660,159	$ 628,634	$ 578,589

The NWSA’s total net position was $660.2 million at December 31, 2024. Of this amount, $599.5 million was invested in capital assets, $2.3 million was a restricted customer cash deposit, $1.7 million was the restricted net pension asset, and $56.7 million was unrestricted and available to finance operating activities. Investment in capital assets increased by $26.8 million over the prior year primarily for terminal development investments at Terminal 5 of $18.8 million, facility and building improvements of $14.2 million, and Shore Power investments of $6.2 million, offset by depreciation and amortization; see capital asset section below for additional information.

The NWSA’s total net position was $628.6 million at December 31, 2023. Of this amount, $572.7 million was invested in capital assets, $2.3 million was a restricted customer cash deposit, $0.2 million was restricted by grant and federal restrictions, $2.1 million was the restricted net pension asset, and $51.3 million was unrestricted and available to finance operating activities. Investment in capital assets increased by $31.8 million over the prior year primarily from terminal development investments at Terminal 5 of $32.5 million and stormwater improvements at north and south harbor terminals of $10.6 million, offset by depreciation and amortization; see capital asset section below for additional information.

The following summary compares operating results for 2024, 2023 and 2022.

Statements of Revenues, Expenses and Changes in Net Position (dollars in thousands):

	2024	2023	2022
Operating revenues	$ 207,618	$ 180,499	$ 149,380
Operating expenses	150,904	127,914	112,043
Operating income	56,714	52,585	37,337
Non-operating revenues (expenses):			
Interest income	3,924	2,794	978
Lease Interest Income, net	64,067	57,877	58,855
Net increase (decrease) in the fair value of investments	468	750	(1,937)
Other net non-operating income (expense)	(5,279)	(4,872)	9,531
Total non-operating revenues, net	63,180	56,549	67,427
Capital grant contributions	4,904	6,236	5,941
Increase in net position before Managing Members (distributions), net	$ 124,798	$ 115,370	$ 110,705
Managing Members (distributions), net	(93,273)	(65,484)	(69,587)
Increase in net position	31,525	49,886	41,118
Net position, beginning of year	628,634	578,748	537,630
Net position, end of year	$ 660,159	$ 628,634	$ 578,748

The NWSA operates three major business lines (LOB):

Container business: International and domestic container cargo is a core business for the NWSA. As one of the northernmost gateways on the U.S. West Coast, the Pacific Northwest has long been the primary hub for waterborne trade with Alaska, as well as a major gateway for trans-pacific trade. The gateway's on-dock and near-dock intermodal rail yards, along with international and domestic rail services to the U.S. Midwest, are an integral part of the container business. The NWSA also has on-dock intermodal yards that generate revenue from loading containers to and from rail cars.

Non-container business: This line of business is comprised of breakbulk and automobiles (roll-on and roll-off, also known as Ro-Ro) and Lift on Lift off breakbulk cargo (Lo-Lo). Aside from handling construction, agricultural and mining equipment as well as other rolling stock, the NWSA's South Harbor serves as a strategic military port for transport of military cargoes. Auto customers include GLOVIS America (Kia), Mazda, Mitsubishi and GM. Auto Warehousing Company (AWC), a tenant, is one of the largest auto processors in the United States.

Real estate business: This line of business is focused on non-terminal industrial and commercial properties and facilities that complement the container and non-container businesses and offer a broad range of services for the NWSA's international and domestic customers, including warehousing, distribution, manufacturing and marine services.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

A summary of revenues and expenses by LOB for the years ended December 31, is presented in the following table (dollars in thousands):

	2024	2023	2022
Total Revenues by LOB (opearting reveneus plus lease interest)			
Container	$ 214,723	$ 186,724	$ 164,215
Non-container	37,362	33,424	28,277
Real estate	19,653	18,290	15,816
Total LOB Revenues	271,738	238,438	208,308
Less: Operating Expenses	150,904	127,914	112,043
Net LOB Revenues and Expenses	$ 120,834	$ 110,524	$ 96,265

2024 Revenues, Expenses and Changes in Net Position versus the Prior Year

Total LOB revenues of $271.7 million were $33.3 million and 14% above the prior year.

Container business revenue of $214.7 million increased $28.0 million, as the Terminal 5 phase II expansion resulted in a larger lease footprint and additional lease revenue of $11.6 million and crane and strad revenues increased over the prior year by $6.4 million due to increased container volumes of 12%. Additionally, Intermodal revenue increased by $8.4 million as lift volumes rose by 20%. Non-container business revenue increased by $3.9 million as breakbulk activities produced an additional $2.9 million of revenues, primarily driven by increased military cargoes, and auto revenues rose by $1.0 million, primarily due to increased service charges of $0.6 million for yard bunching. Real estate business revenues increased $1.4 million, due to routine leasing activities, including annual escalations of existing leases, new leases, and lease renewals.

Total operating expenses of $150.9 million exceeded the previous year by $23.0 million. This was driven by operations expenses, which were $17.8 million higher compared to the prior year and included: increased rail operational incentives of $7.2 million and Intermodal business operation expenses increased by $1.8 million due to higher longshore labor charges to support increased intermodal lift volumes; higher Auto business operations expenses of $3.9 million, largely due to increased rent expense of $2.5 million for leases of additional space for auto storage and $1.3 million in additional drayage costs to accommodate the increased bunching necessary due to lot congestion; and increased breakbulk business operation expenses of $1.7 million for longshore costs and other operating, security, and direct expenses incurred to support increased military cargoes. Administration expenses rose by $3.2 million, primarily due to legal and consulting expenses of $0.9 million and $0.7 million, respectively.

Depreciation expenses increased by $3.6 million compared to the prior year, primarily due to the asset additions at Terminal 5.

Net LOB revenues and expenses of $120.8 million were $10.3 million, or 9%, more than the prior year.

Net non-operating expense, excluding lease interest income (included in LOB revenues above) was $0.5 million below the prior year as Interest income grew by $0.9 million due to rising rates, but was offset by higher spending of $0.4 million on non-capital projects.

Capital grant contributions of $4.9 million were $1.3 million less than the prior year and included $3.7 million for various projects at Terminal 5, $0.7 million for Shore Power projects and $0.4 million of environmental grants for zero-emission and clean truck programs.

This resulted in an increase in net position before managing members contributions and distributions of $124.8 million, which was $9.4 million and 8% above the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2023 Revenues, Expenses and Changes in Net Position versus the Prior Year

Total LOB revenues of $238.4 million were $30.1 million and 14% above the prior year.

Container business revenue of $186.7 million increased $22.5 million as container terminal revenues were up $16.5 million, primarily due to higher equipment rental revenues of $6.1 million. Minimum volume guarantee revenues increased $4.8 million and rent increases of $3.9 million for annual escalations and new lease; and intermodal revenues were up $5.7 million. Non-container revenue increased by $5.1 million, or 18% over the prior year due to a 96% increase in automobile volumes resulting in a $3.4 million increase in revenue and additional breakbulk revenues of $1.8 million primarily due to additional military vessel calls compared with the prior year. Real estate revenue increased over the prior year by $2.5 million or 16% from new leases, lease renewals, and rent escalations.

Operating expenses of $127.9 million were $15.9 million above the prior year; operating expenses before depreciation and amortization were $15.6 million or 17% above the prior year and depreciation and amortization was above the prior year by $0.3 million due to new asset additions. The increase in operating expenses before depreciation and amortization was driven by maintenance costs, which rose $6.9 million due to significant crane rehabilitation and facility repairs of $1.8 million at Terminal 46, Pier 16/17 repairs of $0.7 million, vault repairs at East Blair Terminal of $0.6 million, overall increased facility and equipment maintenance costs of $3.9 million. Operations and security expenses increased by $6.5 million primarily to support the higher auto, breakbulk and intermodal activity. Administration costs were $1.6 million more than the prior year as support services increased by $1.3 million primarily due to higher allocations from homeports (Port of Tacoma IT costs and filling of open positions). Environmental expense increased by $0.9 million driven by higher air quality spending. Depreciation and amortization increased by $0.3 million primarily due to Terminal 5 asset additions.

Net LOB revenues and expenses of $110.5 million were $14.3 million, or 15%, more than the prior year.

Net non-operating expense, excluding lease interest income (included in LOB revenues above) of $1.4 million was $9.9 million more than the prior year primarily due to other net non-operating expense was $4.9 million in 2023, compared with income of $9.5 million in 2022, a year-over-year increase of $14.4 million.

Significant current year non-operating expense items were:

- ($3.6) million of public expense related to Rail Quiet Zone construction, utility improvements and pedestrian paths and access roads
- ($1.3) million write-off of preliminary project costs
- ($0.3) million for Diesel Emission Reduction Act (DERA) funded scrap bonus program

Significant prior year non-operating income items included:

- $3.0 million tenant's contribution for the Terminal 30 substation construction
- $2.6 million of storm water assets contributed by the Terminal 18 tenant
- $1.8 million reduction in estimate for Terminal 5 public expenses (contribution to Seattle City Light)
- $1.7 million settlement from former West Sitcum tenant.

This was offset by an increase in interest income of $4.5 million as higher rates resulted in a higher non-cash gain on the market value of investments of $2.7 million and higher earnings of of $1.8 million compared with the prior year.

Grant income of $6.2 million exceeded the prior year by $0.3 million and included $3.0 million for shore power systems at multiple locations, $2.6 million for the Terminal 5 storm water system, and $0.5 million for emission reduction programs. Prior year grant income of $5.9 million included $4.8 million for the Terminal 5 storm water system and $1.1 million for Terminal 5 shore power infrastructure.

This resulted in an increase in net position before managing members contributions and distributions of $115.4 million, which was $4.7 million and 4% above the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)

Net Position

The net position reflects the investments received from the home ports, and the NWSA's earnings and distributions to Managing Members. The net position is presented as follows (dollars in thousands):

Description	2024	2023
Net Position, beginning of year	$ 628,634	$ 578,748
Capital construction contributions	51,729	60,102
Increase in net position	124,798	115,370
Distributions to Managing Members	(145,002)	(125,586)
Net position, end of year	$ 660,159	$ 628,634

Capital Assets

The home ports fund the NWSA's capital investment plan through capital construction contributions. The capital investment plan is reviewed at least annually as part of the budget process or may occur during the year when major projects are authorized by the Managing Members. The investments in capital assets, also referred to as post-formation assets, may include buildings, improvements, machinery and equipment, and construction in process. The Charter does not contain a provision for NWSA to purchase land.

Major capital spending for the years ended December 31, is summarized by major project/category in the table below (dollars in thousands):

	2024	2023	2022
Terminal 5 modernization	$ 18,833	$ 32,515	$ 37,836
Facility and building improvements	14,247	6,154	5,475
Shore Power	6,240	-	-
Husky Terminal expansion	5,464	-	198
Customes and Border Protection facility	5,237	2,018	243
N. and S. Harbor terminal stormwater improvements	2,208	10,616	13,968
Other	1,081	407	544
Total	$ 53,310	$ 51,710	$ 58,264

The NWSA's capital assets, net of depreciation and amortization, for its business activities as of December 31, 2024, 2023 and 2022, amounted to $602.9 million, $578.8 million, $549.5 and million, respectively. These investments in capital assets include building and land improvements, machinery and equipment, and construction in process. See Note 3 for additional information.

REQUEST FOR INFORMATION

The Northwest Seaport Alliance designed this financial report to provide our citizens, customers, investors and creditors with an overview of the NWSA's finances. If you have questions or need additional information, please visit our website at http://www.nwseaportalliance.com or contact: Chief Financial Officer, P.O. Box 2985, Tacoma, Washington, 98401-2985, Telephone 800-657-9808.

Financial Statements

The Northwest Seaport Alliance

Statements of Net Position
December 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 1,783	$ 4,191
Restricted cash	2,260	2,306
Investments, at fair value	112,157	45,369
Trade accounts receivable, net of allowance for doubtful accounts	20,721	13,824
Grants receivable	3,757	817
Leases receivable - current	74,429	66,717
Related-party receivable - Managing Members	16,136	14,274
Prepayments and other current assets	2,605	2,139
Total current assets	233,848	149,637
Noncurrent assets:		
Long-term investments:		
Restricted investments, at fair value	-	191
Other long-term investments, at fair value	11,159	15,538
Total long-term investments	11,159	15,729
Capital and intangible assets:		
Buildings	149,518	86,237
Improvements	412,757	311,488
Machinery and equipment	106,000	103,830
Intangible leased assets	1,874	2,033
Construction in process	46,835	164,629
Total capital and intangible assets	716,984	668,217
Less accumulated depreciation and amortization	114,106	89,433
Net capital and intangible assets	602,878	578,784
Leases receivable	1,764,592	1,390,949
Pension asset	1,681	2,102
Other assets	87	98
Total noncurrent assets	2,380,397	1,987,662
Total assets	$ 2,614,245	$ 2,137,299
Deferred outflows of resources:		
Pension deferred outflows	$ 2,332	$ 1,766

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Net Position
December 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	$ 28,745	$ 23,971
Related-party payable - Managing Members	75,742	14,279
Payroll and taxes payable	1,793	1,939
Total current liabilities	106,280	40,189
Noncurrent liabilities:		
Security deposits	7,500	7,702
Lease liability, net of current portion	1,155	1,330
Pension liability	699	908
Other noncurrent liabilities	1,114	1,500
Total noncurrent liabilities	10,468	11,440
Total liabilities	$ 116,748	$ 51,629
Deferred inflows of resources:		
Leases deferred inflows	$ 1,839,020	$ 1,457,666
Pension deferred inflows	650	1,136
Total deferred inflows	$ 1,839,670	$ 1,458,802
Net position:		
Net investment in capital assets	$ 599,482	$ 572,689
Restricted net position for customer deposits	2,260	2,306
Restricted net position for investments	-	191
Restricted net position for pension	1,681	2,102
Unrestricted	56,736	51,346
Total net position	$ 660,159	$ 628,634

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Revenues, Expenses and Changes in Net Position
December 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Operating revenues	$ 207,618	$ 180,499
Operating expenses:		
Operations	71,253	53,461
Maintenance	25,981	26,766
Administration	22,313	19,146
Security	4,116	4,635
Environmental	2,409	2,629
Total operating expense before depreciation and amortization	126,072	106,637
Depreciation and amortization	24,832	21,277
Total operating expenses	150,904	127,914
Operating income	56,714	52,585
Nonoperating revenues (expenses):		
Lease interest income, net	64,067	57,877
Interest income	3,924	2,794
Net increase (decrease) in the fair value of investments	468	750
Other non-operating (expense) income, net	(5,279)	(4,872)
Total nonoperating revenues, net	63,180	56,549
Increase in net position, before capital contributions	119,894	109,134
Capital grant contributions	4,904	6,236
Increase in net position before Managing Members contributions and distributions	124,798	115,370
Capital construction contributions	51,729	60,102
Distributions to Managing Members	(145,002)	(125,586)
Total Managing Members investment, net	(93,273)	(65,484)
Total change in net position	31,525	49,886
Net position, beginning of year	628,634	578,748
Net position, end of year	$ 660,159	$ 628,634

See notes to financial statements.

The Northwest Seaport Alliance

Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Cash flows from operating activities:		
Cash received from customers	$ 203,240	$ 180,399
Cash paid to suppliers, longshore labor and employees	(72,204)	(74,082)
Cash paid to home ports for support services	(50,434)	(41,491)
Cash (paid) received for net non-operating income (expense) income	(594)	(1,864)
Cash received from customer deposits	(203)	(1,658)
Net cash provided by operating activities	79,805	61,304
Cash flows from noncapital financing activities:		
Cash distributions to Managing Members	(84,014)	(130,950)
Net cash used in noncapital financing activities	(84,014)	(130,950)
Cash flows from capital and related financing activities:		
Cash received from Managing Members for capital construction	49,866	58,010
Acquisition and construction of capital assets	(56,185)	(51,710)
Cash received from federal grants	1,781	5,715
Lease interest income, net	64,120	57,878
Net cash provided by capital and related financing activities	59,582	69,893
Cash flows from investing activities:		
Purchases of investments	(171,997)	(175,668)
Proceeds from sales and maturities of investment securities	110,300	173,165
Interest received on investments	3,870	2,816
Net cash (used in) provided by investing activities	(57,827)	313
Net (decrease) increase in cash	(2,454)	560
Cash and cash equivalents:		
Beginning of year	6,497	5,937
End of year	$ 4,043	$ 6,497

(Continued)

The Northwest Seaport Alliance

Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 56,714	$ 52,585
Adjustments to reconcile operating income to net cash provided by operating activities:		
Nonoperating income	(5,718)	(2,985)
Depreciation and amortization	24,832	21,277
Changes in assets and liabilities and deferred inflows/outflows:		
(Increase) Decrease in trade accounts receivable	(6,809)	(1,769)
(Increase) Decrease in prepayments and other current assets	(455)	379
Increase (Decrease) in accounts payable and other accrued payables	10,795	(7,426)
(Decrease) Increase in related-party payable - Managing Members	1,625	1,756
(Decrease) Increase in security deposits	(203)	(1,658)
(Decrease) Increase in payroll and taxes payable	(136)	(29)
(Decrease) Increase in pension related accounts	(840)	(826)
Total adjustments and changes	23,091	8,719
Net cash provided by operating activities	$ 79,805	$ 61,304
Noncash investing and financing activities:		
Capital asset additions and other purchases financed with accounts payable	$ 3,525	$ 6,095
Contributions receivable from Managing Members for capital construction	$ 10,938	$ 8,920
Distributions payable to Managing Members	$ (71,644)	$ (10,656)
Increase (Decrease) in fair value of investments	$ 468	$ 750

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The ports of Seattle and Tacoma (the home ports) formed The Northwest Seaport Alliance (NWSA), a special purpose governmental entity established as a Port Development Authority (PDA), with an effective date of August 4, 2015 (the Effective Date). The PDA was formed pursuant to a provision in Title 53 Revised Code of Washington (RCW) that grants ports that meet certain criteria the authority to create a separate PDA, similar to public development authorities created by Washington cities and counties. Each Port Commission is a Managing Member of the NWSA. Each port will remain a separate legal entity, independently governed by its own elected commissioners. As formed, the NWSA is to continue for an indefinite term until dissolution. As approved, the Charter for the NWSA may be amended only by mutual agreement of both ports as the NWSA's Managing Members. On January 1, 2016, the NWSA became a separate legal entity.

The State Legislature granted qualifying ports the authority to create a PDA for the management of maritime activities and to allow ports to act cooperatively and use financial resources strategically, while remaining separate entities and complying with federal regulations. Pursuant to the PDA statute, if a PDA is created jointly by more than one port district, the PDA must be managed by each port district as a member, in accordance with the terms of the statute and the Charter. Any port district that creates a PDA must oversee the affairs, operations, and funds of the PDA to correct any deficiency, and ensure the purposes of each program undertaken are reasonably accomplished. The statute permits a PDA, in managing maritime activities of a port district or districts, to own and sell real and personal property; to enter into contracts; to sue and be sued; to loan and borrow funds; to issue bonds, notes, and other evidences of indebtedness; to transfer funds, real or personal property, property interests, or services; and to perform community services related to maritime activities managed by the PDA. As previously discussed, the statute allows, but the Charter prohibits, the NWSA to issue bonds, borrow funds, or enter into other debt instruments. By statute, PDAs do not have the power of eminent domain or the power to levy taxes or special assessments. In transferring real property to a PDA, the port district or districts creating the PDA must impose appropriate deed restrictions necessary to ensure the continued use of the property for the public purpose for which the property is transferred.

The NWSA is governed by its Managing Members, with each Managing Member acting pursuant to the Charter through its elected commissioners. In addition, both Managing Members provide services through support service agreements with a portion of staff time allocated to and reimbursed by the NWSA.

Effective January 1, 2016, the revenues and expenses associated with Licensed Properties were accounted for and reported by the NWSA. The initial funding of working capital and capital construction and subsequent earnings and distributions are presented on the statements of net position. Additional information about the formation of the NWSA is presented in the MD&A.

The home ports agreed to share investments, earnings and distributions on a 50/50 basis. The home ports' initial contribution of Licensed Properties to the NWSA was 50% (based on the value of the contributed facilities using cash flow forecasts for each parcel that went to the NWSA). The initial cash investments funded working capital and capital construction projects, were shared equally.

The NWSA distributes cash to each home port based on cash flow from operations, calculated pursuant to generally accepted accounting principles (GAAP), capital grant contributions and lease interest income. Distributions of cash flow from operations and capital grant contributions are to be made no less than quarterly based on each Managing Member's percentage of total shares; however, distributions have generally been made in the following month after the amount due was determined. Investment interest income is distributed annually.

Note 1. Summary of Significant Accounting Policies (Continued)

Nature of business: The PDA is used to account for the general operations of the NWSA as more fully described below. The NWSA is authorized by Washington law to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities, for waterborne commerce. The NWSA may also provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles.

Measurement focus, basis of accounting and presentation: The financial statements of the NWSA have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The NWSA is accounted for on a flow of economic resources measurement focus and the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

The accounting records of the NWSA are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, RCW. The NWSA also follows the Uniform System of Accounts for Port Districts in the State of Washington.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Significant estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the NWSA include estimates associated with pensions. Actual results could differ from those estimates.

Significant risks and uncertainties: The NWSA is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, collective bargaining disputes, federal, state and local government regulations, and changes in law.

The formation of the NWSA is intended to reduce pricing competition between the home ports by creating a unified gateway, to allow for coordination regarding customer relationships, to improve capacity utilization between the home ports, and to rationalize strategic capital investments. The formation of the NWSA may or may not successfully address these risks, and may create new risks, including the risks associated with a new joint venture funded by the Managing Members with equal Membership Interests, and reliance on the financial strength of the home ports to fund future capital expenditures and shortfall in working capital. The Charter required that the NWSA maintain the Bond Income Calculation and not to take any action that would reasonably reduce its income below this minimum net operating income level unless each Managing Member votes separately to approve that action. This minimum net operating level was established based on the amount required at formation of the NWSA for the Managing Members to meet their then current bond rate covenants. Due to the refunding of all Port of Tacoma bonds and most of the Port of Seattle bonds outstanding at the time of formation, in 2022 the minimum Bond income requirement was eliminated.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and cash equivalents: Cash and cash equivalents represent cash and demand deposits. The NWSA maintains its cash in bank deposit accounts, which are covered by the Public Deposit Protection Commission (PDPC) of the State of Washington.

Restricted Cash: The NWSA entered into an agreement with a customer which required the customer to maintain a cash security deposit with NWSA as beneficiary, in an amount equal to $2.3 million, to secure the customer's commitment under the agreement. Therefore, the security provided by the customer is reported as current restricted cash.

Trade accounts receivable: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts at December 31, 2024 and 2023, was $0.1 million.

Investments: Investments except for the investments in the Washington State Local Government Investment Pool (LGIP) are stated at fair value which is the price that would be received in an orderly transaction between market participants at the measurement date. The LGIP is similar to a money market fund recognized by the Securities and Exchange Commission. The investments are limited to high-quality obligations with limited maximum and average maturities. These investments are valued at amortized cost. Interest income on investments is recognized as earned. Interest income and changes in the fair value of investments are recognized on the statements of revenues, expenses and changes in net position. The NWSA's general policy is to not hold more than 20% of its holdings in any one investment. See Note 2 for further information.

Capital assets and depreciation: Capital assets are recorded at cost. The NWSA's policy is to capitalize all asset additions greater than $20,000 and with an estimated life of more than three years. Depreciation is computed on the straight-line method. The following depreciable lives are used:

	Years
Buildings and improvements	10-75
Machinery and equipment	3-20

Note 1. Summary of Significant Accounting Policies (Continued)

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. As projects are constructed, the project costs are transferred to the appropriate capital asset account; charges that relate to abandoned projects are expensed when the project is abandoned.

Intangible assets and amortization: Intangible assets consist of intangible right to use assets for leases. Intangible right to use assets related to leases, net of amortization were $1.3 million at December 31, 2024 and $1.5 million, net of amortization at December 31, 2023. (see Note 5).

Net position: Net position consists of investment in capital assets, restricted and unrestricted net position. Investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and related liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the NWSA or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The unrestricted component of net position is the net amount of the assets and deferred outflows of resources less liabilities and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted components of net position.

Leases: The NWSA defines a lease as a noncancellable contract than conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The contract must be legally enforceable.

At the commencement of the lease, the NWSA measures the lease receivable (liability) at the present value of payments expected to be received/(paid) over the course of the lease term. Subsequently, the lease receivable (liability) is reduced by the principal portion of lease payments received (paid).

Key estimates and judgements related to leases with the NWSA are as follows:

- The NWSA's incremental borrowing rate is used as the discount rate to measure lease liability and lease receivable.
- Projected lease revenues and expenses included in the measurement of the lease are composed of fixed payments required per lease terms as well as any variable payments that are fixed in substance. All other variable payments are excluded.
- The lease will not be remeasured solely for a change in the variable payments unless there are any required remeasurement events.
- The lease term includes the noncancellable period of the lease in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.
- Only lease incentive payments that are fixed or fixed in substance are included in the initial measurement and subject to remeasurement; variable or contingent lease incentive payments are not included in initial measurement.

The NWSA monitors changes in circumstances that may require remeasurement of a lease receivable or lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the lease receivable or lease liability is remeasured, and a corresponding adjustment is made to the deferred inflow of resources or capital assets.

SBITAs: SBITAs are contracts that allow the NWSA to use another party's information technology software for a specified period in exchange for payment. These contracts result in the recognition of a right-to-use subscription asset, classified as an intangible asset, and a corresponding subscription liability. The subscription asset is initially measured at the present value of the expected subscription payments over the term, including any capitalizable implementation costs. The subscription liability is

Note 1. Summary of Significant Accounting Policies (Continued)

recognized at the start of the subscription term and amortized over the subscription period, unless payment is made in full at the commencement of the term.

The NWSA uses the Port of Tacoma's incremental borrowing rate (NWSA Charter prohibits NWSA from issuing debt, so there is not a NWSA-specific rate available) as the discount rate to measure lease receivables, lease liabilities, and subscription liabilities, which was 3.37% for both 2024 and 2023.

The NWSA reassesses the subscription liability at subsequent financial reporting dates if any changes, as specified by the Standard, have occurred by those dates. This remeasurement is based on the most recent SBITA contract before the changes, and if these changes, individually or collectively, are expected to significantly impact the subscription liability amount since the last measurement.

Retentions payable: The NWSA enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the NWSA. The NWSA's policy is to pay the retention due only after completion and acceptance have occurred. Retentions payable totaled $0.6 million and $0.4 million at December 31, 2024 and 2023, respectively. Retentions payable are included in accounts payable and accrued liabilities on the accompanying statements of net position.

Federal and state grants: The NWSA may receive federal and state grants as reimbursement for construction of facilities and other capital projects. These grants are included in capital grant contributions on the accompanying statements of revenues, expenses and changes in net position.

Employee benefits: The NWSA accrues unpaid vacation and sick leave benefit amounts as earned and payable upon termination. These benefits are accrued at current rates of compensation. Accrued vacation and sick leave are included in payroll and taxes payable and amounted to $0.6 million and $0.1 million, respectively, at December 31, 2024 and $0.5 million and $0.1 million, respectively, at December 31, 2023 and are expected to be paid in the following year. Vacation and sick leave paid in 2024 and 2023 totaled $0.8 million $0.6 million, respectively.

The NWSA provides health care benefits for eligible employees through the HRA VEBA Trust, which is a nonprofit, multiple employer voluntary employees' beneficiary association (VEBA) authorized under Internal Revenue Code 501(c)(9). The HRA VEBA Trust offers a funded health reimbursement arrangement (HRA) plan available to certain governmental employers in the Northwest (Washington, Oregon, and Idaho). The Trust is managed by a Board of Trustees elected by the plan participants, participating employers, or the Board itself, depending on the Trustee position. The NWSA has two plans, one of which was closed to new employees hired after July 1, 2015, the second plan is open to all eligible employees. The NWSA contributed $0.1 million to eligible employee VEBA accounts in 2024 and 2023.

The NWSA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all NWSA employees, permits them to defer a portion of their salary until future years. In accordance with GASB authoritative guidance, accounting and reporting for Internal Revenue Code Section 457 deferred compensation plans, employee assets are not reflected in the NWSA's financial statements. This plan is fully funded and plan assets are held in an external trust.

The NWSA established a profit-sharing plan for non-represented employees in accordance with Internal Revenue Code Section 401. The plan provides for an annual contribution to each eligible employee's 401 account based on the NWSA meeting financial targets. The NWSA has not utilized this performance plan and, hence, has not contributed to the plan since its formation in 2016.

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions: The NWSA's full-time and qualifying part-time employees participate in the cost-sharing, multiple-employer public employee defined benefit retirement plans administered by the Washington State Department of Retirement Systems (DRS). The net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense or benefit, information about the fiduciary net position of the Washington State Department of Retirement Systems Plan (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 6).

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

The NWSA licenses property from the home ports for its operations. Remediation costs associated with contamination on Licensed Property that occurred before the formation of the NWSA shall remain the responsibility of the home port in which the Licensed Property is located. Remediation costs associated with redevelopment on Licensed Property shall be the responsibility of the NWSA. At December 31, 2024 and 2023, the NWSA determined that there were no environmental remediation liabilities to be recognized.

Leases: The NWSA defines a lease as a noncancellable contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The contract must be legally enforceable.

At the commencement of the lease, the NWSA measures the lease receivable (liability) at the present value of payments expected to be received over the course of the lease term. Subsequently, the lease receivable (liability) is reduced by the principal portion of lease payments received (paid).

Key estimates and judgements related to leases with the NWSA are as follows:

- The Port of Tacoma's incremental borrowing rate is used as the discount rate to measure lease liability and lease receivable (NWSA Charter prohibits NWSA from incurring debt, therefore the NWSA adheres to homeport policies regarding calculation of leases for this purpose).
- Projected lease revenues and expenses included in the measurement of the lease are composed of fixed payments required per lease terms as well as any variable payments that are fixed in substance. All other variable payments are excluded.

Note 1. Summary of Significant Accounting Policies (Continued)

- The lease will not be remeasured solely for a change in the variable payments unless there are any required remeasurement events.
- The lease term includes the noncancellable period of the lease in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.
- Only lease incentive payments that are fixed or fixed in substance are included in the initial measurement and subject to remeasurement; variable or contingent lease incentive payments are not included in initial measurement.

The NWSA monitors changes in circumstances that may require remeasurement of a lease receivable or lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the lease receivable or lease liability is remeasured, and a corresponding adjustment is made to the deferred inflow of resources or capital assets. If any of the remeasuring circumstances occur, the lease will be remeasured, and the new present value will be calculated using the discount rate and index current at the time of the remeasurement.

Security deposits: Under the terms of certain Licensed Property lease agreements, the NWSA's customers or tenants are required to provide security in the event of delinquencies in rent payment, default, or other events defined in these agreements. The security amounts are determined by lease terms and are included in prepayments and other current assets on the accompanying statements of net position. The NWSA held $7.5 million and $7.7 million in cash security deposits at December 31, 2024 and 2023, respectively.

Deferred inflows and outflows of resources: Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period(s). The NWSA records deferred inflows of resources on the statements of net position for its pension plan and leases. Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period(s). The NWSA records deferred outflows of resources on the statements of net position for its pension plan.

Operating and nonoperating revenues and expenses: Property rental revenues are charges for use of the NWSA's facilities and are reported as operating revenue. Grants and similar items are recognized as nonoperating revenue as soon as all eligibility requirements imposed by the provider have been met. Other revenues generated from nonoperating sources are classified as nonoperating.

Operating expenses are costs primarily related to the property rental activities. Interest expense and other expenses incurred not related to the normal operations of the NWSA's terminal and property rental activities are classified as nonoperating.

Recent accounting pronouncements adopted: In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The statement provides guidance on the requirements related to the extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, as well as terminology updates which were effective immediately upon issuance. The adoption of these requirements did not have a material effect on the Port's financial statements. Additionally, the Statement provides guidance related to leases, PPPs, and SBITAs which are effective for reporting periods beginning after June 15, 2022 and guidance related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 which is effective for reporting periods beginning after June 15, 2023. The adoption of these requirements did not have a material effect on the NWSA's financial statements.

Note 1. Summary of Significant Accounting Policies (Concluded)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections.* The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The adoption of these requirements did not have a material effect on the NWSA's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The adoption of these requirements did not have a material effect on the NWSA's financial statements.

Note 2. Deposits and Investments

Discretionary deposits: The NWSA's cash of $4.0 million and $6.5 million at December 31, 2024 and 2023, respectively, were deposited in qualified depositories as required by state statute. Deposits in excess of federal depository insurance coverage are covered by the PDPC of the State of Washington. The PDPC is a statutory authority under Chapter 39.58 RCW. Currently, all public depositories with the state fully collateralize uninsured public deposits at 50%.

Investments: State of Washington statutes authorize the NWSA to invest in direct obligations of the U.S. Government, certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, supranationals and certain municipal bonds. These investments must be placed with or through qualified public depositories of the State of Washington.

Restricted cash and investments: Cash and investments that are limited as to the manner in or purpose for which they may be used as imposed on by external persons or bodies, through constitutional provision, or via enabling legislation. The NWSA's restricted cash and investments include restrictions from federal, state and local agencies for the funding port development and environmental projects and customer deposits.

Risks:

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The NWSA's investment guideline is to maximize investment return while preserving liquidity. To the extent possible, the NWSA will attempt to match its investments with anticipated cash flow requirements using the specific-identification method. The NWSA does not have a formal interest rate risk policy.

Concentration risk: Concentration risk is defined as holdings greater than 5% as noted in the table below. The NWSA does not have a formal concentration risk policy.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LGIP is an external investment pool, as defined by the GASB. The NWSA does not have a formal credit risk policy.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the NWSA will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. To minimize this risk, the NWSA's policy requires that all security

Note 2. Deposits and Investments (Continued)

transactions are settled “delivery versus payment.” This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the NWSA’s safekeeping bank. With the exception of the Washington State LGIP, the NWSA’s investment securities are registered, or held by the NWSA or its agent in the NWSA’s name. The certificates of deposit are covered by the PDPC. The PDPC is a statutory authority under Chapter 39.58 RCW. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers’ deposits when they exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) by requiring banks and thrifts to pledge securities as collateral.

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk.
The LGIP transacts with its participants at a stable net asset value per share of $1.00, the same method used for reporting. LGIP participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of the State Treasurer of any contribution or withdrawal over $1 million no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for $1 million or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than $1 million when notification is made between 9 a.m. and 10 a.m., at the sole discretion of the Office of the State Treasurer. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds.

Restricted investments on the statements of net position were $0.0 million and $0.2 million at December 31, 2024 and 2023, respectively and restricted cash was $2.3 million at December 31, 2024 and $2.3 million 2023.

The tables below identify the types of investments, concentration of investments in any one issuer, and maturities of the NWSA investment portfolio as of December 31 (dollars in thousands):

Note 2. Deposits and Investments (Concluded)

	2023				
		Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-3	More than 3	Percentage Total Portfolio
Federal Home Loan Bank	$ 1,823	$ -	$ -	$ 1,823	3.0%
Federal Home Loan Mortage Corporation	4,813	1,958	2,855	-	7.9%
Federal National Mortgage Association	1,864	-	1,864	-	3.1%
Corporates	1,962	-	1,962	-	3.1%
Municipal Bonds	7,034	-	2,694	4,340	11.5%
Supranationals	1,958	1,958	-	-	3.2%
State Local Investment Pool*	41,644	41,644	-	-	68.2%
Total investments	$ 61,098	$ 45,560	$ 9,375	$ 6,163	100.0%
Percentage of total portfolio		74.6%	15.4%	10.0%	100.0%

* Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at the amortized cost of the pool shares.

The tables below identify the credit risk of the NWSA's investment portfolio as of December 31 (dollars in thousands):

	2024				
		Moody's Equivalent Credit Ratings			
Investment Type	Fair Value	Aa2	Aa1	Aaa	No Rating
Federal Home Loan Bank	$ 3,874	$ -	$ -	$ 3,874	$ -
Federal Home Loan Mortage Corporation	2,959	-	-	2,959	-
Federal National Mortgage Association	1,943	-	-	1,943	-
Corporates	1,989	-	-	1,989	-
Municipal Bonds	7,045	2,960	2,431	1,654	-
United States Treasury Bonds	2,049	-	-	2,049	-
State Local Investment Pool*	103,457	-	-	-	103,457
Total	$ 123,316	$ 2,960	$ 2,431	$ 14,468	$ 103,457

	2023				
		Moody's Equivalent Credit Ratings			
Investment Type	Fair Value	Aa2	Aa1	Aaa	No Rating
Corporates	$ 1,823	$ -	$ -	$ 1,823	$ -
Federal Home Loan Bank	4,813	-	-	4,813	-
Federal Home Loan Mortage Corporation	1,864	-	-	1,864	-
Federal National Mortgage Association	1,962	-	-	1,962	-
Municipal Bonds	7,034	2,949	2,439	1,646	-
Supranationals	1,958	-	-	1,958	-
State Local Investment Pool*	41,644	-	-	-	41,644
Total	$ 61,098	$ 2,949	$ 2,439	$ 14,066	$ 41,644

* Investments in Washington State Local Government Investment Pool. The investments in the pool are valued at the amortized cost of the pool shares.

See Note 10 for information regarding NWSA's fair value measurement of its investments.

Note 3. Capital Assets

The following capital asset activity took place during 2024 and 2023 (dollars in thousands):

	2024				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital assets not being depreciated:					
Construction in process	$ 164,629	$ 56,321	$ (167,673)	$ (6,442)	$ 46,835
Total capital assets not being depreciated	164,629	56,321	(167,673)	(6,442)	46,835
Capital assets being depreciated and amortized:					
Buildings	86,237	-	63,281	-	149,518
Improvements	311,488	-	102,222	(953)	412,757
Machinery and equipment	103,830	-	2,170	-	106,000
Intangible lease assets	2,033	-	-	(159)	1,874
Total capital assets being depreciated and amortized	503,588	-	167,673	(1,112)	670,149
Less accumulated depreciation and amortization:					
Buildings	(12,052)	(4,601)	-	-	(16,653)
Improvements	(48,275)	(14,511)	-	-	(62,786)
Machinery and equipment	(28,582)	(5,540)	-	-	(34,122)
Intangible lease assets	(523)	(180)	-	159	(544)
Total accumulated depreciation and amortization	(89,433)	(24,832)	-	159	(114,106)
Net, capital assets being depreciated and amortized	414,155	(24,832)	167,673	(953)	556,043
Net, capital assets	$ 578,784	$ 31,489	$ -	$ (7,395)	$ 602,878

Note 3. Capital Assets (Concluded)

	2023				
	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital assets not being depreciated:					
Construction in process	$ 139,173	$ 53,574	$ (25,798)	$ (2,320)	$ 164,629
Total capital assets not being depreciated	139,173	53,574	(25,798)	(2,320)	164,629
Capital assets being depreciated and amortized:					
Buildings	86,237	-	-		86,237
Improvements	286,734	-	25,330	(576)	311,488
Machinery and equipment	103,619	-	468	(257)	103,830
Intangible lease assets	2,258	-	-	(225)	2,033
Total capital assets being depreciated and amortized	478,848	-	25,798	(1,058)	503,588
Less accumulated depreciation and amortization:					
Buildings	(8,762)	(3,290)	-	-	(12,052)
Improvements	(36,128)	(12,147)	-	-	(48,275)
Machinery and equipment	(23,154)	(5,580)	-	152	(28,582)
Intangible lease assets	(488)	(260)	-	225	(523)
Total accumulated depreciation and amortization	(68,533)	(21,277)	-	377	(89,433)
Net, capital assets being depreciated and amortized	410,315	(21,277)	25,798	(681)	414,155
Net, capital assets	$ 549,488	$ 32,297	$ -	$ (3,001)	$ 578,784

Note 4. Risk Management

The NWSA is exposed to various risks of loss related to torts; damage to, theft of, and destruction of assets or cargo; natural disasters; and employee injuries. To limit its exposure, the NWSA purchases a variety of insurance policies. For marine general liability, the NWSA purchases $150 million in coverage, subject to a $500,000 deductible. All risk property insurance is purchased by the home ports to include assets owned by the NWSA situated on home port land and the NWSA is listed as a named insured,

Note 4. Risk Management (Concluded)

where its interest applies. For details concerning property insurance, please consult the notes to the year-end financial reports for the respective home ports.

The NWSA is self-insured for its regular medical coverage. The liability for unpaid medical claims is included in payroll and taxes payable on the accompanying statements of net position and is expected to be paid in 2025. Excess loss coverage has been purchased through an outside provider to limit individual loss to $135,000. Self-insured claim activity for December 31, was as follows (dollars in thousands):

	2024	2023	2022
Claims liability, beginning of year	$ 503	$ 362	$ 390
Claims reserve	1,422	1,620	1,008
Payments on claims	(1,440)	(1,479)	(1,036)
Claims liability, end of year	$ 485	$ 503	$ 362

The NWSA is self-insured for workers compensation losses. These losses are subject to a $1.25 million self-insured retention as a Named Insured under the Port of Tacoma's excess workers' compensation policy. The estimated liability for workers' compensation is included in payroll and taxes payable on the accompanying financial statements of net position. At December 31, 2024, the estimated self-insurance liability for workers' compensation was $54,000 and this amount is expected to be paid in 2025. The liability for unpaid claims represents the estimated future indemnity, medical, rehabilitation, and legal costs for all open claims. Workers' compensation claim activity for December 31, were as follows (dollars in thousands):

Workers' Comp

	2024	2023	2022
Claims liability, beginning of year	$ 147	$ 48	$ 25
Claims incurred during the year	52	429	92
Changes in estimate for prior year claims	202	2	32
Payments on claims	(347)	(332)	(101)
Claims liability, end of year	$ 54	$ 147	$ 48

Note 5. Leases

The NWSA, as a lessor, leases land and facilities under long-term agreements at market rates with terms ranging from 1 to 50 years. The leases typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables.

Total operating revenue from long-term leases in 2024 were $147.7 million, including $133.6 million of principal and interest and $14.1 million variable revenues that were not previously included in the lease receivable balance. Total operating revenue from long-term leases in 2023 were $129.6 million, including $119.7 million of principal and interest and $9.9 million variable revenues that were not previously included in the lease receivable balance.

Note 5. Leases (Continued)

Minimum future rental revenue from long-term leases is as follows (dollars in thousands).

Years ending December 31:	Principal	Interest	total
2025	$ 74,429	$ 66,375	$ 140,804
2026	75,610	63,516	139,126
2027	62,476	60,889	123,365
2028	64,414	58,529	122,943
2029	65,759	56,095	121,854
2030 - 2034	342,890	240,851	583,741
2035 - 2039	297,117	183,198	480,315
2040 - 2044	323,867	126,562	450,429
2045 - 2049	421,464	57,665	479,129
2050 - 2054	110,995	3,445	114,440
Total	$ 1,839,021	$ 917,125	$ 2,756,146

The NWSA, as a lessee, leases building and office space and the agreements under agreements that do not contain variable payments or residual value guarantees. The NWSA's intangible "right to use" lease assets are included in capital and intangible assets as intangible assets and other non-current liabilities on the statements of net position and are presented below as of December 31, (dollars in thousands):

	2024			
	Beginning of Year	Additions	Retirements and Other	End of Year
Leased assets being amortized:				
Building space	$ 2,033	$ -	$ (159)	$ 1,874
Total leased assets being amortized	2,033	-	(159)	1,874
Less accumulated amortization:				
Building space	(523)	(180)	159	(544)
Total accumulated amortization	(523)	(180)	159	(544)
Net, leased assets	$ 1,510	$ (180)	$ -	$ 1,330

Note 5. Leases (Concluded)

	2023							
		Beginning of Year		Additions		Retirements and Other		End of Year
Leased assets being amortized:								
Building space	$	2,258	$	-	$	(225)	$	2,033
Total leased assets being amortized		2,258		-		(225)		2,033
Less accumulated amortization:								
Building space		(488)		(260)		225		(523)
Total accumulated amortization		(488)		(260)		225		(523)
Net, leased assets	$	1,770	$	(260)	$	-	$	1,510

Minimum future lease payments for the leases are as follows (dollars in thousands):

Years ending December 31:		Principal		Interest		Total
2025	$	175	$	47	$	222
2026		188		40		228
2027		202		32		234
2028		217		24		241
2029		233		16		249
2030-2033		315		7		322
Total	$	1,330	$	166	$	1,496

Note 6. Pension Plans

The NWSA's full-time and qualifying part-time employees participate in the cost-sharing, multiple-employer public employee defined benefit retirement plans (PERS) administered by the Washington State Department of Retirement Systems. Historical trend and other information regarding each plan are presented in the Washington State Department of Retirement Systems annual comprehensive financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380
Internet Address: www.drs.wa.gov

Plan description and benefits: PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

Note 6. Pension Plans (Continued)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the Legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs (HERPs).

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

PERS Plan 1 is closed to new entrants. PERS Plan 1 members were vested after the completion of five years of eligible service. PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member’s Average Final Compensation (AFC) times the member’s years of service. AFC is the average of the member’s 24 consecutive highest-paid service credit months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Members retiring from inactive status before the age of 65 may also receive actuarially reduced benefits. Other benefits include duty and nonduty disability payments, an optional Cost-of-Living Adjustment (COLA), and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

The PERS Plan 1 member contribution rate is established by statute at 6%. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.20%.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service are earned after age 44. PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2% of the member’s AFC times the member’s years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC times the member’s years of service. AFC is the monthly average of the member’s 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments; a COLA based on the Consumer Price Index, capped at 3% annually; and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries.

Note 6. Pension Plans (Continued)

The PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability, currently set at 2.97%, and an administrative expense that is currently set at 0.20%.

PERS Plan 3 members are immediately vested in the defined contribution portion of their plan. PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate when joining membership and can change rates only when changing employers. As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%; members have six rate options to choose from. Employers do not contribute to the defined contribution benefits.

Contributions: The required contribution rates, expressed as a percentage of covered payrolls, as of December 31 were:

2024	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.53%	9.53%	9.53%
Employee	6.00%	6.36%	***

2023	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.53%	9.53%	9.53%
Employee	6.00%	6.36%	***

* The employer rates include the employer administrative expense fee of 0.20%
** Plan 3 defined benefit portion only
*** Rate selected by PERS 3 members, 5% minimum to 15% maximum

The NWSA made contributions of $0.2 million for PERS 1 and $0.5 million for PERS 2 during 2024 and $0.3 million for PERS 1 and $0.5 million for PERS 2 in 2023. The NWSA employees also made required contributions for 2024 and 2023. The NWSA's contractually required contributions for the years ended December 31, are as follows (dollars in thousands):

	PERS Plan 1	PERS Plan 2/3	Total
Years ending December 31:			
2024	$ 234	$ 505	$ 739
2023	$ 272	$ 452	$ 724

Note 6. Pension Plans (Continued)

Pension assets (liabilities), pension expense, and deferred inflows and outflows of resources related to pensions: The NWSA's proportion of the net pension asset was based on a projection of the NWSA's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. NWSA's proportionate share of net pension asset (liability) for the years ended December 31, are presented in the following table (dollars in thousands):

	PERS 1	PERS 2/3	Total
NWSA's proportionate share of the net pension (liability)/asset:			
2024	$ (699)	$ 1,681	$ 982
2023	$ (908)	$ 2,102	$ 1,194

	PERS 1	PERS 2/3
asset:		
2024	0.0394%	0.0510%
2023	0.0398%	0.0513%
Change in proportionate share	-0.0004%	-0.0003%

For the years ended December 31, 2024 and 2023, NWSA reported the following pension (expense) benefit (dollars in thousands):

NWSA's net pension (expense)/benefit

	PERS 1	PERS 2/3	Total
2024	$ 21	$ 38	$ 59
2023	$ 44	$ 54	$ 98

Note 6. Pension Plans (Continued)

For the years ended December 31, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources (dollars in thousands):

	2024		
	PERS 1	PERS 2/3	Total
Sources of deferred outflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ -	$ -	$ -
Changes in assumptions (1)	-	928	928
Differences between expected and actual experience (1)	-	955	955
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	57	57
NWSA contributions subsequent to measurement date	111	281	392
Total	$ 111	$ 2,221	$ 2,332
Sources of deferred inflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ (56)	$ (482)	$ (538)
Changes in assumptions (1)	-	(107)	(107)
Differences between expected and actual experience (1)	-	(4)	(4)
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	(1)	(1)
Total	$ (56)	$ (594)	$ (650)

(1) The recognition period for each plan is equal to the average of the expected remaining service lives of all employees provided with pensions through the pension plan, which was determined at the beginning of the measurement date.
(2) The recognition period is closed, 5-year period for all plans.

Note 6. Pension Plans (Continued)

	2023		
	PERS 1	PERS 2/3	Total
Sources of deferred outflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ -	$ -	$ -
Changes in assumptions (1)	-	883	883
Differences between expected and actual experience (1)	-	428	428
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	105	105
NWSA contributions subsequent to measurement date	110	240	350
Total	$ 110	$ 1,656	$ 1,766
Sources of deferred inflow of resources:			
Net difference between projected and actual earnings on pension plan investments (2)	$ (102)	$ (792)	$ (894)
Changes in assumptions (1)	-	(192)	(192)
Differences between expected and actual experience (1)	-	(24)	(24)
Changes in proportion and differences between NWSA contributions and proportionate share of contributions (1)	-	(26)	(26)
Total	$ (102)	$ (1,034)	$ (1,136)

(1) The recognition period for each plan is equal to the average of the expected remaining service lives of all employees provided with pensions through the pension plan, which was determined at the beginning of the measurement date.
(2) The recognition period is closed, 5-year period for all plans.

Note 6. Pension Plans (Continued)

As of December 31, 2024, deferred outflows of resources related to pensions resulting from NWSA's contributions subsequent to the measurement date were $0.4 million and will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

	PERS 1	PERS 2/3	Total
Years ending December 31:			
2025	$ (93)	$ (369)	$ (462)
2026	48	748	796
2027	(5)	336	331
2028	(6)	332	326
2029	-	166	166
Thereafter	-	132	132
Total	$ (56)	$ 1,345	$ 1,289

Actuarial assumptions:
The 2024 total pension asset (liability) for each of the plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the June 30, 2023, valuation were based on the results of the Office of the Actuary's (OSA) 2013-2018 Demographic Experience Study Report and the 2023 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

The 2023 total pension asset (liability) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022, with the results rolled forward to measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the Office of the Actuary's (OSA) 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

Inflation: 2.75% total economic inflation; 3.25% salary inflation (2023: 2.75% for total economic inflation; 3.25% for salary inflation).

Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases (2023: salaries were expected to grow 3.25%).

Investment rate of return: 7.00% (2023: 7.00%)

Mortality rates: Mortality rates in 2024 were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Note 6 Pension Plans (Continued)

Assumption and method changes:
Actuarial results that OSA provided reflect the following changes in assumptions and methods:

Assumption Changes:
- Assumptions did not change from the prior contribution rate setting date June 30, 2022 Actuarial Valuation report (AVR).

Method Changes:
- OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 and TERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for all plans (2023: 7.00%). To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on the assumptions described in OSA's certification letter within the DRS Annual Comprehensive Financial Report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% was used to determine the total liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate: The table below presents the net pension liability (asset) of the Port, calculated using the discount rate of 7.00% as well as what the Port's net pension liability (asset) would be if it were calculated using a discount rate 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (dollars in thousands):

	Pension Trust	1% Decrease	Discount Rate	1% Increase
December 31, 2024:				
Discount rate		6.00%	7.00%	8.00%
Proportionate share of net pension liability	PERS 1	$ (1,029)	$ (699)	$ (410)
Proportionate share of net pension asset / <liability>	PERS 2/3	(3,030)	1,681	5,550
December 31, 2023:				
Discount rate		6.00%	7.00%	8.00%
Proportionate share of net pension liability	PERS 1	$ (1,268)	$ (908)	$ (593)
Proportionate share of net pension asset / <liability>	PERS 2/3	(2,286)	2,102	5,708

Long-term expected rate of return: The OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method (2023: 7.00% long-term expected rate of return). In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The CMAs contain three pieces of information for each class of assets WSIB currently invests in: expected annual return, standard deviation of the annual return, and correlations between the annual returns of each asset class with every other asset class. The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

Note 6. Pensions (Concluded)

Estimated rates of return by asset class: Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 and 2023 are summarized below. The inflation component used to create the table is 2.50% and 2.20% for June 30, 2024 and 2023, respectively, and represents WSIB's long-term estimate of broad economic inflation consistent with their 2023 and 2021 CMAs.

2024

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	19%	2.10%
Tangible assets	8%	4.50%
Real estate	18%	4.80%
Global equity	30%	5.60%
Private equity	25%	8.60%
	100%	

2023

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20%	1.50%
Tangible assets	7%	4.70%
Real estate	18%	5.40%
Global equity	32%	5.90%
Private equity	23%	8.90%
	100%	

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial reports. Additional actuarial and pension plan information is included in the DRS 2024 Annual Comprehensive Financial Report, including descriptions of actuarial data, assumptions, methods, and plan provisions relied on for the preparation of GASB No. 67 and GASB No. 68. Additional details regarding this information are included in OSA's 2023 Actuarial Valuation Report on the OSA website leg.wa.gov/osa.

Note 7. Commitments and Contingencies

Commitments: The NWSA has entered into separate contractual agreements for terminal maintenance, infrastructure improvements, environmental projects, and professional services. At December 31, 2024, the remaining commitments are as follows (dollars in thousands).

Description	Remaining Commitments
Terminal projects	$ 14,229
Environmental	3,523
Consulting and other	5,644
	$ 23,396

In addition to contracts entered into by the NWSA, both the Port of Tacoma and the Port of Seattle, acting as agents for the NWSA (per support services agreements), issue contracts on behalf of the NWSA. The remaining commitments on these contracts totaled $11.5 million at December 31, 2024, which related to contracts issued by the Port of Seattle for construction projects at various terminals. Both ports will be reimbursed by the NWSA in accordance with their support service agreements (see note 9, Related-Party Transactions, for additional information).

Contingencies: The NWSA is named as a defendant in various other lawsuits incidental to carrying out its function. The NWSA believes its ultimate liability, if any, will not be material to the financial statements.

Note 8. Major Customers

Operating revenues and lease interest income for the year ended December 31, 2024 were $271.7 million. Ten customers represented 75% and $204.8 million of total operating revenues and lease interest income. The top three customers accounted for 52% of operating revenues and lease interest income. Receivables from the ten significant customers totaled $12.0 million, and 58%, of total trade receivables at December 31, 2024.

Operating revenues and lease interest income for the year ended December 31, 2023 were $238.4 million. Ten customers represented 72% and $172.6 million of total operating revenues and lease interest income. The top three customers accounted for 49% of operating revenues and lease interest income. Receivables from the ten significant customers totaled $7.9 million, and 57%, of total trade receivables at December 31, 2023.

Note 9. Related-Party Transactions

As more fully described in the MD&A, Note 1, Summary of Significant Accounting Policies, and Note 7, Commitments and Contingencies, the NWSA entered into licensing agreements with each home port for the exclusive use, operation and management of certain facilities, or Licensed Properties. These licensing agreements generated 100% of NWSA revenues in 2024 and 2023.

Support services agreements: The NWSA entered into support services agreements with the home ports to receive support services for back-office infrastructure and administrative functions. The support services received by the NWSA include finance, human resources, information technology, public affairs, risk management, capital construction and environmental project management and contracting, equipment and facilities maintenance, security, and office infrastructure. Support services charged to the NWSA from the home ports totaled $51.1 million and $46.1 million in 2024 and 2023, respectively. The expenses are included in operating expenses on the accompanying statements of revenues, expenses, and changes in net position.

Note 9. Related-Party Transactions (Concluded)

The NWSA entered into support services agreements with the Port of Tacoma to provide the Port of Tacoma commercial, environmental and planning support services. Support services provided to the Port of Tacoma by NWSA amounted to $0.9 million and $1.1 million in 2024 and 2023, respectively. The amount of operating expenses on the accompanying statements of revenues, expenses and changes in net position are net of the charges to the Port of Tacoma. The NWSA did not enter into agreements to provide support services to the Port of Seattle.

Related-party receivable and payable: The NWSA generally repays the home ports for support services and operating costs incurred as agents for the NWSA, in the following month, after the amount due is determined. At December 31, 2024 and 2023, $4.1 million and $3.6 million, respectively, were payable to the home ports and are presented on the statements of net position as related-party payable - Managing Members.

The NWSA distributes cash flow from operations calculated pursuant to GAAP, capital grant contributions, and interest income to the home ports. Distributions have generally been made in the following month, after the amount due is determined. During 2024 and 2023, the NWSA recorded distributions of $145.0 million and $125.6 million, respectively, which included $71.6 million and $10.7 million, respectively, that were payable to the home ports for distributable cash transferred in the following year and are presented on the statements of net position as related-party payable - Managing Members.

The home ports generally fund capital contribution requirements in the following month, after the amount due is determined. During 2024 and 2023, home ports contributed $51.7 million and $60.1 million, respectively, of funding for capital construction projects in accordance with the capital investment plan approved by the Managing Members. At December 31, 2024 and 2023, $16.1 million and $14.3 million, respectively, were receivable from the home ports and are presented on the statements of net position as related-party receivable - Managing Members.

The Managing Members also serve as commissioners for their respective home ports.

Note 10. Fair Value Measurements

The NWSA's assets that are measured and reported on a fair value basis are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Note 10. Fair Value Measurements (Concluded)

In determining the appropriate levels, the NWSA performs a detailed analysis of the assets and liabilities that are subject to the guidance. The NWSA's fair value measurements are evaluated by an independent third-party vendor. The third-party vendor uses a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. Level 1 inputs are quoted prices in active markets for identical assets assessed at the measurement date. An active market for the asset is a principal market in which transactions for the asset are open to many and occur with sufficient frequency and volume. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers (some brokered markets, for example), or in which little information is released publicly. The NWSA does not have any Level 3 assets or liabilities at December 31, 2023 and 2022.

The tables below present the balances of assets measured at fair value by level within the hierarchy at December 31, 2024 and 2023 (dollars in thousands):

2024

	Level 1	Level 2	Total
Investments:			
Federal Home Loan Bank	$ -	$ 3,874	$ 3,874
Federal Home Loan Mortage Corporation	-	2,959	2,959
Federal National Mortgage Association	-	1,943	1,943
Corporates	-	1,989	1,989
Municipal Bonds	-	7,045	7,045
United States Treasury Bonds	-	2,049	2,049
Total investments	$ -	$ 19,859	$ 19,859

2023

	Level 1	Level 2	Total
Investments:			
Corporates	$ -	$ 1,962	$ 1,962
Federal Home Loan Bank	-	1,823	1,823
Federal Home Loan Mortgage Corporation	-	4,813	4,813
Federal National Mortgage Association	-	1,864	1,864
Municipal Bonds	-	7,034	7,034
Supranational Bonds	-	1,958	1,958
Total investments	$ -	$ 19,454	$ 19,454

Schedule of The Northwest Seaport Alliance's Share of Net Pension Asset/Liability (NPA/NPL) and pension contributions
December 31, 2024
(Dollars in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
PERS Plan 1								
NWSA's proportion of NPL	0.0394%	0.0398%	0.0408%	0.0430%	0.0430%	0.0454%	0.0459%	0.0230%
NWSA's proportionate share of NPL	$ 699	$ 908	$ 1,137	$ 525	$ 1,517	$ 1,746	$ 2,052	$ 1,093
NWSA's covered payroll (plan year)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NWSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	NA	NA	NA	NA	NA	NA	NA	NA
Plan fiduciary net pension position as a percentage of the total pension liability	84.1%	80.2%	76.6%	88.7%	68.6%	67.1%	63.2%	61.2%
Contractually required contribution	$ 234	$ 272	$ 248	$ 321	$ 311	$ 326	$ 309	$ 286
Contributions in relation to the contractually required contribution	(235)	(253)	(256)	(283)	(317)	(314)	(326)	(286)
Contribution (excess) deficiency	$ (1)	$ 19	$ (8)	$ 38	$ (6)	$ 12	$ (17)	$ -
NWSA's covered payroll (NWSA's fiscal year)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll (NWSA's fiscal year)	0%	0%	0%	0%	0%	0%	0%	0%
PERS Plan 2/3								
NWSA's proportion of NPL	0.0510%	0.0513%	0.0533%	0.0552%	0.0559%	0.0586%	0.0590%	0.0296%
NWSA's proportionate share of (NPA) NPL	$ (1,681)	$ (2,102)	$ (1,975)	$ (5,503)	$ 715	$ 570	$ 1,007	$ 1,030
NWSA's covered payroll (plan year)	$ 7,939	$ 7,101	$ 6,672	$ 6,608	$ 6,526	$ 6,371	$ 6,151	$ 5,844
NWSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (plan year)	-21.2%	-29.6%	-29.6%	-83.3%	11.0%	8.9%	16.4%	17.6%
Plan fiduciary net pension position as a percentage of the total pension liability	105.2%	107.0%	106.7%	120.3%	97.2%	97.8%	95.8%	91.0%
Contractually required contribution	$ 505	$ 452	$ 424	$ 523	$ 517	$ 491	$ 472	$ 411
Contributions in relation to the contractually required contribution	(546)	(475)	(433)	(472)	(523)	(502)	(495)	(411)
Contribution (excess) deficiency	$ (41)	$ (23)	$ (9)	$ 51	$ (6)	$ (11)	$ (23)	$ -
NWSA's covered payroll (NWSA's fiscal year)	$ 8,580	$ 7,469	$ 6,791	$ 6,603	$ 6,526	$ 6,362	$ 6,440	$ 5,844
Contributions as a percentage of covered payroll (NWSA's fiscal year)	6.4%	6.4%	6.4%	7.1%	8.0%	7.9%	7.7%	7.0%

Information presented prospectively beginning with December 31, 2017, prior year reported with Port of Tacoma.

Notes to required supplementary information
See Note 6 of the financial statements for additional information on the plan.

MOSSADAMS

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Managing Members
The Northwest Seaport Alliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Northwest Seaport Alliance (the NWSA) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise NWSA's basic financial statements, and have issued our report thereon dated April 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NWSA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NWSA's internal control. Accordingly, we do not express an opinion on the effectiveness of NWSA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NWSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Tacoma, Washington
April 18, 2025

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Managing Members
The Northwest Seaport Alliance

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Northwest Seaport Alliance's (the NWSA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on NWSA's major federal program for the year December 31, 2024. NWSA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NWSA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NWSA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of NWSA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NWSA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NWSA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NWSA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NWSA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NWSA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NWSA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of NWSA as of and for the year ended December 31, 2024, and have issued our report thereon dated April 18, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Tacoma, Washington
April 18, 2025

The Northwest Seaport Alliance
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Agreement Number	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Port Infrastructure Development Program	693JF72140018	20.823	$ 1,282,133	$ 1,282,133
Port Infrastructure Development Program	693JF72344021	20.823	117,509	-
Total U.S. Department of Transportation			1,399,642	1,282,133
U.S. Environmental Protection Agency				
Diesel Emissions Reduction Act of 2010	01J98601	66.039	71,500	-
Diesel Emissions Reduction Act of 2010	02J71101	66.039	111,000	-
Total U.S. Environmental Protection Agency			182,500	-
U.S. Department of Energy				
Clean Energy Demonstrations	DE-CD0000040	81.255	1,843	-
Total U.S. Department of Energy			1,843	-
Total Expenditures of Federal Awards			$ 1,583,985	$ 1,282,133

See accompanying notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Northwest Seaport Alliance (the NWSA) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the NWSA, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the NWSA.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The NWSA has not elected to use the 10% di minimus indirect cost rate allowed under the Uniform Guidance.

Section I—Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	**Unmodified**
Internal control over financial reporting:	
• Material weakness(es) identified?	______ Yes __X__ No
• Significant deficiency(ies) identified?	______ Yes __X__ None Reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	______ Yes __X__ No
• Significant deficiency(ies) identified?	______ Yes __X__ None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes __X__ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster	Type of Auditor's Report Issued on Compliance for Major Federal Program
20.823	Port Infrastructure Development Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee	__X__ Yes ______ No

Section II—Financial Statement Findings	None reported
Section III—Federal Award Findings and Questioned Costs	None reported

None reported.

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APPENDIX C

REPORTS OF THE INDEPENDENT CONSULTANT

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Appendix C

Letter Report of the Independent Consultant

Port of Seattle

Intermediate Lien Revenue Bonds, Series 2025A (Non-Alternative Minimum Tax [AMT])
Intermediate Lien Revenue Bonds, Series 2025B (AMT)
Intermediate Lien Revenue Bonds, Series 2025C (Taxable)

July 25, 2025

Prepared for
Port of Seattle | Seattle, Washington

Prepared by
WJ Advisors LLC | Denver, Colorado

W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS

www.wj-advisors.com

July 25, 2025

Ms. Elizabeth Morrison
Interim Chief Financial Officer
Port of Seattle
Pier 69
2711 Alaskan Way
Seattle, Washington 98121

Re: Letter Report of the Independent Consultant on the Proposed Issuance of Port of Seattle Revenue Bonds, Series 2025A (Non-AMT); Revenue Bonds, Series 2025B (AMT); and Revenue Bonds, Series 2025C (Taxable)

Dear Ms. Morrison:

WJ Advisors LLC is pleased to submit this Letter Report of the Independent Consultant (the 2025ABC Letter Report) related to the proposed issuance of the following Series 2025ABC Revenue Bonds (the proposed Series 2025ABC Bonds):

- Intermediate Lien Revenue Bonds, Series 2025A (Non-Alternative Minimum Tax [AMT])
- Intermediate Lien Revenue Bonds, Series 2025B (AMT)
- Intermediate Lien Revenue Bonds, Series 2025C (Taxable)

The proposed Series 2025ABC Bonds are to be issued pursuant to the Port of Seattle's (the Port's) Intermediate Lien Master Resolution No. 3540, as amended.

The Port currently owns, operates, manages, and maintains Seattle-Tacoma International Airport (the Airport) and other Port businesses, including cruise terminals, recreational and commercial marinas, stormwater utilities, and various commercial and industrial properties (the Other Port Businesses). The Port owns containerized cargo terminals and licenses their management and operation to the Northwest Seaport Alliance (the Seaport Alliance or NWSA). The Seaport Alliance is a development authority jointly formed in 2015 between the Port of Seattle and the Port of Tacoma.

While the financial forecasts included in this 2025ABC Letter Report reflect all Port businesses, a significant portion of the Report is focused on the Airport, which accounted for 84.3% of the Port's revenues in 2024[1], and currently accounts for 82.7% of the Port's 2025-2030 Capital Improvement Plan (the Combined Port CIP) costs. A portion of the Combined Port CIP is expected to be funded with the net proceeds from the sale of the proposed Series 2025ABC Bonds.

[1] The Port's Fiscal Year is the same as the calendar year.

Ms. Elizabeth Morrison
July 25, 2025

Capitalized terms in this 2025ABC Letter Report are used as defined in the Port's Intermediate Lien Master Resolution and the "Report of the Independent Consultant on the Proposed Issuance of Port of Seattle Revenue Refunding Bonds, Series 2024A (Non-AMT), Revenue and Refunding Bonds, Series 2024B (AMT), and Revenue Bonds, Series 2024C (Taxable)" dated July 18, 2024 (the 2024ABC Report).

SCOPE OF THIS 2025ABC LETTER REPORT

In connection with the 2024ABC Report, WJ Advisors LLC reviewed Port-prepared forecasts of aviation activity and financial results through 2029, and, as more fully described below in connection with this 2025ABC Letter Report, reviewed certain updates to the assumptions used by the Port to prepare aviation and financial forecasts through 2030[2] (the Forecast Period) in connection with the proposed issuance of the Series 2025ABC Bonds. The results and key findings of our review are summarized in this 2025ABC Letter Report, which, along with the 2024ABC Report, should be read in its entirety for an understanding of the Port's financial forecasts and the underlying assumptions.

Similar to 2024ABC Report, this 2025ABC Letter Report presents the Port's financial forecasts, including forecasts of: (1) Available Intermediate Lien Revenues, (2) debt service coverage pursuant to the Intermediate Lien Master Resolution taking into account the issuance of the proposed Series 2025ABC Bonds and future revenue bonds that the Port expects to issue during the Forecast Period (Future Revenue Bonds) to fund a portion of Combined Port CIP costs, and (3) average airline cost per enplaned passenger (CPE) at the Airport.

SUMMARY OF UPDATED FORECASTS

Certain recently available information and assumptions, summarized below, were reviewed by WJ Advisors LLC and used to update the forecasts of aviation activity and financial results presented in this 2025ABC Letter Report. Based on our review, we believe that the underlying assumptions are reasonable for purposes of the forecasts presented in this 2025ABC Letter Report.

Because the Forecast Period in this 2025ABC Letter Report extends through 2030, while the Forecast Period in the 2024ABC Report extended through 2029, certain comparisons in the sections that follow are between updated forecast results for 2029 as compared with the prior forecasts for 2029.

Additionally, Appendix A provides certain additional information related to the Port's forecasts of aviation activity and the Port's financial performance (operating revenues, operating expenses, and annual debt service).

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[2] The Forecast Period in the 2024ABC Report was through 2029, but has been extended in this 2025ABC Letter Report through 2030.

Ms. Elizabeth Morrison
July 25, 2025

Economic Activity

The 2024ABC Report included certain projected economic activity in 2023 and 2024 for the Seattle-Tacoma Combined Statistical Area (CSA)[3], the State of Washington, and the United States, but actual results are now available for both years and were reviewed in connection with preparation of this 2025ABC Letter Report, as follows:

- The actual unemployment rate in the Seattle-Tacoma CSA was 4.2% in 2024 compared to the projected rate of 4.0% in the 2024ABC Report. Similar differences occurred for the State of Washington and the United States. Unemployment rates remained level during the first 5 months of 2025 compared with the same period of 2024.
- Between 2023 and 2024, the increase in nonagricultural employment was slightly lower in the Seattle-Tacoma CSA as compared with that in the State of Washington and the United States, although, historically, nonagricultural employment has been higher in the CSA. During the first 5 months of 2025, nonagricultural employment in the Seattle-Tacoma CSA and the State of Washington increased at the same rate as that between 2023 and 2024, while the increase in the United States was lower than that between 2023 and 2024.

The Congressional Budget Office (CBO) now projects that the rate of increase in real U.S. gross domestic product (GDP) will be slightly lower (1.8% from 2024 through 2030) than the projections included in the 2024ABC Report (2.0% from 2023 through 2029).

The general slowing of economic activity is likely due to economic policy changes (i.e., the imposition of certain tariffs on trading partners) by the federal government and uncertainties regarding the extent to which those changes may affect overall economic activity.

Aviation Activity

The actual number of enplaned passengers at the Airport increased approximately 3.5% between 2023 and 2024, slightly lower than the forecast increase of 4.3% included in the 2024ABC Report. The lower rate of increase is likely the result of slowing economic activity in the Seattle-Tacoma CSA, the State of Washington, and the United States.

The merger between Alaska Airlines and Hawaiian Airlines was completed on September 18, 2024[4], following the date of the 2024ABC Report. Alaska Airlines (and its regional affiliate Horizon Air) enplaned 13.8 million passengers at the Airport in 2024, equal to 52.6% of the total number of enplaned passengers at the Airport, increasing to 14.0 million passengers enplaned

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[3] The Seattle-Tacoma CSA includes King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
[4] Source: Alaska Airlines website, https://news.alaskaair.com/company/alaska-airlines-completes-acquisition-of-hawaiian-airlines-expanding-benefits-and-choice-for-travelers/, accessed June 2025.

at the Airport in 2024 and an enplaned passenger market share of 53.2% when including the passengers enplaned by Hawaiian Airlines for all 12 months of 2024.

Since completing the merger, Alaska Airlines has introduced wide-body aircraft service from the Airport on Hawaiian Airlines' aircraft to three international destinations as discussed further in Appendix A. It is likely that Alaska's operations at the Airport will continue to evolve positively (e.g., adding international service, upgauging of aircraft) during the Forecast Period, but there is no assurance that this will occur or if it does, what changes could occur.

The updated forecast rates of increase in the number of enplaned passengers at the Airport have been reduced from an annual average of 1.8% between 2023 and 2029 in the 2024ABC Report to an annual average of 1.6% between the same years in this 2025ABC Letter Report[5]. This reduction was due, in part, to (1) slower economic activity and reductions in the number of scheduled domestic seats at the Airport compared to the numbers included in the 2024ABC Report, which were partially offset by (2) increases in international flights and service at the Airport.

Port Capital Improvement Plan and Sources and Uses of Funds

As shown on Exhibit A of this 2025ABC Letter Report, the Combined Port CIP for 2025-2030 is estimated to cost $5.9 billion. Similar to that in the Combined Port CIP presented in the 2024ABC Report, the Airport CIP in this 2025ABC Letter Report represents the largest share of estimated project costs at approximately 82.7% of Combined Port CIP costs.

Relative to the financial forecasts presented in the 2024ABC Report, the Port's updated financial forecasts presented in this 2025ABC Letter Report incorporates approximately $176 million of additional project costs resulting from (1) one additional year of capital projects (2030), (2) actual 2024 Combined Port CIP expenditures, and (3) various changes to costs, timing, and funding associated with 2024-2029 capital projects, none of which changed materially. See Appendix A for additional information.

Annual Debt Service

As presented on Exhibits E and F, the updated forecast of Intermediate Lien Debt Service increases from $188.2 million in 2024 to $430.3 million in 2030.

In the 2024ABC Report, Intermediate Lien Debt Service was forecast to increase to $412.3 million in 2029, but is now forecast to be lower, at $395.0 million in 2029, as a result of debt refundings in 2024 (not incorporated in the 2024ABC Report) and changes in the forecast timing and amount of future debt service and offsets.

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[5] The increase from 2029 to 2030 is forecast to be 0.8%, consistent with the forecast annual rates of increase in 2028 and 2029.

Ms. Elizabeth Morrison
July 25, 2025

Financial Performance

In the 2024ABC Report, Available Intermediate Lien Revenues[6] used to demonstrate debt service coverage consistent with the Intermediate Lien Rate Covenant were forecast to be approximately $447.3 million in 2024, but actual results were slightly higher at $456.6 million, a difference of approximately $9.3 million or 2.1%. The higher forecasts are due, in part, to higher Seaport Alliance net income and the Port's share of that net income and non-operating revenues.

In this 2025ABC Letter Report, the updated forecast of Available Intermediate Lien Revenues in 2029 is approximately $611.4 million, 9.5% lower than the forecast of approximately $675.3 million presented in the 2024ABC Report. The lower forecast of Available Intermediate Lien Revenues is related to lower forecast enplaned passengers, lower Airport Airline and Nonairline Revenues and higher non-operating expenses, and higher First Lien Revenue Bond Debt Service. Available Intermediate Lien Revenues are forecast in this 2025ABC Letter Report to reach $634.7 million in 2030.

From 2024 through 2029 in the 2024ABC Report, Available Intermediate Lien Revenues were forecast to increase at approximately 8.6% per year. In the updated forecast in this 2025ABC Letter Report, Available Intermediate Lien Revenues from 2024 through 2029 are forecast to increase approximately 6.0% per year, for the same reasons as those described above.

PROPOSED SERIES 2025ABC BONDS

The Port intends to issue the proposed Series 2025ABC Bonds to:

- Finance a portion of the Airport CIP
- Reimburse the Port for costs it has already incurred in funding a portion of the Airport CIP
- Pay capitalized interest
- Make deposits to the Intermediate Lien Reserve Accounts
- Pay issuance and financing costs associated with the proposed Series 2025ABC Bonds

Projects currently expected to be funded with the net proceeds from the sale of the proposed Series 2025ABC Bonds (as well as other sources of funds) include: North Main Terminal Redevelopment, C Concourse Expansion, South Concourse Renovation, Baggage Handling System Optimization, A Concourse Building Expansion, and components of other Airport projects.

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[6] Available Intermediate Lien Revenues are equal to Gross Revenue less the payment of (1) Operating Expenses, (2) all debt service, (3) reserve requirements, and (4) other costs associated with First Lien Bonds.

Estimated Series 2025ABC Bond Debt Service is based on a 5.25% interest rate and a 25-year bond term.

FORECAST COST PER ENPLANED PASSENGER

Updated forecasts of passenger airline revenues in total and expressed on a CPE basis are presented in Exhibit G of this 2025ABC Letter Report and were prepared in accordance with the methodologies in the new Signatory Lease and Operating Agreement (the Airline Agreement). The updated forecasts of passenger airline revenues incorporate updates to the forecasts of aviation activity and certain financial results (e.g., annual operating expenses) described earlier in this 2025ABC Letter Report.

A comparison of the forecasts presented in this 2025ABC Letter Report with those presented in the 2024ABC Report is provided in Table 1 for each year of the Forecast Period. As shown, the forecast CPE in this Series 2025ABC Letter Report is lower through 2029 by approximately 1% to 5%.

Table 1
PASSENGER AIRLINE COST PER ENPLANED PASSENGER

Year	2025ABC Letter Report	2024ABC Report	$ Increase/ (decrease)	% Increase/ (decrease)
2024 *(a)*	$18.24	$18.56	($0.32)	(1.7%)
2025	$19.43	$20.24	($0.81)	(4.0%)
2026	$22.51	$22.78	($0.27)	(1.2%)
2027	$25.60	$25.93	($0.33)	(1.3%)
2028	$27.53	$28.54	($1.01)	(3.5%)
2029	$29.07	$30.46	($1.39)	(4.6%)
2030 *(b)*	$30.84	n.a.	n.a.	n.a.

n.a. = Not applicable
(a) Actual results are shown for 2024 in this 2025ABC Letter Report, but were forecast in the 2024ABC Report.
(b) The Forecast Period in the 2024ABC Report was through 2029, not 2030.

DEBT SERVICE COVERAGE PURSUANT TO THE INTERMEDIATE LIEN MASTER RESOLUTION

Exhibit E of this 2025ABC Letter Report presents forecast operating revenues and expenses and the adjustments[7] necessary to determine forecast Gross Revenue and Operating Expenses

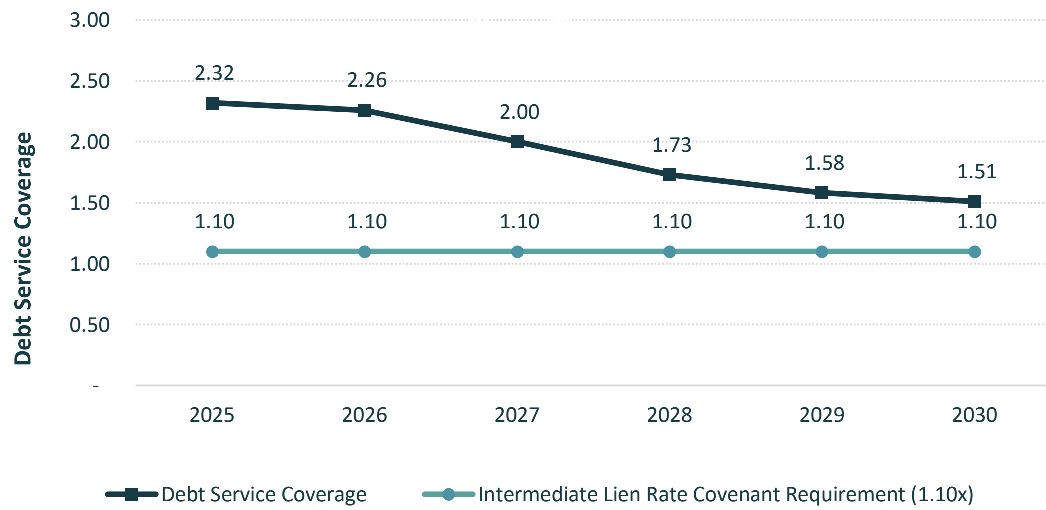
[7] Certain accounting adjustments were made in accordance with generally accepted accounting principles (GAAP) by the Port and were reflected in the actual 2024 results presented in the Port of Seattle's *2024 Annual Comprehensive Financial Report*, but those same adjustments were not included in the forecasts of updated financial results presented in this 2025ABC Letter Report as they were not assumed to be material.

Ms. Elizabeth Morrison
July 25, 2025

pursuant to the First Lien Master Resolution and to calculate Available Intermediate Lien Revenues for purposes of forecasting debt service coverage consistent with the Intermediate Lien Rate Covenant.

As shown on Figure 1, forecast debt service coverage in each year of the Forecast Period exceeds the 1.10 times minimum coverage requirement under the Intermediate Lien Rate Covenant for Available Intermediate Lien Revenues as First Adjusted (Test #1).

Figure 1
FORECAST DEBT SERVICE COVERAGE ON INTERMEDIATE LIEN REVENUE BONDS
PORT OF SEATTLE



Note: Based on Available Intermediate Lien Revenues as First Adjusted (Test #1), includes estimated debt service on the proposed Series 2025ABC Bonds and Future Revenue Bonds that the Port currently expects to issue during the Forecast Period. Changes in debt service, including any savings from outstanding Port revenue bonds that the Port may refund during the Forecast Period, are not included in the updated financial forecasts presented in this 2025ABC Letter Report.
Source for debt service: Port of Seattle.

Ms. Elizabeth Morrison
July 25, 2025

Provided in Table 2 is a comparison between the forecast of Intermediate Lien Revenue Bond Debt Service coverage in each year of the Forecast Period for this 2025ABC Letter Report and the 2024ABC Report.

Table 2
INTERMEDIATE LIEN DEBT SERVICE COVERAGE

Year	2025ABC Letter Report	2024ABC Report	Increase/ (decrease)
2024 *(a)*	2.43x	2.40x	0.03x
2025	2.32x	2.61x	(0.29x)
2026	2.26x	2.23x	0.03x
2027	2.00x	1.96x	0.04x
2028	1.73x	1.83x	(0.10x)
2029	1.58x	1.67x	(0.09x)
2030 *(b)*	1.51x	n.a.	n.a.

n.a. = Not applicable
(a) The actual coverage ratio for 2024 is shown in this 2025ABC Letter Report, but the coverage ratio was a forecast in the 2024ABC Report.
(b) The Forecast Period in the 2024ABC Report was through 2029, not 2030.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying updated financial forecasts in this 2025 ABC Letter Report are based on information and assumptions provided by Port management. The updated forecasts reflect Port management's expected course of action during the Forecast Period and, in management's judgment, present fairly the expected financial results of the Port under the assumptions in the 2025ABC Letter Report and the 2024ABC Report. Those key factors and assumptions that are significant to the updated forecasts and set forth in the exhibits to this 2025ABC Letter Report should be read in their entirety for an understanding of the updated forecasts and the underlying assumptions. In our opinion, the assumptions underlying the updated financial forecasts of the Port provide a reasonable basis for the forecasts.

However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the updated forecasts and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on its behalf make any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the Report. We have no responsibility to update this 2025ABC Letter Report for events and circumstances occurring after the date of the 2025ABC Letter Report.

Ms. Elizabeth Morrison
July 25, 2025

We appreciate the opportunity to serve as the Port's Independent Consultant in connection with this proposed financing.

Respectfully submitted,

WJ Advisors LLC

WJ Advisors LLC

Exhibit A

PORT 2025-2030 CAPITAL IMPROVEMENT PLAN - ESTIMATED COSTS AND FUNDING SOURCES
Port of Seattle
(in thousands)

	Estimated Project Cost (a)	Airport	Other Port Businesses (b)
PORT 2025-2030 CAPITAL IMPROVEMENT PLAN			
Airport projects funded in part with proposed Series 2025ABC Bond proceeds (c)	$ 2,958,319	$ 2,958,319	$ -
Other Capital Improvement Plan projects	2,974,520	1,947,820	1,026,700
Total Estimated Project Costs	**$ 5,932,839**	**$ 4,906,139**	**$ 1,026,700**
Percentage of total	100.0%	82.7%	17.3%

	Anticipated Funding Sources
ANTICIPATED FUNDING SOURCES	
Proposed Series 2025ABC Bond Proceeds	$ 684,795
Future Revenue Bond Proceeds (d)	2,828,511
Port Cash	1,262,813
Future and Existing G.O. Bond Proceeds and Tax Levy Cash	285,625
Existing Revenue Bond Proceeds	367,876
Federal Grants	395,554
Other (e)	107,666
Total Anticipated Funding Sources	**$ 5,932,839**

Notes: Columns may not add to totals shown because of rounding.

(a) Includes costs associated with design, construction cost inflation, program management, and contingency.

(b) Includes projects associated with the Port's Maritime Division, Corporate Division, Stormwater Utility, and the Port's share of the Seaport Alliance CIP. Also includes Port-only projects at facilities licensed to the Seaport Alliance.

(c) Airport CIP projects funded in part with the proposed Series 2025ABC Bond proceeds include: North Main Terminal Redevelopment, C Concourse Expansion, South Concourse Renovation, Baggage Handling System Optimization, A Concourse Building Expansion, and other renewal and replacement projects.

(d) Includes an estimated $200.1 million of future First Lien Revenue Bond proceeds for projects in the Other Port Businesses CIP.

(e) Includes pay-as-you-go CFC revenues, pay-as-you-go PFC revenues, and harbor maintenance tax.

Source: Port of Seattle.

Exhibit B

OPERATING REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except as noted)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

			Actual	Forecast					
	Reference	**Calculation**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
AIRPORT									
Airline Revenues (b)	Exhibit G		$ 520,941	$ 563,071	$ 660,277	$ 751,631	$ 812,506	$ 865,987	$ 925,219
Nonairline Revenues	Exhibit H		340,360	368,837	401,144	423,134	435,884	437,758	452,983
Total Airport operating revenues		**[A]**	$ 861,301	$ 931,909	$ 1,061,420	$ 1,174,764	$ 1,248,389	$ 1,303,746	$ 1,378,202
Annual % Change				8.2%	13.9%	10.7%	6.3%	4.4%	5.7%
Average annual increase (decrease) 2024 to 2030									8.1%
Passenger Airline Revenues (c)	Exhibit G	**[B]**	$ 479,063	$ 519,447	$ 615,052	$ 704,395	$ 763,514	$ 812,767	$ 869,225
Enplaned Passengers	Exhibit G	**[C]**	26,265	26,737	27,325	27,517	27,737	27,959	28,182
Passenger Airline Payments per Enplaned Passenger (in dollars)		**[D]=[B/C]**	$ 18.24	$ 19.43	$ 22.51	$ 25.60	$ 27.53	$ 29.07	$ 30.84
SEAPORT ALLIANCE (d)		**[E]**	60,493	40,545	53,394	54,663	54,757	44,195	45,079
Annual % Change				-33.0%	31.7%	2.4%	0.2%	-19.3%	2.0%
Average annual increase (decrease) 2024 to 2030									-4.8%
OTHER PORT BUSINESSES (a)		**[F]**	100,044	125,124	133,072	139,173	146,227	153,007	159,595
Annual % Change				25.1%	6.4%	4.6%	5.1%	4.6%	4.3%
Average annual increase (decrease) 2024 to 2030									8.1%
Total operating revenues (a)		**[G]=[A+E+F]**	**$ 1,021,838**	**$ 1,097,578**	**$ 1,247,886**	**$ 1,368,601**	**$ 1,449,373**	**$ 1,500,948**	**$ 1,582,876**
Annual % Change				7.4%	13.7%	9.7%	5.9%	3.6%	5.5%
Average annual increase (decrease) 2024 to 2030									7.6%

Notes: Columns may not add to totals shown because of rounding.

(a) As shown on Exhibit E, certain adjustments are made to operating revenues reflected on this Exhibit B in order to calculate Gross Revenue under the First Lien Master Resolution and Intermediate Lien Master Resolution. In addition, certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.

(b) See "The Airline Agreements" section of the official statement for the proposed Series 2025ABC Bonds for more information about the Airline Agreement. There has been no revenue sharing since the end of 2019.

(c) Passenger Airline Revenues are a subset of the Airline Revenues line above.

(d) This reflects the Port's 50% share of the Seaport Alliance Net Income, which the Port accounts for as operating revenues.

Source: Port of Seattle.

Exhibit C

OPERATING EXPENSES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Reference	Actual 2024	Forecast 2025	2026	2027	2028	2029	2030
AIRPORT OPERATING EXPENSES	Exhibit I	$ 529,828	$ 553,222	$ 594,115	$ 623,611	$ 657,498	$ 690,018	$ 724,163
Annual % Change			4.4%	7.4%	5.0%	5.4%	4.9%	4.9%
Average annual increase (decrease) 2024 to 2030								5.3%
OTHER PORT BUSINESSES OPERATING EXPENSES		122,813	128,987	145,333	144,962	150,267	156,001	161,291
Annual % Change			5.0%	12.7%	-0.3%	3.7%	3.8%	3.4%
Average annual increase (decrease) 2024 to 2030								4.6%
Total operating expenses (b)		**$ 652,641**	**$ 682,209**	**$ 739,448**	**$ 768,572**	**$ 807,766**	**$ 846,019**	**$ 885,453**
Annual % Change			4.5%	8.4%	3.9%	5.1%	4.7%	4.7%
Average annual increase (decrease) 2024 to 2030								5.2%

Notes: Columns may not add to totals shown because of rounding.

(a) Includes direct operating expenses and allocated administrative operating expenses. As shown on Exhibit E, certain adjustments are made to operating expenses reflected on this Exhibit C in order to calculate Operating Expenses under the First Lien Master Resolution and the Intermediate Lien Master Resolution. In addition, certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.

(b) The Port recognizes 50% of Seaport Alliance Net Income (Seaport Alliance revenues less expenses) as operating revenues in Exhibit B. As such, Seaport Alliance operating expenses are not included in the calculation of total operating expenses in this exhibit.

Source: Port of Seattle.

Exhibit D

DEBT SERVICE (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Calculation	Actual 2024	Forecast 2025	2026	2027	2028	2029	2030
FIRST LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 23,639	$ 38,135	$ 38,142	$ 23,524	$ 24,328	$ 28,123	$ 28,120
Future (b)		-	-	-	64	8,839	16,008	16,008
Total First Lien Revenue Bond Debt Service	[A]	$ 23,639	$ 38,135	$ 38,142	$ 23,588	$ 33,168	$ 44,131	$ 44,128
INTERMEDIATE LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 344,003	$ 351,486	$ 357,300	$ 372,231	$ 358,195	$ 342,030	$ 344,065
Future (b)(c)		-	-	12,947	54,461	122,026	177,913	218,349
Total Intermediate Lien Revenue Bond Debt Service	[B]	$ 344,003	$ 351,486	$ 370,247	$ 426,692	$ 480,221	$ 519,943	$ 562,414
SUBORDINATE LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 4,546	$ 17,524	$ 17,524	$ 17,524	$ 17,524	$ 17,524	$ 17,524
Future (b)		-	-	3,237	8,337	13,247	18,067	20,045
Commercial paper		-	4,976	507	507	507	507	507
Total Subordinate Lien Revenue Bond Debt Service	[C]	$ 4,546	$ 22,500	$ 21,268	$ 26,368	$ 31,278	$ 36,098	$ 38,076
Total Revenue Bond Debt Service	**=[A+B+C]**	**$ 372,188**	**$ 412,120**	**$ 429,657**	**$ 476,648**	**$ 544,667**	**$ 600,172**	**$ 644,619**

Notes: Columns may not add to totals shown because of rounding.
(a) Prior to any offsets of PFC revenues or CFC revenues.
(b) Future Revenue Bonds debt service is based on 5.25% interest rate, a 25-year bond term, required debt service reserve fund deposit, capitalized interest, and estimated costs of issuance. Debt service for Future Revenue Bonds is shown net of capitalized interest.
(c) Includes preliminary estimate of proposed Series 2025ABC Bonds debt service (new money only) based on 5.25% interest rate, 25-year bond term, required debt service reserve fund deposit, capitalized interest, and estimated costs of issuance.
Source: Port of Seattle.

Exhibit E

APPLICATION OF GROSS REVENUE (a)

Port of Seattle

Fiscal Years Ending December 31

(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Reference	Calculation	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
GROSS REVENUE									
Operating revenues	Exhibit B		$ 1,021,838	$ 1,097,578	$ 1,247,886	$ 1,368,601	$ 1,449,373	$ 1,500,948	$ 1,582,876
Less: SWU revenues not available to pay revenue bond debt service			(7,244)	(8,260)	(8,920)	(9,634)	(10,405)	(11,237)	(12,136)
Less: CFC revenues not available to pay revenue bond debt service			(20,872)	(21,602)	(23,589)	(25,592)	(26,573)	(27,000)	(28,546)
Plus: Seaport Alliance Adjustments			12,784	5,225	14,144	14,505	19,591	25,776	26,291
Plus: Non-operating revenue and expenses (net) (b)			60,182	28,435	7,474	(14,889)	(48,260)	(60,714)	(61,879)
Gross Revenue		**[A]**	$ 1,066,688	**$ 1,101,375**	**$ 1,236,994**	**$ 1,332,992**	**$ 1,383,726**	**$ 1,427,772**	**$ 1,506,606**
APPLICATION OF GROSS REVENUE									
Operating expenses	Exhibit C	**[B]**	$ 652,641	$ 682,209	$ 739,448	$ 768,572	$ 807,766	$ 846,019	$ 885,453
Less: Operating expenses paid from sources other than Gross Revenue (c)		**[C]**	(18,663)	(21,017)	(22,394)	(23,738)	(25,162)	(26,672)	(28,272)
Less: Tax Levy adjustment (d)		**[D]**	(47,513)	(42,846)	(41,635)	(43,360)	(45,305)	(47,113)	(29,426)
Operating Expenses		**[E] = [B+C+D]**	$ 586,465	$ 618,346	$ 675,419	$ 701,474	$ 737,299	$ 772,234	$ 827,755
Revenue Bond Debt Service									
First Lien Revenue Bond Debt Service	Exhibit D		$ 23,639	$ 38,135	$ 38,142	$ 23,588	$ 33,168	$ 44,131	$ 44,128
Less: First Lien Debt Service paid with PFC Revenues			-	-	-	-	-	-	-
Less: First Lien Debt Service paid with CFC Revenues			-	(14,414)	(14,414)	(9,814)	(10,619)	(14,414)	(14,414)
Total First Lien Revenue Bond Debt Service paid from Gross Revenue		**[F]**	$ 23,639	$ 23,721	$ 23,728	$ 13,774	$ 22,549	$ 29,717	$ 29,714
Intermediate Lien Revenue Bond Debt Service (e)	Exhibit D		$ 344,003	$ 351,486	$ 370,247	$ 426,692	$ 480,221	$ 519,943	$ 562,414
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues			(100,000)	(99,962)	(100,367)	(100,384)	(104,385)	(104,387)	(111,347)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues			(24,890)	(10,638)	(10,893)	(14,746)	(14,199)	(11,768)	(12,030)
Less: Intermediate Lien Revenue Bond Debt Service paid with CAP-I Funds			(30,933)	(42,555)	(20,686)	(2,421)	(776)	(8,759)	(8,759)
Total Intermediate Lien Revenue Bond Debt Service paid from Gross Revenue		**[G]**	$ 188,180	$ 198,332	$ 238,301	$ 309,142	$ 360,861	$ 395,028	$ 430,277
Subordinate Lien Bond Debt Service (f)	Exhibit D		$ 4,546	$ 22,500	$ 21,268	$ 26,368	$ 31,278	$ 36,098	$ 38,076
Less: Subordinate Lien Revenue Bond Debt Service paid with PFC Revenues			-	-	-	-	-	-	-
Total Subordinate Lien Revenue Bond Debt Service paid from Gross Revenue		**[H]**	$ 4,546	$ 22,500	$ 21,268	$ 26,368	$ 31,278	$ 36,098	$ 38,076
Remaining Gross Revenue (g)		**[I]=[A-E-F-G-H]**	263,859	238,477	278,278	282,234	231,739	194,695	180,783
Total application of Gross Revenue		**=[E+F+G+H+I]**	**$ 1,066,688**	**$ 1,101,375**	**$ 1,236,994**	**$ 1,332,992**	**$ 1,383,726**	**$ 1,427,772**	**$ 1,506,606**

Notes: Columns may not add to totals shown because of rounding.

(a) Certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.

(b) Includes gain/loss on sale of assets, interest income, environmental expenses, operating grants, discount on amortization, and other miscellaneous adjustments. The Port's forecast assumes non-operating expenses are higher than non-operating revenues in 2027 through 2030.

(c) Includes operating expenses paid from CFC Revenues and Stormwater Utility revenues.

(d) For purposes of calculating debt service coverage, Tax Levy amounts remaining after payment of General Obligation Bond debt service offset operating expenses. The Port is permitted, but not obligated, to pay operating expenses with Tax Levy amounts remaining after payment of General Obligation Bond debt service.

(e) For purposes of this report, potential future refundings are not incorporated.

(f) Subordinate Lien Bond Debt Service during the forecast period assumes annual amortization and interest on existing Subordinate Lien variable rate bonds (bullet maturity in 2033), certain future Subordinate Lien bonds, and commercial paper.

(g) Available to fund reserve accounts, fund Repair and Renewal Fund, retire revenue bond debt, make necessary improvements/repairs, or for any other lawful Port purpose.

Source: Port of Seattle.

Exhibit F

DEBT SERVICE COVERAGE (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

			Actual	Forecast					
	Reference	**Calculation**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Gross Revenue	Exhibit E	**[A]**	$ 1,066,688	$ 1,101,375	$ 1,236,994	$ 1,332,992	$ 1,383,726	$ 1,427,772	$ 1,506,606
Operating Expenses	Exhibit E	**[B]**	586,465	618,346	675,419	701,474	737,299	772,234	827,755
Net Revenues available for First Lien Revenue Bond Debt Service		**[C]=[A-B]**	$ 480,223	$ 483,029	$ 561,575	$ 631,518	$ 646,427	$ 655,538	$ 678,851
First Lien Revenue Bond Debt Service	Exhibit D	**[D]**	$ 23,639	$ 38,135	$ 38,142	$ 23,588	$ 33,168	$ 44,131	$ 44,128
INTERMEDIATE LIEN REVENUE BONDS									
Available Intermediate Lien Revenues		**[E]=[C-D]**	$ 456,584	$ 444,895	$ 523,433	$ 607,930	$ 613,259	$ 611,407	$ 634,723
Plus: Prior Lien Debt Service offset paid by PFC Revenues (b)	Exhibit E	**[F]**	-	-	-	-	-	-	-
Plus: Prior Lien Debt Service offset paid by CFC Revenues (c)	Exhibit E	**[G]**	-	14,414	14,414	9,814	10,619	14,414	14,414
Adjusted Available Intermediate Lien Revenues		**[H]=[E+F+G]**	$ 456,584	$ 459,308	$ 537,847	$ 617,744	$ 623,878	$ 625,821	$ 649,137
Intermediate Lien Revenue Bond Debt Service	Exhibit D	**[I]**	$ 344,003	$ 351,486	$ 370,247	$ 426,692	$ 480,221	$ 519,943	$ 562,414
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues	Exhibit E	**[J]**	(100,000)	(99,962)	(100,367)	(100,384)	(104,385)	(104,387)	(111,347)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues	Exhibit E	**[K]**	(24,890)	(10,638)	(10,893)	(14,746)	(14,199)	(11,768)	(12,030)
Less: Intermediate Lien Revenue Bond Debt Service paid with Capitalized Interest (d)	Exhibit E	**[L]**	(30,933)	(42,555)	(20,686)	(2,421)	(776)	(8,759)	(8,759)
Total Intermediate Lien Revenue Bond Debt Service net of offsets		**[M]=[I+J+K+L]**	$ 188,180	$ 198,332	$ 238,301	$ 309,142	$ 360,861	$ 395,028	$ 430,277
Intermediate Lien Revenue Bond Debt Service Coverage Ratio		**=[H/M]**	**2.43**	**2.32**	**2.26**	**2.00**	**1.73**	**1.58**	**1.51**
Required Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Required Test #1 Ratio - Available Intermediate Lien Revenues as First Adjusted (e)			1.10	1.10	1.10	1.10	1.10	1.10	1.10

Notes: Columns may not add to totals shown because of rounding.

(a) Certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.

(b) The Port receives certain revenues, including but not limited to PFC Revenues and CFC Revenues, that are not Gross Revenue but may be used to pay debt service on First Lien Revenue Bonds and Intermediate Lien Revenue Bonds. Under certain circumstances, such amounts used to pay debt service may be added to net revenues or deducted from debt service.

(c) This line reflects CFC Revenues to be used to pay debt service on the outstanding Series 2009 First Lien Bonds, which are added to Available Intermediate Lien Revenues for purposes of calculating the Intermediate Lien debt service coverage ratio.

(d) Reflects capitalized interest on existing Intermediate Lien Revenue Bond debt service.

(e) Per the Intermediate Lien Rate Covenant, under Test #1, the required coverage ratio is 1.10 times debt service when Prior Lien Debt Service Offsets certified by the Port are included in the numerator. The Port has currently pledged any debt service offsets.

Source: Port of Seattle.

Exhibit G

AIRLINE REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except Passenger Airline Revenue per Enplaned Passenger)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Calculation	Actual 2024	Forecast 2025	2026	2027	2028	2029	2030
AIRLINE REVENUES (SIGNATORY AND NONSIGNATORY AIRLINES)								
Terminal Building (b)		$ 276,998	$ 282,140	$ 348,803	$ 414,052	$ 460,329	$ 492,150	$ 524,254
FIS		12,580	47,444	51,212	55,286	55,154	57,720	59,923
Landing Fees		166,234	161,468	182,874	197,344	208,084	220,134	239,643
Other Airfield Movement Area (c)		4,403	4,719	4,459	4,459	4,475	4,485	4,495
Airfield Apron Area		32,266	35,432	40,120	45,575	48,473	53,555	56,491
Airfield Commercial Area (d)		22,922	25,334	26,063	27,017	27,998	30,330	31,411
Other (e)		5,538	6,534	6,746	7,899	7,993	7,613	9,001
Airline Revenues treated as operating revenues on Exhibit B (f)	**[A]**	**$ 520,941**	**$ 563,071**	**$ 660,277**	**$ 751,631**	**$ 812,506**	**$ 865,987**	**$ 925,219**
CALCULATION OF PASSENGER AIRLINE REVENUES PER ENPLANED PASSENGER								
Total Airline Revenues (f)	**=[A]**	$ 520,941	$ 563,071	$ 660,277	$ 751,631	$ 812,506	$ 865,987	$ 925,219
Less: Non-Passenger Airline Revenues								
Cargo Landing Fees	**[B]**	(14,553)	(13,571)	(14,703)	(15,761)	(16,518)	(18,406)	(20,089)
Airfield Commercial Area revenues	**[C]**	(22,922)	(25,334)	(26,063)	(27,017)	(27,998)	(30,330)	(31,411)
Other Non-Passenger Airline Revenues (g)	**[D]**	(4,403)	(4,719)	(4,459)	(4,459)	(4,475)	(4,485)	(4,495)
Passenger Airline Revenues	**[E]=[A+B+C+D]**	**$ 479,063**	**$ 519,447**	**$ 615,052**	**$ 704,395**	**$ 763,514**	**$ 812,767**	**$ 869,225**
Total Enplaned Passengers	**[F]**	26,265	26,737	27,325	27,517	27,737	27,959	28,182
Passenger Airline Revenues per Enplaned Passenger	**=[E/F]**	**$18.24**	**$19.43**	**$22.51**	**$25.60**	**$27.53**	**$29.07**	**$30.84**

Notes: Columns may not add to totals shown because of rounding.
(a) Certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.
(b) Includes bag system, airport operating system, gate utility, and ground service equipment charges.
(c) Includes ID badging, certain hangar revenue, and certain general aviation revenue.
(d) Includes revenue from Airfield commercial properties, cargo operations, and fuel hydrant.
(e) Includes passenger loading bridge charges.
(f) See "The Airline Agreements" section of the official statement for the proposed Series 2025ABC Bonds for more information about the Airline Agreement. There has been no revenue sharing since the end of 2019.
(g) Primarily includes non-passenger airline fees from the Airfield Movement Area.
Source: Port of Seattle.

Exhibit H

NONAIRLINE REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Actual	Forecast					
	Calculation	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
NONAIRLINE REVENUES								
Aviation Properties (b)	**[A]**	$ 17,639	$ 35,226	$ 38,787	$ 42,160	$ 43,540	$ 44,208	$ 44,720
Landside								
Public Parking		$ 116,535	116,467	123,065	127,668	131,967	129,958	134,089
Rental Cars		43,562	46,523	46,784	47,138	47,588	48,449	49,327
CFC revenues treated as operating revenues (c)		20,872	21,602	23,589	25,592	26,573	27,000	28,546
Employee Parking		10,462	13,270	15,478	17,110	18,974	20,925	23,295
Other Ground Transportation		23,946	25,335	25,497	26,248	26,724	27,223	27,770
Total Landside	**[B]**	$ 215,377	$ 223,197	$ 234,412	$ 243,755	$ 251,826	$ 253,555	$ 263,026
Airport Dining & Retail								
Food & Beverage/Retail		$ 52,785	$ 55,090	$ 67,104	$ 72,514	$ 70,840	$ 73,613	$ 76,495
Duty Free		3,109	2,968	3,962	4,123	6,933	9,369	9,615
Other Terminal Concessions (d)		24,801	23,711	26,644	29,340	30,430	31,329	32,262
Total Airport Dining & Retail	**[C]**	$ 80,696	$ 81,769	$ 97,710	$ 105,978	$ 108,203	$ 114,311	$ 118,371
Utilities	**[D]**	$ 9,578	$ 10,838	$ 11,742	$ 12,349	$ 12,993	$ 13,675	$ 14,396
Other Nonairline Revenues (e)	**[E]**	17,071	17,807	18,493	18,892	19,322	12,010	12,469
Total Nonairline Revenues	**=[A+B+C+D+E]**	**$ 340,360**	**$ 368,837**	**$ 401,144**	**$ 423,134**	**$ 435,884**	**$ 437,758**	**$ 452,983**
Annual % Change			8.4%	8.8%	5.5%	3.0%	0.4%	3.5%
Average annual increase (decrease) 2024 to 2030								4.9%

Notes: Columns may not add to totals shown because of rounding.

(a) Certain accounting adjustments included in actual 2024 amounts were not assumed in the forecasts and were not assumed to be material.

(b) Includes revenues associated with International Place (SEA-TAC Office Center (STOC)) starting in 2025.

(c) Equal to total CFC revenues less CFC revenues used to pay debt service. CFC revenues used to pay debt service will vary from year-to-year depending on actual debt service payments.

(d) Includes advertising, nonairline space rentals, vending, foreign exchange, ATMs, and tenant marketing.

(e) Includes revenue from (1) international lounges (the Club at SEA) located in Concourse A and the South Satellite and (2) the Conference Center at Sea-Tac located near Port offices at the Airport.

Source: Port of Seattle.

Exhibit I

AIRPORT OPERATING EXPENSES
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Forecast					
	2024	2025	2026	2027	2028	2029	2030
AIRPORT OPERATING EXPENSES							
Airport Operating and Maintenance Expenses (a)	$ 529,828	$ 553,222	$ 589,915	$ 619,411	$ 650,381	$ 682,901	$ 717,046
Expenses Associated with Future Capital Projects	-	-	4,200	4,200	7,117	7,117	7,117
Total Airport	**$ 529,828**	**$ 553,222**	**$ 594,115**	**$ 623,611**	**$ 657,498**	**$ 690,018**	**$ 724,163**
Annual % Change		4.4%	7.4%	5.0%	5.4%	4.9%	4.9%
Average annual increase (decrease) 2024 to 2030							5.3%
SUMMARY BY COST CENTER							
Terminal Building (b)	$ 216,537	$ 224,262	$ 243,104	$ 255,059	$ 270,729	$ 283,909	$ 297,749
FIS	30,299	29,411	31,176	32,735	34,371	36,090	37,894
Airfield Movement Area	134,652	130,344	139,597	146,567	153,686	161,370	169,438
Airfield Apron Area	17,128	18,217	19,375	20,344	21,361	22,429	23,550
Airfield Commercial Area	9,880	11,108	11,833	12,424	13,045	13,698	14,383
Nonairline	120,783	139,495	148,623	156,055	163,857	172,050	180,653
Other (c)	549	384	408	428	449	472	495
Total Airport	**$ 529,828**	**$ 553,222**	**$ 594,115**	**$ 623,611**	**$ 657,498**	**$ 690,018**	**$ 724,163**

Notes: Columns may not add to totals shown because of rounding.

(a) Includes expenses allocated to the Airport from the Port's Corporate and Economic Development divisions. Includes Port costs associated with operating the shuttle bus service between the ConRAC and the Airport terminal building; such costs are paid from CFC revenues treated as operating revenues as presented in Exhibit H.

(b) Includes baggage system, gate utilities, passenger loading bridges, airport operating systems, and ground service equipment charges.

(c) Includes expenses associated with airline realignment and service groups.

Source: Port of Seattle.

Appendix A

WJ ADVISORS' REVIEW OF CERTAIN UPDATED INFORMATION AND ASSUMPTIONS

Provided below is a summary of certain updated information and assumptions reviewed by WJ Advisors LLC in connection with this 2025ABC Letter Report.

AIRPORT AVIATION ACTIVITY

In the 2024ABC Report, it was assumed that the number of enplaned passengers at the Airport would increase 4.3% from 2023 to 2024. Actual passenger numbers increased 3.5% between 2023 and 2024.

Alaska Airlines and Hawaiian Airlines Merger

After the date of the 2024ABC Report, the Alaska Airlines and Hawaiian Airlines merger was completed on September 18, 2024[8].

The effect of the merger on numbers of enplaned passengers at the Airport is still undetermined, but initial changes include new Alaska Airlines international long-haul service from the Airport to Tokyo, Rome, and Seoul. In addition, Alaska Airlines announced on January 14, 2025, that it is focused on increasing service at Portland International Airport, which it will likely use as a secondary northwest hub to enable expansion of the number of international flights it is able to serve at the Airport.

Changes in Airline Service

Since the date of the 2024ABC Report, the following airlines have initiated or have announced that they will initiate service at the Airport:

- STARLUX Airlines – Taipei, initiated service in August 2024 (3 times per week)[9]
- Philippine Airlines – Manila, initiated service in October 2024 (3 times per week)[10]
- Alaska Airlines – Liberia (Costa Rica), initiated service in December 2024 (1 time per week)[11]

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[8] Source: Alaska Airlines website, https://news.alaskaair.com/company/alaska-airlines-completes-acquisition-of-hawaiian-airlines-expanding-benefits-and-choice-for-travelers/, accessed June 2025.
[9] Source: Port of Seattle website, https://www.portseattle.org/news/seeing-stars-and-city-lights-starlux-airlines-announces-new-service-sea-airport-taipei, accessed June 2025.
[10] Source: Philippine Airlines website, https://www.philippineairlines.com/us/en/newsevent-listingpage/press-releases-statements/philippine-airlines-to-launch-manila-seattle-route-in-october-2024.html, accessed June 2025.
[11] Source: Alaska Airlines website, https://news.alaskaair.com/destinations/alaska-airlines-launches-new-service-from-west-coast-cities-to-top-winter-destinations/, accessed June 2025.

- WestJet – Kelowna, initiated service in January 2025 (7 times per week)[12]
- Alaska Airlines – Tokyo, initiated service in May 2025 (7 times per week)[13]
- Scandinavian Airlines – Copenhagen, initiated service in May 2025 (5 times per week)[14]
- Edelweiss Air – Zurich, initiated service in June 2025 (2 times per week)[15]
- Alaska Airlines – Rome, is expected to initiate service May 2026 (4 times per week)[16]
- Delta Air Lines – Rome, is expected to initiate service May 2026 (4 times per week)[17]
- Delta Air Lines – Barcelona, is expected to initiate service May 2026 (3 times per week)[18]
- Alaska Airlines – Seoul, is expected to initiate service September 2026 (7 times per week)[19]

In addition to the above, Spirit Airlines is scheduled to end service at the Airport in August 2025[20].

Other Factors Affecting the Forecast of Enplaned Passengers

Other factors that may affect the forecast of enplaned passengers include changes in U.S. economic policies, including the imposition of tariffs on U.S. trading partners. and changes in U.S. border policy. The number of enplaned passengers traveling to Canada from the Airport decreased 9.8% and 15.2% in April and May 2025, respectively, from numbers in the same months of the prior year, likely as a result of proposed changes in tariffs and other factors between the two countries. However, the number of scheduled flights to international destinations from the Airport for the 2025 summer season[21] increased 6.1% compared with the number of scheduled flights in the same period of 2024.

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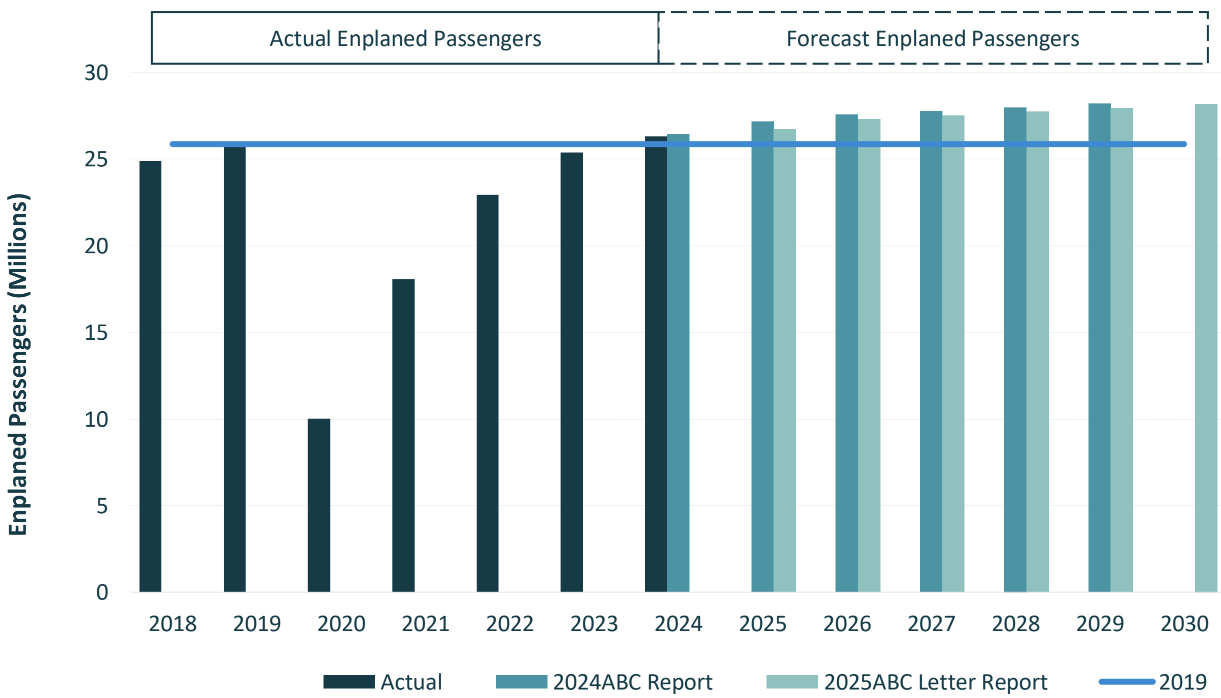
[12] Source: Kelowna International Airport website, https://ylw.kelowna.ca/news-events/news/westjet-taking-kelowna-new-service-seattle, accessed June 2025.
[13] Source: Alaska Airlines website, https://news.alaskaair.com/alaska-airlines/alaska-airlines-launches-new-era-of-widebody-international-flying-in-seattle/, accessed June 2025.
[14] Source: Port of Seattle website, https://www.portseattle.org/news/nostalgic-airline-returns-sea-nonstop-copenhagen, accessed June 2025.
[15] Source: Port of Seattle website, https://www.portseattle.org/news/sea-welcomes-announcement-edelweiss-airs-new-service-zurich, accessed June 2025.
[16] Source: Alaska Airlines website, https://news.alaskaair.com/alaska-airlines/ciao-italia/, accessed June 2025.
[17] Source: Delta Air Lines website, https://news.delta.com/delta-doubles-down-seattle-new-global-routes-and-two-new-lounges, accessed June 2025.
[18] Source: Delta Air Lines website, https://news.delta.com/delta-doubles-down-seattle-new-global-routes-and-two-new-lounges, accessed June 2025.
[19] Source: Alaska Airlines website, https://news.alaskaair.com/destinations/alaska-airlines-announces-new-nonstop-flights-between-seattle-and-seoul-incheon/, accessed June 2025.
[20] Source: Based on most current Official Airline Guide (OAG) schedule information provided by Port of Seattle as of July 16, 2025.
[21] Based on the International Air Transport Association summer season from March 30, 2025, to October 25, 2025.

Updated Forecasts of Enplaned Passengers

In the 2024ABC Report, the total number of enplaned passengers at the Airport was forecast by the Port to increase an average of 1.8% per year, from 25.4 million in 2023 to 28.2 million in 2029. The updated forecast of aviation activity prepared by the Port in connection with this 2025ABC Letter Report was based on the assumption that the number of enplaned passengers at the Airport during the Forecast Period would increase an average of 1.6% per year, from 25.4 million in 2023, to 28.0 million in 2029, and to 28.2 million in 2030 (the last year of the Forecast Period in this 2025ABC Letter Report). The lower rates of increase used in this 2025ABC Letter Report result in a forecast of 28.2 million enplaned passengers in 2030, approximately the same number as the forecast for 2029 in the 2024ABC Report (see Figure 2), largely due to (1) slower economic activity and reductions in the number of scheduled domestic seats at the Airport compared to the numbers included in the 2024ABC Report, which was partially offset by (2) increases in international flights and service at the Airport.

Figure 2
ACTUAL AND FORECAST ENPLANED PASSENGERS
Seattle-Tacoma International Airport



Source: Port of Seattle records.

Between 2024 and 2030, the number of passengers enplaned at the Airport is forecast by the Port to increase an average of 1.2% per year, to 28.2 million enplaned passengers in 2030.

The Federal Aviation Administration (FAA) in its most recent *Terminal Area Forecast* (TAF) for the Airport (2024 FAA TAF, accessed June 2025) forecasts an average annual increase of 2.7% in the number of enplaned passengers at the Airport between 2024 and 2030, to 29.6 million enplaned passengers in 2030. As a result of the different forecast rates of increase assumed by the Port and the FAA, the number of enplaned passengers forecast by the FAA in 2030 is 1.4 million, or 5.0% higher than the number of enplaned passengers forecast by the Port.

PORT CAPITAL IMPROVEMENT PLAN AND SOURCES AND USES OF FUNDS

Port Capital Improvement Plan

As shown in Exhibit A of this 2025ABC Letter Report, the Combined Port CIP for 2025-2030 is estimated to cost approximately $5.9 billion, including approximately $4.9 billion (or 82.7%) for improvements to Airport facilities and approximately $1.0 billion (or 17.3%) for improvements associated with Other Port Businesses, and the Port's share of Seaport Alliance capital improvement costs.

Table 3 shows total project costs included in the updated financial forecasts presented in this 2025ABC Letter Report (including the Combined Port CIP for 2025-2030 plus actual 2024 CIP expenditures) compared with the 2024-2029 Combined Port CIP included in the financial forecasts presented in the 2024ABC Report.

Relative to the financial forecasts presented in the 2024ABC Report, the Port's updated financial forecasts presented in this 2025ABC Letter Report incorporate approximately $176 million of additional project costs (see Table 3) resulting from (1) one additional year of capital projects (2030), (2) actual 2024 Combined Port CIP expenditures, and (3) various changes to costs, timing, and funding associated with 2024-2029 capital projects.

Sources and Uses of Funds

As shown on Exhibit A of this 2025ABC Letter Report, approximately $684.8 million of the Combined Port CIP is expected to be financed with the net proceeds from the sale of the proposed Series 2025ABC Bonds and approximately $2.8 billion in other costs is expected to be financed with the net proceeds from the sale of Future Revenue Bonds. It was assumed in the updated financial forecasts that any Future Revenue Bonds would include a combination of Intermediate Lien Revenue Bonds and Subordinate Lien Revenue Bonds.

As presented in Table 3, the estimated shares of funding sources to pay for the Combined Port CIP incorporated in the financial forecasts presented in this 2025ABC Letter Report have not changed materially since the 2024ABC Report.

Table 3

SUMMARY OF CHANGES TO THE COMBINED PORT CIP INCORPORATED IN THE UDPATED FINANCIAL FORECASTS

(dollars in millions)

	[A] 2024ABC Report CIP (2024-2029)	[B] 2024 Actual + 2025ABC Letter Report CIP (2024-2030)	[C=B-A] Increase (decrease) since 2024ABC Report
Airport CIP	$5,426	$5,598	$172
Other Port Businesses	1,137	1,141	4
Combined Port CIP	**$6,563**	**$6,739**	**$176**
Sources of Funds			
Revenue Bond Proceeds	64.2%	66.7%	2.5%
Port Cash	20.1%	20.0%	(0.1%)
Federal Grants	6.8%	6.6%	(0.2%)
Other (a)	8.9%	6.7%	(2.2%)
Total	**100.0%**	**100.0%**	**0.0%**

Note: Columns may not add to totals shown because of rounding

(a) Includes general obligation bond proceeds, tax levy cash, pay-as-you-go CFC revenues, pay-as-you-go PFC revenues, and harbor maintenance tax.

FINANCIAL PERFORMANCE

Operating Revenues

Actual Port operating revenues in 2024 were approximately $1.0 billion compared with a forecast of $953.6 million in the 2024ABC Report, approximately 4.9% higher than the forecast.

Actual operating revenues by major revenue source in 2024 are shown on Figure 3; Figure 4 presents the percentage of actual operating revenues by major revenue source for 2024.

Figure 3
AMOUNT OF 2024 OPERATING REVENUES
Port of Seattle

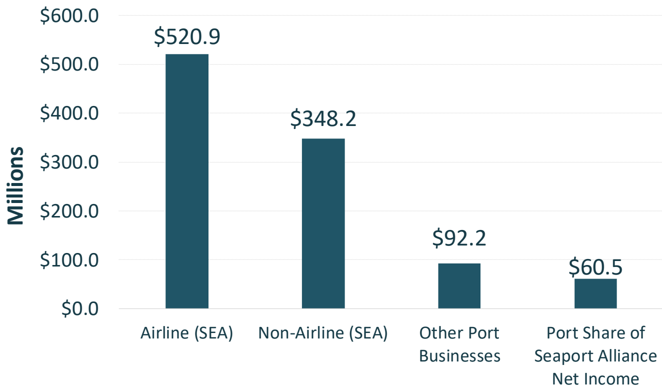
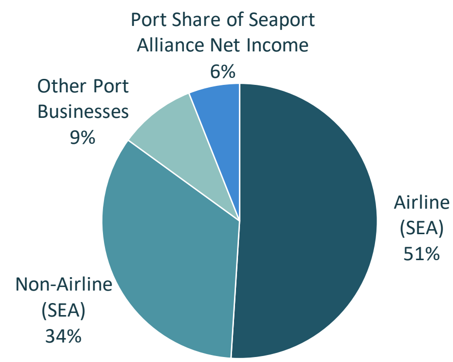


Figure 4
PERCENTAGE OF 2024 OPERATING REVENUES
Port of Seattle



Note: SEA = Seattle-Tacoma International Airport.
Source: Port of Seattle records.

As of the date of the 2024ABC Report, the Port was negotiating with the airlines operating at the Airport regarding a new Airline Agreement. In the 2024ABC Report, it was assumed that there would be no changes to the methodology used to calculate airline rates and charges in the then existing agreement.

In April 2025, the Port Commission approved a new 10-year Airline Agreement that became effective retroactively on January 1, 2025. The new Airline Agreement expires on December 31, 2034. The new Airline Agreement does not include any material changes to the methodology used to calculate airline rates and charges used in the 2024ABC Report and this 2025ABC Letter Report.

Major sources of nonairline revenue at the Airport include public parking, car rentals, and in-terminal concessions. Certain of the key assumptions (e.g., revenue per enplaned passenger) used by the Port to forecast nonairline revenues were updated by the Port, resulting in updated forecasts of nonairline revenues, but the differences between the updated forecasts and the prior forecasts presented in the 2024ABC Report were not material.

The Port share of Seaport Alliance net income in 2024 was largely attributable to container cargo shipping. Revenue from Other Port Businesses in 2024 were largely attributable to maritime (non-container) operations and leases, including, but not limited to cruise ship terminals, the grain terminal, and marinas. Certain of the key assumptions used to forecast revenues from Other Port Businesses were updated, but the differences between the updated forecast and the prior forecasts presented in the 2024ABC Report were not material.

Total operating revenues for the Port are forecast to increase an average of approximately 7.6% per year during the Forecast Period, from $1.0 billion in 2025 to $1.6 billion in 2030. In the 2024ABC Report, the rate of increase from 2023 through 2029 was assumed to be 8.5% per year, with total Port operating revenues forecast to be $1.56 billion in 2029 compared with a forecast of $1.50 billion in 2029 in this 2025ABC Letter Report.

Operating Expenses

The 2024ABC Report included the Port's estimated operating expenses for 2024 and a forecast of all future Port operating expenses, increasing an average of 6.4% per year between 2024 and 2029. The updated average annual rate of increase in forecast Port operating expenses included in this 2025ABC Letter Report from 2024 through 2029 is approximately 5.3%, reflecting the Port's current expectation that the annual rate of increase in operating expenses will moderate during the Forecast Period such that the forecast of operating expenses in 2029 in this 2025ABC Letter Report is similar to the forecast of 2029 operating expenses in the 2024ABC Report. The Port may change the timing and cost of certain projects in the Combined Port CIP if the actual growth in Port operating expenses exceeds the assumed amount during the Forecast Period.

Actual 2024 Port operating expenses are shown on Figure 5; Figure 6 presents the percentage of operating expenses for the Airport and Other Port Businesses for the same year.[22]

Figure 5
OPERATING EXPENSES IN 2024
Port of Seattle

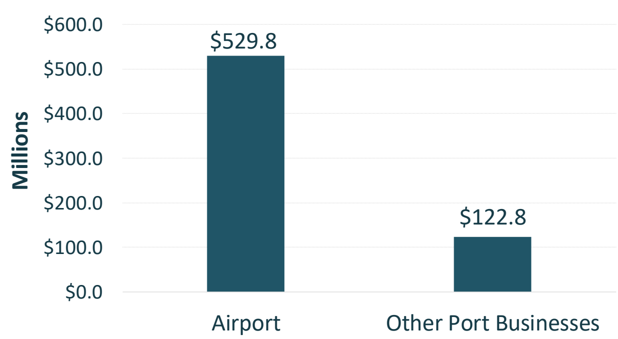
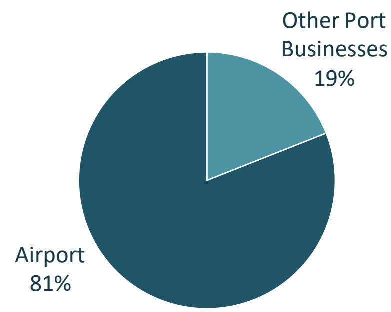


Figure 6
PERCENTAGE OF OPERATING EXPENSES IN 2024
Port of Seattle



Source: Port of Seattle records.

In 2024, actual Port operating expenses were $652.6 million, $25.2 million or 4.0% higher than the estimated amount included in the 2024ABC Report, primarily as a result of (1) higher than expected payroll and benefit costs resulting from certain pay rate adjustments and increases in headcount and (2) higher than expected administrative and law enforcement expenses. The Airport accounted for 81.2% of the total actual 2024 Port operating expenses, and Other Port Businesses accounted for the remaining 18.8%.

[22] Source: Port of Seattle 2024 *Annual Comprehensive Financial Report*, excluding depreciation.

The updated forecast of Port operating expenses included in this 2025ABC Letter Report (see Exhibit C) is based on the Port's 2025 budget and the following key assumptions used by the Port:

- **Airport**. Airport operating expenses are forecast to increase an average of 5.5% per year, from $553.2 million in 2025 to $724.2 million in 2030. The updated forecast of Airport operating expenses reflects an increase to $690.0 million in 2029, approximately 0.7% lower than the 694.7 million forecast presented in the 2024ABC Report in 2029. Updates to key assumptions used by the Port to forecast Airport operating expenses during the Forecast Period include (1) increases in annual operating expenses for existing facilities (meaning, other than expenses associated with future capital projects) relative to 2025-2029 forecasts included in the 2024ABC Report (now approximately $10.3 million to $25.3 million higher annually, primarily as a result of higher actual 2024 and budgeted 2025 expenses), (2) decreases in expenses associated with future capital projects relative to forecasts included in the 2024ABC Report (now $4.2 million lower in 2025 and $14.9 million lower in 2028 and 2029) as a result of refined estimates and timing, and (3) addition of new operating expenses, including expenses associated with new office and parking facilities acquired by the Port after the date of the 2024 ABC Report.
- **Other Port Businesses**. In this 2025ABC Letter Report, operating expenses for Other Port Businesses are forecast to increase from $129.0 million in 2025 to $161.3 million in 2030, at an average annual increase of approximately 4.6%, as presented on Exhibit C. The differences between the updated forecast and the forecast included in the 2024ABC Report between 2025 and 2029 range from approximately $3.5 million (or 2.2%) lower to $0.7 million (or 0.5%) higher per year, with the exception of 2026, in which operating expenses are now forecast to be approximately $8.7 million (or 6.4%) higher.

Debt Service

This 2025ABC Letter Report also incorporates actual rather than estimated debt service on the Series 2024ABC Bonds, and the debt service savings associated with the refunding of certain Series 2015A, Series 2015B, and Series 2013 Intermediate Lien Bonds (refunded with Series 2024A and Series 2024B Bond proceeds).

As shown on Exhibit D of this 2025ABC Letter Report, debt service on all Intermediate Lien Parity Bonds, including the proposed Series 2025ABC Bonds, is estimated to increase from $344.0 million in 2024 to $562.4 million in 2030. Increases in debt service during the Forecast Period are attributable to the addition and structuring of the proposed Series 2025ABC Bonds and Future Revenue Bonds.

As shown on Exhibits E and F, Intermediate Lien Debt Service is estimated to increase from $188.2 million in 2024 to $430.3 million in 2030. In the 2024ABC Report, Intermediate Lien Debt Service was estimated to increase to $412.3 million in 2029, but is now estimated to be $395.0 million in 2029.

W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS

Appendix C

Report of the Independent Consultant

on the proposed issuance of

Port of Seattle

Intermediate Lien Revenue Refunding Bonds, Series 2024A, Non-Alternative Minimum Tax

Intermediate Lien Revenue and Refunding Bonds, Series 2024B, Alternative Minimum Tax

Intermediate Lien Revenue Bonds, Series 2024C, Taxable

July 18, 2024

Prepared for

Port of Seattle | Seattle, Washington

Prepared by

WJ Advisors LLC | Denver, Colorado

www.wj-advisors.com

July 18, 2024

Mr. Dan Thomas
Chief Financial Officer
Port of Seattle
Pier 69
2711 Alaskan Way
Seattle, Washington 98121

Re: Report of the Independent Consultant on the Proposed Issuance of Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2024A (Non-AMT); Intermediate Lien Revenue and Refunding Bonds, Series 2024B (AMT); and Intermediate Lien Revenue Bonds, Series 2024C (Taxable)

Dear Mr. Thomas:

WJ Advisors LLC is pleased to submit this Report of the Independent Consultant (the Report) related to the proposed issuance of the following Series 2024ABC Revenue and Refunding Bonds (the proposed Series 2024ABC Bonds):

- Intermediate Lien Revenue Refunding Bonds, Series 2024A (Non-Alternative Minimum Tax [AMT])
- Intermediate Lien Revenue and Refunding Bonds, Series 2024B (AMT)
- Intermediate Lien Revenue Bonds, Series 2024C (Taxable)

The proposed Series 2024ABC Bonds are to be issued pursuant to the Port of Seattle's (the Port's) Intermediate Lien Master Resolution No. 3540, as amended.

The Port currently owns, operates, manages, and maintains Seattle-Tacoma International Airport (the Airport) and other Port businesses, including cruise terminals, recreational and commercial marinas, stormwater utilities, and various commercial and industrial properties (the Other Port Businesses). The Port continues to own containerized cargo terminals and licenses their management and operation to the Northwest Seaport Alliance (the Seaport Alliance or NWSA). The Seaport Alliance is a development authority jointly formed in 2015 by charter between the Port of Seattle and the Port of Tacoma.

While the financial forecasts included in the Report reflect all Port businesses, a significant portion of the Report is focused on the Airport, which accounted for 83.7% of the Port's revenues in 2023[1], and currently accounts for 82.7% of the Port's 2024-2029 Capital Improvement Plan (the Combined Port CIP) costs. A portion of the Combined Port CIP is expected to be funded with the net proceeds from the sale of the proposed Series 2024ABC Bonds.

[1] The Port's Fiscal Year is the same as the calendar year.

Mr. Dan Thomas
July 18, 2024

The Report was prepared to forecast key financial results for the Port from 2024 through 2029 (referred to herein as the Forecast Period), including: (1) Available Intermediate Lien Revenues, (2) debt service coverage pursuant to the Intermediate Lien Master Resolution taking into account the issuance of the proposed Series 2024ABC Bonds and future revenue bonds that the Port expects to issue during the Forecast Period (Future Revenue Bonds) to fund a portion of Combined Port CIP costs, and (3) average airline cost per enplaned passenger at the Airport.

WJ Advisors LLC reviewed Port-prepared forecasts of aviation activity and financial results. As the Airport is the primary source of revenue for repayment of the proposed Series 2024ABC Bonds, the Report is primarily focused on the Airport 2024-2029 Capital Improvement Plan[2] (the Airport CIP) and financial operations related to the Airport. The results and key findings of our review are summarized in this letter and described more fully in the following three sections of the Report: Attachment 1—Airline Traffic and Economic Analysis; Attachment 2—Airport 2024-2029 Capital Improvement Plan and Funding Sources; and Attachment 3—Airport Financial Performance. The Report should be read in its entirety for an understanding of the financial forecasts and the underlying assumptions.

Capitalized terms in the Report are used as defined in the Port's Intermediate Lien Master Resolution.

PROPOSED SERIES 2024ABC BONDS

The Port intends to issue the proposed Series 2024ABC Bonds to:

- Finance a portion of the Airport CIP
- Reimburse the Port for costs it has already incurred in funding a portion of the Airport CIP
- Pay capitalized interest
- Make deposits to the Intermediate Lien Reserve Accounts
- Pay issuance and financing costs associated with the proposed Series 2024ABC Bonds

The Port may also use net proceeds from the sale of the proposed Series 2024ABC Bonds to refund or restructure certain other outstanding Port obligations during the Forecast Period, including, but not limited to, Port Revenue Bonds, but no such refunding or restructuring was assumed in the Report. Savings, if any, from a refunding or restructuring of Port obligations would likely improve the forecast Port financial results presented in the Report.

Projects expected to be funded with the net proceeds from the sale of the proposed Series 2024ABC Bonds are described in Attachment 2 and include: North Main Terminal

[2] The Airport 2024-2029 Capital Improvement Plan includes expenditures on projects in 2024 through 2029 and does not include any actual expenditures on those projects before 2024 or after 2029.

Mr. Dan Thomas
July 18, 2024

Redevelopment, C Concourse Expansion, South Concourse Renovation, Baggage Handling System Optimization, A Concourse Building Expansion, and components of other Airport projects.

AVIATION ACTIVITY

The worldwide outbreak of novel coronavirus SARS-CoV-2 (COVID-19) starting in late 2019 caused significant disruptions to domestic and international passenger travel as well as the conduct of day-to-day business at the Port, in the rest of the United States, and in the world. Prior to outbreak of the COVID-19 pandemic, the local and regional economy in the area served by the Airport was supported by a number of factors, including, but not limited to, strong population growth, low unemployment, high levels of non-agricultural employment growth, and high levels of per capita income, which led to increasing numbers of enplaned passengers at the Airport. Following the COVID-19 pandemic, the local and regional economy has shown resilience, as demonstrated by continued strong population growth, low unemployment, diversified employment sectors, high levels of per capita income, and recovery in the number of convention and leisure visitors in the area. As discussed below, these and other factors have resulted in a strong recovery in the number of enplaned passengers at the Airport since the COVID-19 pandemic.

Beginning in 2021 and continuing through 2023, the number of enplaned passengers at the Airport recovered at a faster rate than the number of enplaned passengers in the nation as a whole following the outbreak of the COVID-19 pandemic.

In 2023, the number of domestic enplaned passengers at the Airport was 2.2% lower than in 2019, and the number of international enplaned passengers at the Airport was 0.2% lower than in 2019. As shown on Figure 1, the total number of enplaned passengers at the Airport in 2024 is expected to exceed the number of Airport enplaned passengers in 2019 for the first time since the COVID-19 pandemic began, marking an end to COVID-19 related effects on passenger traffic.

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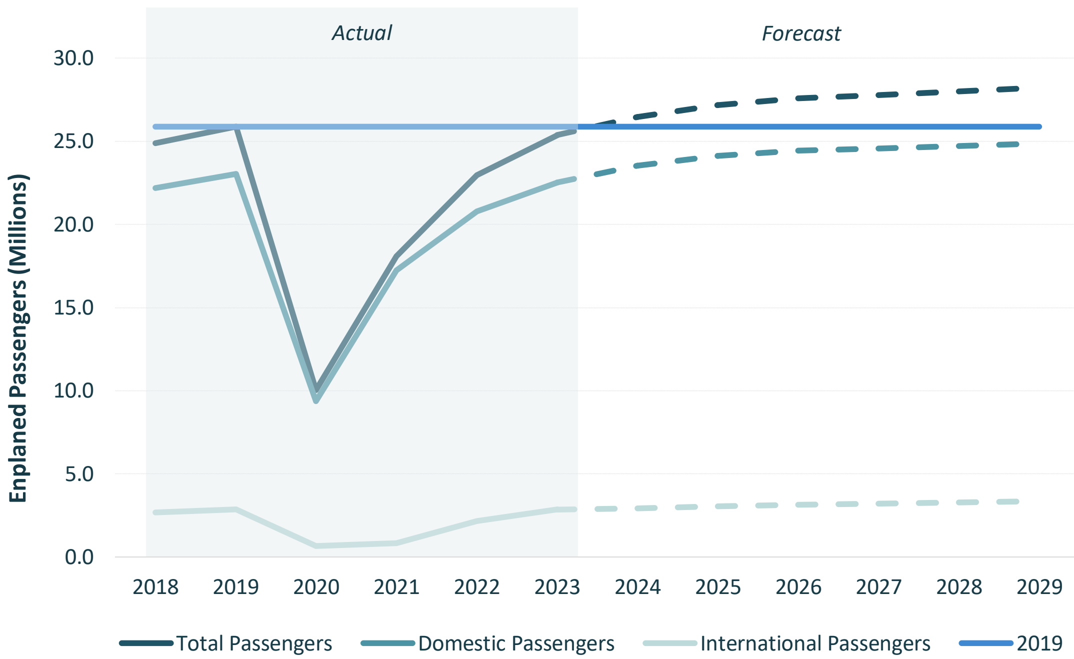
Figure 1
ACTUAL AND FORECAST ENPLANED PASSENGERS
Seattle-Tacoma International Airport



Source: Port of Seattle records.

Domestic enplaned passengers in 2023 numbered 22.5 million, 0.5 million or 2.2% less than the number in 2019. Alaska Airlines[3] and Delta Air Lines[4], the two busiest passenger airlines serving the Airport as measured by numbers of enplaned passengers in 2023, were significant contributors to the recovery in the number of domestic enplaned passengers as the nation emerged from the COVID-19 pandemic. In 2023, the numbers of domestic enplaned passengers for Alaska Airlines and Delta Air Lines increased from 2019 numbers by 709,232 and 673,212 enplaned passengers (increases of 5.8% and 14.2%), respectively. The combined domestic enplaned passenger market share of Alaska Airlines and Delta Air Lines at the Airport increased from 73.9% in 2019 to 81.8% in 2023. The increases in numbers of enplaned passengers by both airlines reflect an increasing level of commitment in serving the Airport and the strategic importance of the Airport in the route networks of both airlines.

Prior to and after the COVID-19 pandemic, the numbers of international enplaned passengers at the Airport have been increasing, reflecting the growing role of the Airport as a West Coast

[3] Includes Horizon Air and SkyWest Airlines, operating flights for Alaska Airlines.
[4] Includes SkyWest Airlines, operating flights for Delta Air Lines.

international gateway, similar to the roles of Los Angeles and San Francisco international airports. Between 2013 and 2023, the number of international enplaned passengers at the Airport increased from 1.8 million to 2.9 million, or 61.9%, demonstrating growing demand for international airline service at the Airport. In 2023, the number of international enplaned passengers at the Airport accounted for 11.3% of total Airport enplaned passengers, compared to a 29.7% share at Los Angeles International Airport and a 28.0% share at San Francisco International Airport.[5]

In general, West Coast international gateway airports have a higher concentration of service to Asia given their proximity to those markets compared to other U.S. international gateway airports, such as John F. Kennedy, Dallas Fort Worth, and Miami international airports. The total number of international enplaned passengers at the Airport in 2023 decreased 0.4% from the number in 2019 compared to decreases of 14.7% and 12.7% at Los Angeles and San Francisco international airports, respectively, over the same period. In the years following the COVID-19 pandemic, the recovery in international passenger traffic from Asia has lagged the recovery in international passenger traffic from Europe and Latin America. As shown on Figure 2, because international airline service at the Airport is more diversified between Asia and Europe than service at Los Angeles and San Francisco international airports, the Airport's recovery in passengers following the COVID-19 pandemic is more similar to that at non-West Coast gateway airports.

[5] Enplaned passenger data from Los Angeles and San Francisco international airport websites.

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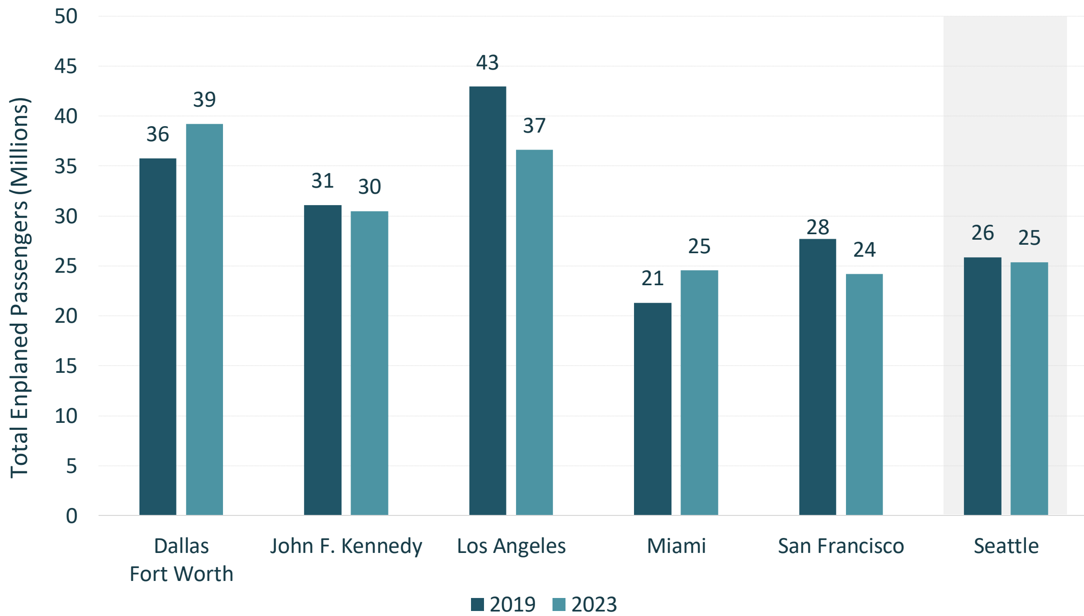
Figure 2
ENPLANED PASSENGERS AT INTERNATIONAL GATEWAY AIRPORTS IN 2019 AND 2023



Source: U.S. Bureau of Transportation Statistics (https://www.transtats.bts.gov).

PORT CAPITAL IMPROVEMENT PLAN

The Combined Port CIP for 2024-2029 is estimated to cost approximately $6.6 billion, including approximately $5.4 billion for improvements to Airport facilities (discussed below) and approximately $1.1 billion for improvements to facilities that are part of Other Port Businesses.[6]

The Airport CIP is based, in part, on the existing and anticipated business environment, forecasts of demand for Airport facilities, available resources, and the priorities of the Port. Exhibit A shows the estimated costs and funding sources of the Combined Port CIP and Attachment 2 of the Report includes additional details of the Airport CIP.

Approximately $535.4 million of Airport CIP costs is expected to be financed with proceeds from the sale of the proposed Series 2024ABC Bonds and approximately $3.1 billion in other costs in the Airport CIP is expected to be financed with the net proceeds from the sale of Future Revenue Bonds. According to the Port, Future Revenue Bonds, if issued, would include a combination of Intermediate Lien Revenue Bonds and Subordinate Lien Revenue Bonds.[7]

[6] Numbers may not add to totals shown because of rounding.
[7] The Port is under no obligation to issue Future Revenue Bonds or to issue them on the liens described above.

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The Port's Sustainable Airport Master Plan (SAMP) provides a blueprint for the future development of the Airport over the next 20 years and may result in a new terminal, an automated people mover system, and other significant projects and investments. The SAMP is based on development in two phases. The Port and the Federal Aviation Administration (FAA) are conducting an environmental review of the first phase projects. The first phase of SAMP development is estimated by the Port to cost approximately $4 billion to $5 billion and construction could begin during the Forecast Period, the timing of which is dependent upon receiving all required environmental approvals. The Airport CIP and financial forecasts reflected in the Report incorporate approximately $246.2 million of SAMP preliminary project planning and design costs during the Forecast Period. No additional action by the Port or the FAA related to environmental review of the second phase projects is expected during the Forecast Period.

Port management also continuously develops and updates its CIP for Other Port Businesses. Currently, $6.6 billion of the Combined Port CIP for 2024–2029 consists of the $5.4 billion Airport CIP and $1.1 billion for the Other Port Businesses CIP, which includes the Port's share of Seaport Alliance capital improvement costs. The Other Port Businesses CIP includes $870.9 million for improvements to facilities that are part of Other Port Businesses and the Port's contribution of $266.4 million for improvements to Seaport Alliance facilities.

FINANCIAL PERFORMANCE

The Port accounts for its annual financial results according to generally accepted accounting principles (GAAP) for governmental entities, and uses those results to present, among other things, operating and non-operating revenues and expenses (prior to depreciation) in its comprehensive annual financial report and operating budget. For consistency with the reporting of financial information by the Port, the actual results and financial forecasts presented in the Report are shown for operating revenues and operating expenses (prior to depreciation).

To demonstrate compliance with the Intermediate Lien Rate Covenant during the Forecast Period, certain adjustments were made to GAAP operating revenues and operating expenses to determine "Gross Revenue" and "Operating Expenses," respectively, pursuant to the definition of each term under the First Lien Master Resolution.

Gross Revenue and Operating Expenses are used to determine Available Intermediate Lien Revenues, which are equal to Gross Revenue less Operating Expenses less the payment of all debt service, reserve requirements, and other costs associated with First Lien Bonds. Available Intermediate Lien Revenues are used to determine compliance with the Intermediate Lien Rate Covenant.

Under the Intermediate Lien Master Resolution, the Port agrees at all times to establish, maintain, and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Intermediate Lien Revenue Bonds are outstanding to produce in each Fiscal Year:

- Available Intermediate Lien Revenues as First Adjusted at least equal to 1.10 times the Amount Due (Test #1); and
- Available Intermediate Lien Revenues as Second Adjusted at least equal to 1.25 times the Amount Due (Test #2).

Debt service coverage results are only shown for Test #1 in the Report, as it is the more restrictive of the two tests.

Exhibits B-F and the sections that follow provide an overview of recent Port financial results and the key assumptions used to forecast operating revenues and operating expenses, which, after the adjustments described above, result in forecast Gross Revenue and Operating Expenses. The forecasts of Gross Revenue and Operating Expenses and the forecasts of Available Intermediate Lien Revenues are presented later in the Report to demonstrate compliance with the Intermediate Lien Rate Covenant.

Operating Revenues

In 2023, Port operating revenues were approximately $953.6 million. Of that amount, the Airport accounted for 83.7% and Other Port Businesses accounted for 16.3% (including approximately 5.9% from the Seaport Alliance).[8] The amount of operating revenues by major revenue source in 2023 is shown on Figure 3; Figure 4 presents the percentage of operating revenues by major revenue source for the same year.

[8] Source: Port of Seattle 2023 *Annual Comprehensive Financial Report*.

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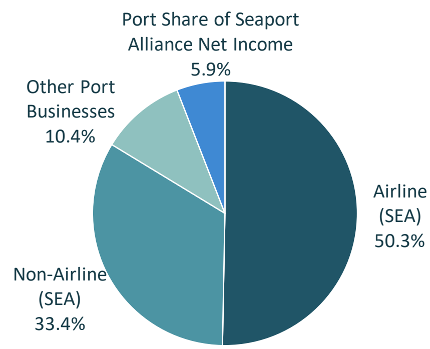
Figure 3
AMOUNT OF 2023 OPERATING REVENUES
Port of Seattle

Figure 4
PERCENTAGE OF 2023 OPERATING REVENUES
Port of Seattle



Note: SEA = Seattle-Tacoma International Airport.
Source: Port of Seattle records.

Revenue from passenger airline rates and charges at the Airport is based on: (1) costs incurred and allocated to facilities used by airlines, including terminal areas and the airfield, (2) the number of gates and square footage used or leased by airlines, and (3) the rates and charges in effect each year and calculated by the Port pursuant to the Signatory Lease and Operating Agreement (Airline Agreement).

The existing Airline Agreement is scheduled to expire on December 31, 2024. The Port is in negotiations with the airlines operating at the Airport regarding a new Airline Agreement. Although the intent of the negotiations is to enter into a new Airline Agreement, other alternatives to ensure continued access to and use of Airport space by the airlines and implementation of airline rates and charges also include: (1) an extension to the term of the existing Airline Agreement or (2) the adoption of a resolution by the Port to impose airline rates and charges pursuant to FAA guidelines. For purposes of the financial forecasts presented in the Report, no changes in airline gate use or airline rates and charges pursuant to the existing Airline Agreement were assumed.

Major sources of nonairline revenue at the Airport include public parking, car rentals, and in-terminal concessions. Key assumptions used by the Port to forecast operating revenues from Airport operations are more fully described in Attachment 3 to the Report.

Aside from the Port revenue derived from its agreement with the Seaport Alliance, Port revenue in 2023 from Other Port Businesses largely resulted from maritime (non-container) operations and leases, including, but not limited to, grain terminals, cruise ship terminal operations, and marinas.

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Total operating revenues for the Port are forecast to increase an average of approximately 8.5% per year during the Forecast Period, from $953.6 million in 2023 to $1.6 billion in 2029.

Operating Expenses

Port operating expenses in 2023 are shown on Figure 5 and include allocated indirect expenses of the Port; Figure 6 presents the percentage of operating expenses for the Airport and Other Port Businesses for the same year.[9]

Figure 5
AMOUNT OF OPERATING EXPENSES IN 2023
Port of Seattle

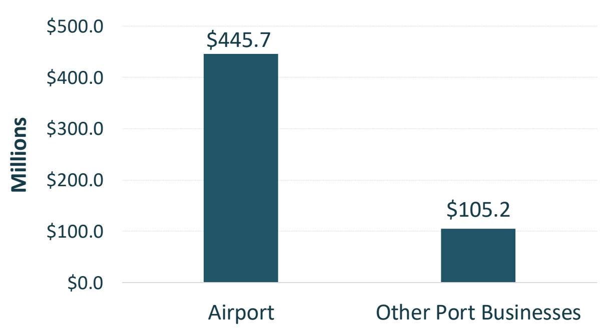
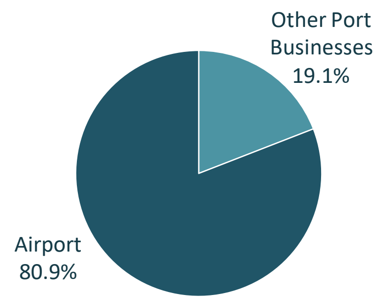


Figure 6
PERCENTAGE OF OPERATING EXPENSES IN 2023
Port of Seattle



Source: Port of Seattle records.

In 2023, operating expenses were approximately $550.9 million. The Airport accounted for 80.9% of the total, and Other Port Businesses accounted for the remaining 19.1%.

Operating expenses of the Port for the properties licensed to the Seaport Alliance are the responsibility of the Seaport Alliance and are not included in annual operating expenses of the Port.

Operating expenses are forecast by the Port to increase an average of approximately 7.6% per year during the Forecast Period, from $550.9 million in 2023 to $854.2 million in 2029. Key assumptions used by the Port to forecast operating expenses include the following:

- Airport operating expenses are forecast to increase an average of 7.7% per year from 2023 through 2029. Key assumptions used by the Port to forecast operating expenses from Airport operations are more fully described in Attachment 3 to the Report.
- Operating expenses for Other Port Businesses are forecast to increase an average of approximately 7.2% per year from 2023 through 2029, primarily related to increasing payroll, maintenance, and corporate costs.

[9] Source: Port of Seattle 2023 *Annual Comprehensive Financial Report*, excluding depreciation.

Debt Service

In 2023, debt service on Intermediate Lien Parity Bonds payable from Available Intermediate Lien Revenues totaled approximately $340.7 million before certain offsets discussed below.

The Port receives customer facility charge (CFC) revenues and passenger facility charge (PFC) revenues, which are not included in the definition of Gross Revenue under the Intermediate Lien Master Resolution but can be used by the Port to pay eligible revenue bond debt service. Under certain circumstances, such amounts used to pay debt service may be added to Available Intermediate Lien Revenues or deducted from debt service on Intermediate Lien Revenue Bonds. Such uses were assumed in the financial forecasts prepared by the Port.[10]

Debt service on all Intermediate Lien Parity Bonds, including the proposed Series 2024ABC Bonds, is estimated to increase from $340.7 million in 2023 to $526.6 million in 2029 before any offsets and net of capitalized interest. Increases in debt service are attributable to the addition and structuring of the proposed Series 2024ABC Bonds and Future Revenue Bonds.

DEBT SERVICE COVERAGE

The Report presents forecast operating revenues and operating expenses and the adjustments necessary to determine forecast Gross Revenue and Operating Expenses pursuant to the First Lien Master Resolution and to calculate Available Intermediate Lien Revenues for purposes of forecasting debt service coverage consistent with the Intermediate Lien Rate Covenant. Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material. Debt service coverage under the Intermediate Lien Rate Covenant is calculated by dividing Available Intermediate Lien Revenues by debt service on all Intermediate Lien Parity Bonds (excluding debt service payable from sources other than Available Intermediate Lien Revenues).

As shown on Figure 7, forecast debt service coverage in each year of the Forecast Period exceeds the 1.10 times minimum coverage requirement under the Intermediate Lien Rate Covenant for Available Intermediate Lien Revenues as First Adjusted (Test #1).

[10] In certain instances, CFC Revenues may be included in Airport Revenues. See the section of the Report titled "Customer Facility Charges" for additional information.

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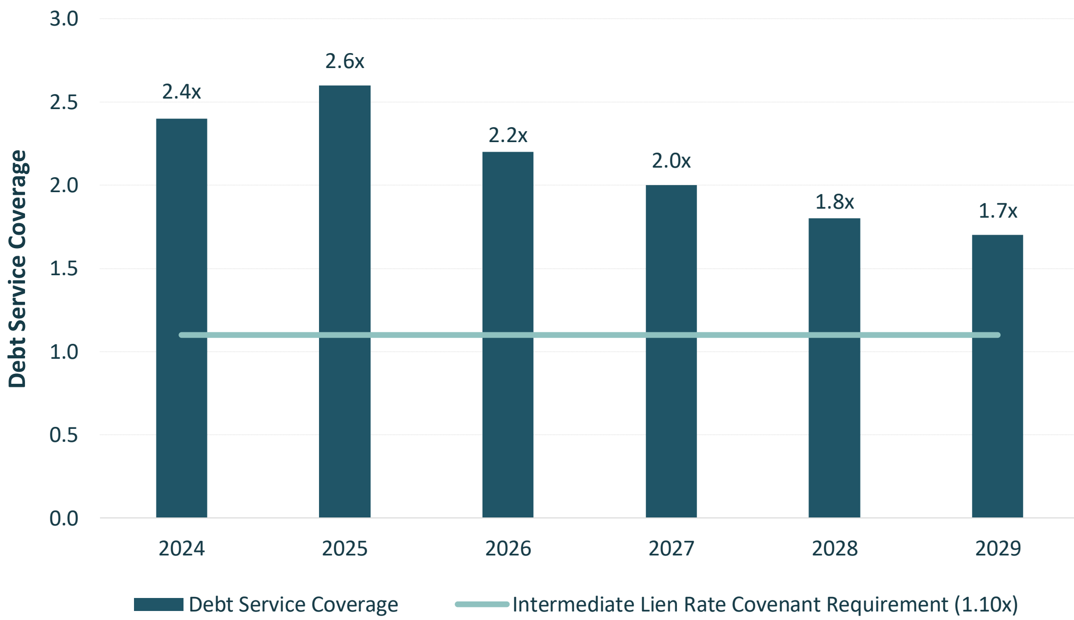
Figure 7
FORECAST DEBT SERVICE COVERAGE ON INTERMEDIATE LIEN REVENUE BONDS
Port of Seattle



Note: Based on Available Intermediate Lien Revenues as First Adjusted (Test #1), includes estimated debt service on the proposed Series 2024ABC Bonds and Future Revenue Bonds that the Port expects to issue during the Forecast Period. Changes in debt service, including any savings from outstanding Port revenue bonds that the Port may refund during the Forecast Period, are not included in the financial forecasts presented in the Report.
Source for debt service: Port of Seattle.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying financial forecasts are based on information and assumptions provided by Port management. The forecasts reflect Port management's expected course of action during the Forecast Period and, in management's judgment, present fairly the expected financial results of the Port under the assumptions described in Attachment 3. Those key factors and assumptions that are significant to the forecasts and set forth in Attachment 3 – Airport Financial Performance should be read in their entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the assumptions underlying the financial forecasts of the Airport and the financial performance of Other Port Businesses, including the financial forecasts of the Port's share of Seaport Alliance net income, provide a reasonable basis for the forecasts.

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However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on its behalf make any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the Report. We have no responsibility to update the Report for events and circumstances occurring after the date of the Report.

We appreciate the opportunity to serve as the Port's Independent Consultant in connection with this proposed financing.

Respectfully submitted,

WJ Advisors LLC

WJ Advisors LLC

Exhibit A

PORT 2024-2029 CAPITAL IMPROVEMENT PLAN - ESTIMATED COSTS AND FUNDING SOURCES
Port of Seattle
(in thousands)

	Estimated Project Cost (a)	Airport	Other Port Businesses (b)
PORT 2024-2029 CAPITAL IMPROVEMENT PLAN			
Airport projects funded in part with proposed Series 2024ABC Bond proceeds (c)	$ 2,652,745	$ 2,652,745	$ -
Other Capital Improvement Plan projects	3,910,242	2,772,917	1,137,324
Total Estimated Project Costs	**$ 6,562,987**	**$ 5,425,662**	**$ 1,137,324**
Percentage of total	100.0%	82.7%	17.3%

	Anticipated Funding Sources
ANTICIPATED FUNDING SOURCES	
Proposed Series 2024ABC Bond Proceeds	$ 535,384
Future Revenue Bond Proceeds (d)	3,244,944
Port Cash	1,320,995
Future and Existing G.O. Bond Proceeds and Tax Levy Cash	517,075
Existing Revenue Bond Proceeds	435,477
Federal Grants	444,919
Other (e)	64,192
Total Anticipated Funding Sources	**$ 6,562,987**

Notes: Columns may not add to totals shown because of rounding.

(a) Includes costs associated with design, construction cost inflation, program management, and contingency.

(b) Includes projects associated with the Port's Maritime Division, Economic Development Division, Corporate Division, Stormwater Utility, and the Port's share of the Seaport Alliance CIP. Also includes Port-only projects at facilities licensed to the Seaport Alliance.

(c) Airport CIP projects funded in part with the proposed Series 2024ABC Bond proceeds include: North Main Terminal Redevelopment, C Concourse Expansion, South Concourse Renovation, Baggage Handling System Optimization, A Concourse Building Expansion, and other renewal and replacement projects.

(d) Includes an estimated $109.4 million of future First Lien Revenue Bond proceeds for projects in the Other Port Businesses CIP.

(e) Includes pay-as-you-go CFC revenues and harbor maintenance tax. Currently, the Port does not expect to use pay-as-you-go PFC Funds to help pay for projects in the Combined Port CIP.

Source: Port of Seattle.

Exhibit B

OPERATING REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except as noted)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Reference	Calculation	Actual 2023	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
AIRPORT									
Airline Revenues (b)	Exhibit G		$ 479,696	$ 527,231	$ 587,544	$ 667,925	$ 762,087	$ 842,652	$ 906,640
Nonairline Revenues	Exhibit H		318,752	342,601	367,061	384,160	419,229	436,455	443,083
Total Airport operating revenues		**[A]**	$ 798,448	$ 869,832	$ 954,605	$ 1,052,085	$ 1,181,315	$ 1,279,107	$ 1,349,723
Annual % Change				8.9%	9.7%	10.2%	12.3%	8.3%	5.5%
Average annual increase (decrease) 2023 to 2029									9.1%
Passenger Airline Revenues (c)	Exhibit G	**[B]**	$ 444,726	$ 491,064	$ 549,853	$ 628,389	$ 720,201	$ 798,983	$ 859,584
Enplaned Passengers	Exhibit G	**[C]**	25,371	26,457	27,172	27,579	27,772	27,994	28,218
Passenger Airline Payments per Enplaned Passenger (in dollars)		**[D]=[B/C]**	$ 17.53	$ 18.56	$ 20.24	$ 22.78	$ 25.93	$ 28.54	$ 30.46
SEAPORT ALLIANCE (d)		**[E]**	55,820	49,477	51,687	48,066	49,322	49,700	50,694
Annual % Change				-11.4%	4.5%	-7.0%	2.6%	0.8%	2.0%
Average annual increase (decrease) 2023 to 2029									-1.6%
OTHER PORT BUSINESSES (a)		**[F]**	99,292	115,322	124,280	131,617	139,791	148,014	155,095
Annual % Change				16.1%	7.8%	5.9%	6.2%	5.9%	4.8%
Average annual increase (decrease) 2023 to 2029									7.7%
Total operating revenues (a)		**[G]=[A+E+F]**	**$ 953,560**	**$ 1,034,631**	**$ 1,130,572**	**$ 1,231,768**	**$ 1,370,429**	**$ 1,476,821**	**$ 1,555,512**
Annual % Change				8.5%	9.3%	9.0%	11.3%	7.8%	5.3%
Average annual increase (decrease) 2023 to 2029									8.5%

Notes: Columns may not add to totals shown because of rounding.

(a) As shown on Exhibit E, certain adjustments are made to operating revenues reflected on this Exhibit B in order to calculate Gross Revenue under the First Lien Master Resolution and Intermediate Lien Master Resolution. In addition, certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) See the "Airline Revenues" section in Attachment 3 of this report for more information about the Airline Agreement. There has been no revenue sharing since the end of 2019.

(c) Passenger Airline Revenues are a subset of the Airline Revenues line above.

(d) This reflects the Port's 50% share of the Seaport Alliance Net Income, which the Port accounts for as operating revenues.

Source: Port of Seattle.

Exhibit C

OPERATING EXPENSES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Actual	Estimate	Forecast				
	Reference	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
AIRPORT OPERATING EXPENSES	Exhibit I	$ 445,691	$ 501,282	$ 532,093	$ 569,045	$ 602,936	$ 656,660	$ 694,740
Annual % Change			12.5%	6.1%	6.9%	6.0%	8.9%	5.8%
Average annual increase (decrease) 2023 to 2029								7.7%
OTHER PORT BUSINESSES OPERATING EXPENSES		105,208	126,148	130,506	136,589	144,252	152,331	159,496
Annual % Change			19.9%	3.5%	4.7%	5.6%	5.6%	4.7%
Average annual increase (decrease) 2023 to 2029								7.2%
Total operating expenses (b)		**$ 550,899**	**$ 627,430**	**$ 662,599**	**$ 705,635**	**$ 747,188**	**$ 808,991**	**$ 854,236**
Annual % Change			13.9%	5.6%	6.5%	5.9%	8.3%	5.6%
Average annual increase (decrease) 2023 to 2029								7.6%

Notes: Columns may not add to totals shown because of rounding.

(a) Includes direct operating expenses and allocated administrative operating expenses. As shown on Exhibit E, certain adjustments are made to operating expenses reflected on this Exhibit C in order to calculate Operating Expenses under the First Lien Master Resolution and the Intermediate Lien Master Resolution. In addition, certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) The Port recognizes 50% of Seaport Alliance Net Income (Seaport Alliance revenues less expenses) as operating revenues in Exhibit B. As such, Seaport Alliance operating expenses are not included in the calculation of total operating expenses in this exhibit.

Source: Port of Seattle.

Exhibit D

DEBT SERVICE (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Calculation	Actual 2023	Estimate 2024	Forecast 2025	2026	2027	2028	2029
FIRST LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 23,641	$ 23,639	$ 38,135	$ 38,142	$ 23,524	$ 24,328	$ 28,123
Future (b)		-	-	-	-	883	7,158	8,752
Total First Lien Revenue Bond Debt Service	[A]	$ 23,641	$ 23,639	$ 38,135	$ 38,142	$ 24,407	$ 31,486	$ 36,874
INTERMEDIATE LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 340,695	$ 344,141	$ 327,792	$ 328,073	$ 332,930	$ 318,887	$ 302,719
Future (b)(c)		-	-	2,138	42,622	121,794	176,179	223,838
Total Intermediate Lien Revenue Bond Debt Service	[B]	$ 340,695	$ 344,141	$ 329,931	$ 370,695	$ 454,724	$ 495,066	$ 526,557
SUBORDINATE LIEN REVENUE BOND DEBT SERVICE								
Outstanding		$ 4,944	$ 18,164	$ 18,386	$ 18,386	$ 18,386	$ 18,386	$ 18,386
Future (b)		-	-	535	7,481	15,034	20,413	24,884
Commercial paper		-	664	664	664	664	664	664
Total Subordinate Lien Revenue Bond Debt Service	[C]	$ 4,944	$ 18,828	$ 19,585	$ 26,531	$ 34,084	$ 39,463	$ 43,934
Total Revenue Bond Debt Service	**=[A+B+C]**	**$ 369,280**	**$ 386,608**	**$ 387,650**	**$ 435,368**	**$ 513,215**	**$ 566,016**	**$ 607,366**

Notes: Columns may not add to totals shown because of rounding.
(a) Prior to any offsets of PFC revenues or CFC revenues.
(b) Future Revenue Bonds debt service is based on 5.25% interest rate, a 25-year bond term, required debt service reserve fund deposit, capitalized interest, and estimated costs of issuance. Debt service for Future Revenue Bonds is shown net of capitalized interest.
(c) Includes preliminary estimate of proposed Series 2024ABC Bonds debt service (new money only) based on 5.25% interest rate, 25-year bond term, required debt service reserve fund deposit, capitalized interest, and estimated costs of issuance.
Source: Port of Seattle.

Exhibit E

APPLICATION OF GROSS REVENUE (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

			Actual	Estimate	Forecast				
	Reference	**Calculation**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
GROSS REVENUE									
Operating revenues	Exhibit B		$ 953,560	$ 1,034,631	$ 1,130,572	$ 1,231,768	$ 1,370,429	$ 1,476,821	$ 1,555,512
Less: SWU revenues not available to pay revenue bond debt service			(6,913)	(7,648)	(8,260)	(8,921)	(9,902)	(10,991)	(11,870)
Less: CFC revenues not available to pay revenue bond debt service			(16,954)	(20,147)	(22,610)	(23,973)	(25,979)	(26,972)	(27,420)
Plus: Seaport Alliance Adjustments			10,880	7,434	11,254	20,225	21,274	21,294	21,294
Plus: Non-operating revenue--Coronavirus Relief Grants--concessions relief (b)			1,918	-	-	-	-	-	-
Plus: Non-operating revenue--Coronavirus Relief Grants--other (b)			11,900	-	-	-	-	-	-
Plus: Non-operating revenue and expenses (net) (c)			52,380	20,211	29,820	19,483	884	(6,647)	(22,597)
Gross Revenue		**[A]**	**$ 1,006,771**	**$ 1,034,482**	**$ 1,140,776**	**$ 1,238,583**	**$ 1,356,706**	**$ 1,453,504**	**$ 1,514,918**
APPLICATION OF GROSS REVENUE									
Operating expenses	Exhibit C	**[B]**	$ 550,899	$ 627,430	$ 662,599	$ 705,635	$ 747,188	$ 808,991	$ 854,236
Operating expenses paid from sources other than Gross Revenue (d)		**[C]**	(15,987)	(19,202)	(20,662)	(22,027)	(23,348)	(24,749)	(26,137)
Tax Levy adjustment (e)		**[D]**	(47,165)	(44,635)	(38,820)	(39,891)	(41,720)	(41,780)	(25,326)
Operating Expenses		**[E] = [B+C+D]**	$ 487,747	$ 563,593	$ 603,117	$ 643,718	$ 682,120	$ 742,462	$ 802,773
Revenue Bond Debt Service									
First Lien Revenue Bond Debt Service	Exhibit D		$ 23,641	$ 23,639	$ 38,135	$ 38,142	$ 24,407	$ 31,486	$ 36,874
Less: First Lien Debt Service paid with PFC Revenues			-	-	-	-	-	-	-
Less: First Lien Debt Service paid with CFC Revenues			-	-	(14,414)	(14,414)	(9,814)	(10,619)	(14,414)
Total First Lien Revenue Bond Debt Service paid from Gross Revenue		**[F]**	$ 23,641	$ 23,639	$ 23,721	$ 23,728	$ 14,593	$ 20,868	$ 22,460
Intermediate Lien Revenue Bond Debt Service (f)	Exhibit D		$ 340,695	$ 344,141	$ 329,931	$ 370,695	$ 454,724	$ 495,066	$ 526,557
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues			(91,427)	(100,000)	(103,036)	(103,024)	(103,025)	(102,718)	(102,483)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues			(24,645)	(24,890)	(10,638)	(10,893)	(14,746)	(14,199)	(11,768)
Less: Intermediate Lien Revenue Bond Debt Service paid with CAP-I Funds			(43,114)	(32,741)	(19,657)	(787)	-	-	-
Total Intermediate Lien Revenue Bond Debt Service paid from Gross Revenue		**[G]**	$ 181,509	$ 186,511	$ 196,600	$ 255,991	$ 336,953	$ 378,150	$ 412,306
Subordinate Lien Bond Debt Service (g)	Exhibit D		$ 4,944	$ 18,828	$ 19,585	$ 26,531	$ 34,084	$ 39,463	$ 43,934
Less: Subordinate Lien Revenue Bond Debt Service paid with PFC Revenues			-	-	-	-	-	-	-
Total Subordinate Lien Revenue Bond Debt Service paid from Gross Revenue		**[H]**	$ 4,944	$ 18,828	$ 19,585	$ 26,531	$ 34,084	$ 39,463	$ 43,934
Remaining Gross Revenue (h)		**[I]=[A-E-F-G-H]**	308,929	241,911	297,754	288,616	288,955	272,562	233,444
Total application of Gross Revenue		**=[E+F+G+H+I]**	**$ 1,006,771**	**$ 1,034,482**	**$ 1,140,776**	**$ 1,238,583**	**$ 1,356,706**	**$ 1,453,504**	**$ 1,514,918**

Notes: Columns may not add to totals shown because of rounding.

(a) Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) Includes use of Coronavirus Relief Grants used to pay expenses or debt service, as well as concession relief used to cover rent and minimum annual guarantees for eligible in-terminal airport concessions.

(c) Includes gain/loss on sale of assets, interest income, environmental expenses, operating grants, discount on amortization, and other miscellaneous adjustments. The Port's forecast assumes non-operating expenses are higher than non-operating revenues in 2028 and 2029.

(d) Includes operating expenses paid from CFC Revenues and Stormwater Utility revenues.

(e) For purposes of calculating debt service coverage, Tax Levy amounts remaining after payment of General Obligation Bond debt service offset operating expenses. The Port is permitted, but not obligated, to pay operating expenses with Tax Levy amounts remaining after payment of General Obligation Bond debt service.

(f) For purposes of this report, potential future refundings are not incorporated.

(g) Subordinate Lien Bond Debt Service during the forecast period assumes annual amortization and interest on existing Subordinate Lien variable rate bonds (bullet maturity in 2033), certain future Subordinate Lien bonds, and commercial paper.

(h) Available to fund reserve accounts, fund Repair and Renewal Fund, retire revenue bond debt, make necessary improvements/repairs, or for any other lawful Port purpose.

Source: Port of Seattle.

Exhibit F

DEBT SERVICE COVERAGE (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Reference	Calculation	Actual 2023	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Gross Revenue	Exhibit E	**[A]**	$ 1,006,771	$ 1,034,482	$ 1,140,776	$ 1,238,583	$ 1,356,706	$ 1,453,504	$ 1,514,918
Operating Expenses	Exhibit E	**[B]**	487,747	563,593	603,117	643,718	682,120	742,462	802,773
Net Revenues available for First Lien Revenue Bond Debt Service		**[C]=[A-B]**	$ 519,024	$ 470,889	$ 537,659	$ 594,866	$ 674,586	$ 711,042	$ 712,145
First Lien Revenue Bond Debt Service	Exhibit D	**[D]**	$ 23,641	$ 23,639	$ 38,135	$ 38,142	$ 24,407	$ 31,486	$ 36,874
INTERMEDIATE LIEN REVENUE BONDS									
Available Intermediate Lien Revenues		**[E]=[C-D]**	$ 495,383	$ 447,250	$ 499,525	$ 556,724	$ 650,178	$ 679,556	$ 675,271
Plus: Prior Lien Debt Service offset paid by PFC Revenues (b)	Exhibit E	**[F]**	-	-	-	-	-	-	-
Plus: Prior Lien Debt Service offset paid by CFC Revenues (c)	Exhibit E	**[G]**	-	-	14,414	14,414	9,814	10,619	14,414
Adjusted Available Intermediate Lien Revenues		**[H]=[E+F+G]**	$ 495,383	$ 447,250	$ 513,939	$ 571,137	$ 659,992	$ 690,174	$ 689,685
Intermediate Lien Revenue Bond Debt Service	Exhibit D	**[I]**	$ 340,695	$ 344,141	$ 329,931	$ 370,695	$ 454,724	$ 495,066	$ 526,557
Less: Intermediate Lien Revenue Bond Debt Service paid with PFC Revenues	Exhibit E	**[J]**	(91,427)	(100,000)	(103,036)	(103,024)	(103,025)	(102,718)	(102,483)
Less: Intermediate Lien Revenue Bond Debt Service paid with CFC Revenues	Exhibit E	**[K]**	(24,645)	(24,890)	(10,638)	(10,893)	(14,746)	(14,199)	(11,768)
Less: Intermediate Lien Revenue Bond Debt Service paid with Capitalized Interest (d)	Exhibit E	**[L]**	(43,114)	(32,741)	(19,657)	(787)	-	-	-
Total Intermediate Lien Revenue Bond Debt Service net of offsets		**[M]=[I+J+K+L]**	$ 181,509	$ 186,511	$ 196,600	$ 255,991	$ 336,953	$ 378,150	$ 412,306
Intermediate Lien Revenue Bond Debt Service Coverage Ratio		**=[H/M]**	**2.73**	**2.40**	**2.61**	**2.23**	**1.96**	**1.83**	**1.67**
Required Intermediate Lien Revenue Bond Debt Service Coverage Ratio									
Required Test #1 Ratio - Available Intermediate Lien Revenues as First Adjusted (e)			1.10	1.10	1.10	1.10	1.10	1.10	1.10

Notes: Columns may not add to totals shown because of rounding.

(a) Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) The Port receives certain revenues, including but not limited to PFC Revenues and CFC Revenues, that are not Gross Revenue but may be used to pay debt service on First Lien Revenue Bonds and Intermediate Lien Revenue Bonds. Under certain circumstances, such amounts used to pay debt service may be added to net revenues or deducted from debt service.

(c) This line reflects CFC Revenues to be used to pay debt service on the outstanding associated with the Series 2009 First Lien Bonds, which are added to Available Intermediate Lien Revenues for purposes of calculating the Intermediate Lien debt service coverage ratio.

(d) Reflects capitalized interest on existing Intermediate Lien Revenue Bond debt service.

(e) Per the Intermediate Lien Rate Covenant, under Test #1, the required coverage ratio is 1.10 times debt service when Prior Lien Debt Service Offsets certified by the Port are included in the numerator. The Port has currently pledged any debt service offsets.

Source: Port of Seattle.

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AIRLINE TRAFFIC AND ECONOMIC ANALYSES

AIRLINE TRAFFIC AND ECONOMIC ANALYSES

OVERVIEW OF AIRPORT ROLE

Seattle-Tacoma International Airport (the Airport) has an important role in the national, state, and local air transportation systems. In 2023, the Airport was the 11th busiest large-hub airport[11] in the United States in terms of the total number of enplaned passengers.[12] In addition to its large origin and destination (O&D) passenger base, the Airport is the busiest connecting passenger hub for Alaska Airlines[13] and is the 8th busiest connecting passenger hub for Delta Air Lines.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the region served by the Airport, the strength of the local economy, and the attractiveness of the Seattle-Tacoma combined statistical area (CSA) as a tourist destination. The passenger base of both leisure and business travelers in the Airport service region supports the local and connecting hub operations of Alaska Airlines and Delta Air Lines. In 2023, approximately 14.8 million domestic originating passengers used the Airport, making Seattle the 8th busiest O&D passenger market[14] in the United States, as shown on Figure 8.

The Seattle-Tacoma CSA includes King County, Kitsap County, Mason County, Pierce County, Skagit County, Snohomish County, and Thurston County. The population of the Seattle-Tacoma CSA was 5.0 million in 2023. Because economic activity in the Seattle-Tacoma CSA stimulates a significant portion of passenger demand at the Airport, statistics for the Seattle-Tacoma CSA were used to evaluate airline traffic trends at the Airport.

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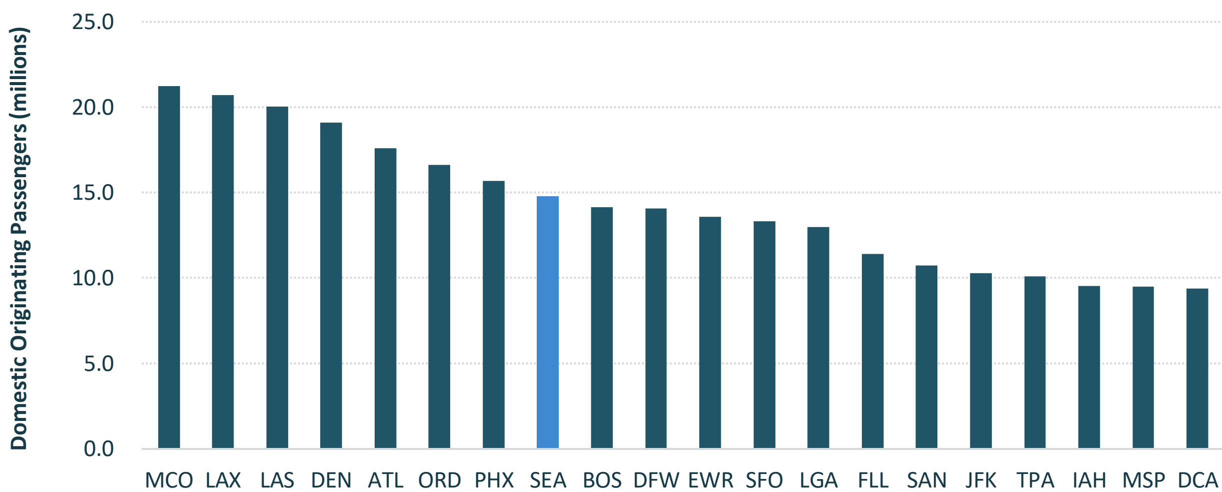
[11] The Federal Aviation Administration (FAA) definition of large-, medium-, and small hub airports are available at the following link: http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/categories/.
[12] Bureau of Transportation Statistics, accessed May 2024.
[13] Does not include Hawaiian Airlines who entered into an agreement on December 3, 2023, to merge with Alaska Airlines, as discussed later in this section.
[14] U.S. Department of Transportation, O&D Survey, accessed May 2024.

Figure 8
TOP 20 U.S. AIRPORTS FOR DOMESTIC ORIGINATING PASSENGERS
2023



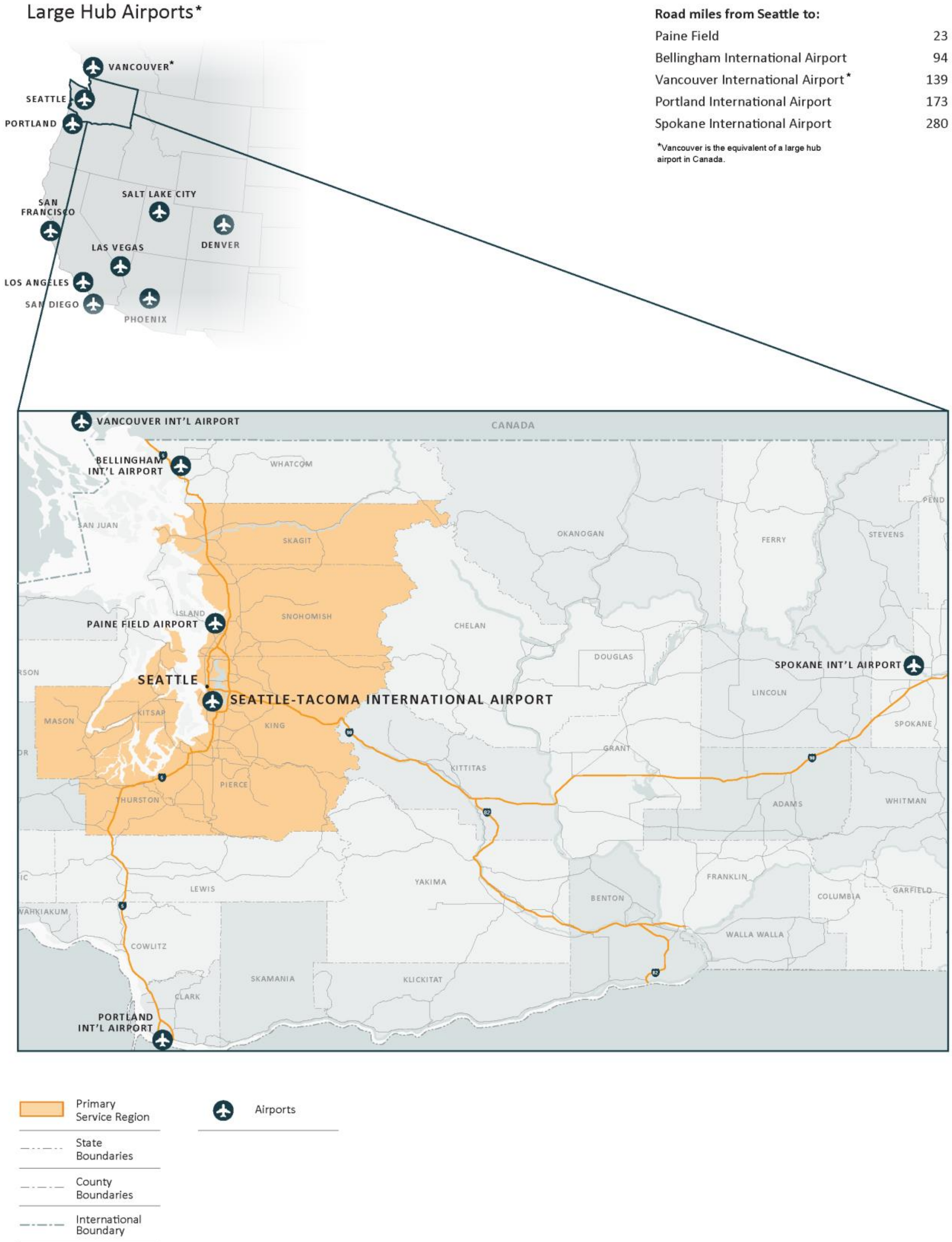
ATL = Hartsfield–Jackson Atlanta International Airport
BOS = Boston Logan International Airport
DCA = Reagan Washington National Airport
DEN = Denver International Airport
DFW = Dallas Fort Worth International Airport
EWR = Newark International Airport
FLL = Ft. Lauderdaly-Hollywood International Airport
IAH = George Bush Intercontinental/Houston Airport
JFK = John F. Kennedy International Airport
LAS = Harry Reid International Airport
LAX = Los Angeles International Airport
LGA = LaGuardia Airport
MCO = Orlando International Airport
MSP = Minneapolis-St. Paul International Airport
ORD = Chicago O'Hare International Airport
PHX = Phoenix Sky Harbor International Airport
SAN = San Diego International Airport
SEA = Seattle-Tacoma International Airport
SFO = San Francisco International Airport
TPA = Tampa International Airport

Source: U.S. Department of Transportation, O&D Survey, accessed May 2024.

Primary Commercial Service Airport in the Greater Seattle Area

As shown on Figure 9, the Airport is the primary airport serving the Seattle-Tacoma CSA, and most of the CSA is located within a 1.5-hour drive from the Airport. The Airport is defined as a large-hub airport by the FAA and occupies approximately 2,500 acres of land about 12 miles from downtown Seattle. Other airports in the region that currently have scheduled airline service include Seattle Paine Field International Airport (Paine Field), located 23 road miles from downtown Seattle, Bellingham International Airport (94 road miles from downtown Seattle), Vancouver International Airport in British Columbia (139 road miles from downtown Seattle), Portland International Airport (173 road miles from downtown Seattle), and Spokane International Airport in eastern Washington (280 road miles from downtown Seattle).

Figure 9
SEATTLE AIRPORT SERVICE REGION



Road miles from Seattle to:

Paine Field	23
Bellingham International Airport	94
Vancouver International Airport*	139
Portland International Airport	173
Spokane International Airport	280

*Vancouver is the equivalent of a large hub airport in Canada.

Paine Field is the closest airport with scheduled airline service to the Airport, and in 2022 was the 176th busiest airport in the United States with 260,724 enplaned passengers, approximately 1.2% of the number of enplaned passengers at the Airport.[15] Alaska Airlines is the only airline serving Paine Field since United Airlines ceased service at Paine Field in October 2021.[16]

In addition, several smaller airports with limited regional airline passenger and cargo service are located in the greater Seattle area, including King County International Airport/Boeing Field, which is approximately 11 miles from the Airport and has service from all-cargo and small commercial passenger airlines.[17]

The following sections present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand; (2) airline traffic trends at the Airport, including airlines serving the Airport; enplaned passengers using the Airport; trends in enplaned, originating, and connecting passengers, including the role of the Airport in the route systems of Alaska Airlines and Delta Air Lines; and a review of air cargo activity at the Airport; (3) the key factors that will affect future airline traffic, both at the Airport and nationwide; and (4) forecasts of airline traffic at the Airport through 2029, including enplaned passengers.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. In general, regions with large populations, an extensive employment base, and increasing levels of per capita personal income will generate strong demand for airline travel. The demographics and economy of the region—as measured by changes in population, nonagricultural employment, and per capita personal income—as well as airline service and airfares, are typically the most important factors affecting O&D passenger demand at airport(s) serving the region.

Historical Population, Nonagricultural Employment, Per Capita Personal Income, and Gross Regional Product

This section provides an overview of the regional economy, and conditions and trends in the Seattle-Tacoma CSA and the State. The Seattle-Tacoma CSA is the major business center in the State, accounting for 64.0% of Washington's population and 66.8% of its nonagricultural employment in 2023. In 2024, Seattle was ranked the sixth in the Global Cities Index from

[15] FAA CY 2022 Enplanements at All Commercial Service Airports, accessed June 2024.
[16] Source: The Daily Herald "Come October, United Airlines will discontinue flights at Paine Field", https://www.heraldnet.com/news/united-airlines-discontinues-flights-at-paine-field/, accessed June 2024.
[17] Source: King County website, http://www.kingcounty.gov/depts/transportation/airport.aspx, accessed May 2024.

Oxford Economics, which scores cities based on economics, human capital, quality of life, environment, and governance.[18]

As shown in Table 1, the Seattle-Tacoma CSA was the fourteenth largest combined statistical area of the 172 CSAs in the United States in 2023, with an estimated population of 5.0 million residents.

Table 1
15 LARGEST COMBINED STATISTICAL AREAS IN THE UNITED STATES
2023

Rank	Combined Statistical Area	Estimated population
1	New York-Newark CSA	23,140,000
2	Los Angeles-Long Beach CSA	18,493,000
3	Washington-Baltimore-Arlington CSA	10,053,000
4	Chicago-Naperville CSA	9,832,000
5	San Jose-San Francisco-Oakland CSA	9,549,000
6	Boston-Worcester-Providence CSA	8,567,000
7	Dallas-Fort Worth CSA	8,464,000
8	Houston-The Woodlands CSA	7,638,000
9	Philadelphia-Reading-Camden CSA	7,408,000
10	Atlanta-Sandy Springs CSA	7,175,000
11	Miami-Port St. Lucie-Ft. Lauderdale CSA	6,978,000
12	Detroit-Warren-Ann Arbor CSA	5,370,000
13	Phoenix-Mesa CSA	5,145,000
14	**Seattle-Tacoma CSA**	**5,031,000**
15	Orlando-Lakeland-Deltona CSA	4,498,000

Source: Woods & Poole Economics, Inc., June 2023.

Population. As shown in Table 2 and on Figure 10, the growth rate for the population in the Seattle-Tacoma CSA has historically been comparable to the population growth rates in Washington and higher than the population growth in the United States.

[18] Source: www.Geekwire.com, “Seattle’s economic strength helps propel it to No. 6 in new ranking of top 1,000 global cities”, accessed on May 21, 2024.

Table 2

POPULATION

Seattle-Tacoma CSA, State of Washington, and United States

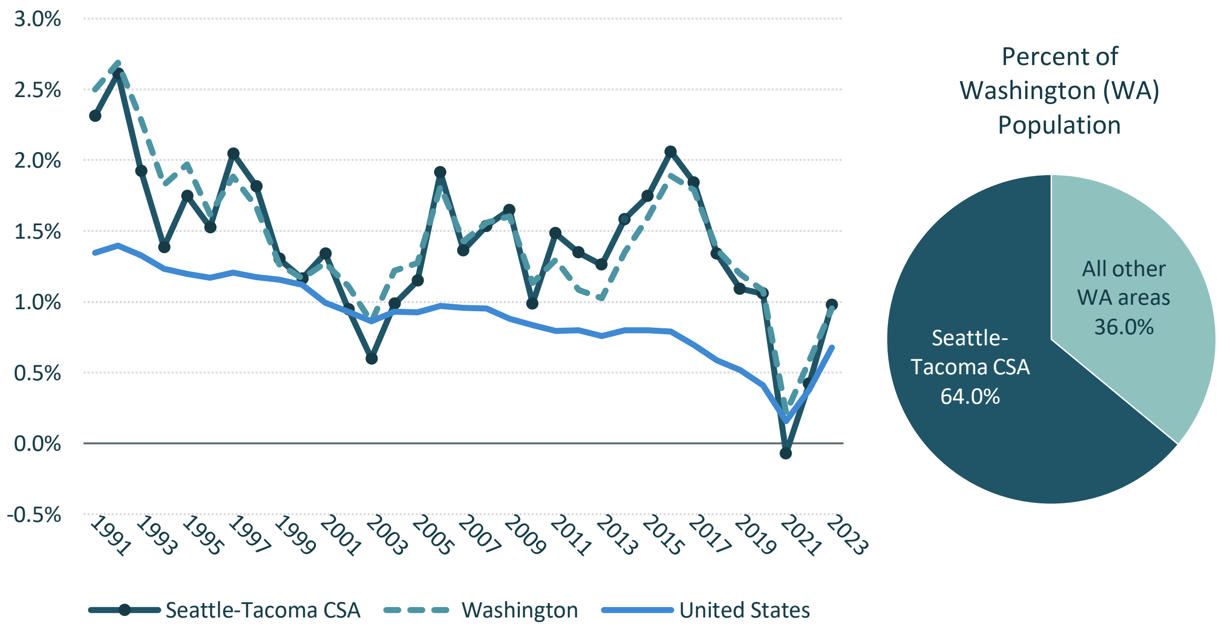
	Population (in millions)		
	Seattle-Tacoma CSA	Washington	United States
1990	3.2	4.9	249.6
2000	3.8	5.9	282.2
2010	4.3	6.7	309.3
2020	5.0	7.7	331.5
2023	5.0	7.9	335.5
	Average annual percent increase (decrease)		
1990-2000	1.8%	1.9%	1.2%
2000-2010	1.2%	1.3%	0.9%
2010-2020	1.5%	1.4%	0.7%
2020-2023	0.4%	0.6%	0.4%

Note: 2023 data points are estimates, per the underlying source data coming from U.S. Department of Commerce.
Source: Woods & Poole Economics, CEDDS, June 2023.

Figure 10

POPULATION RATE OF GROWTH

Seattle-Tacoma CSA, State of Washington, and United States

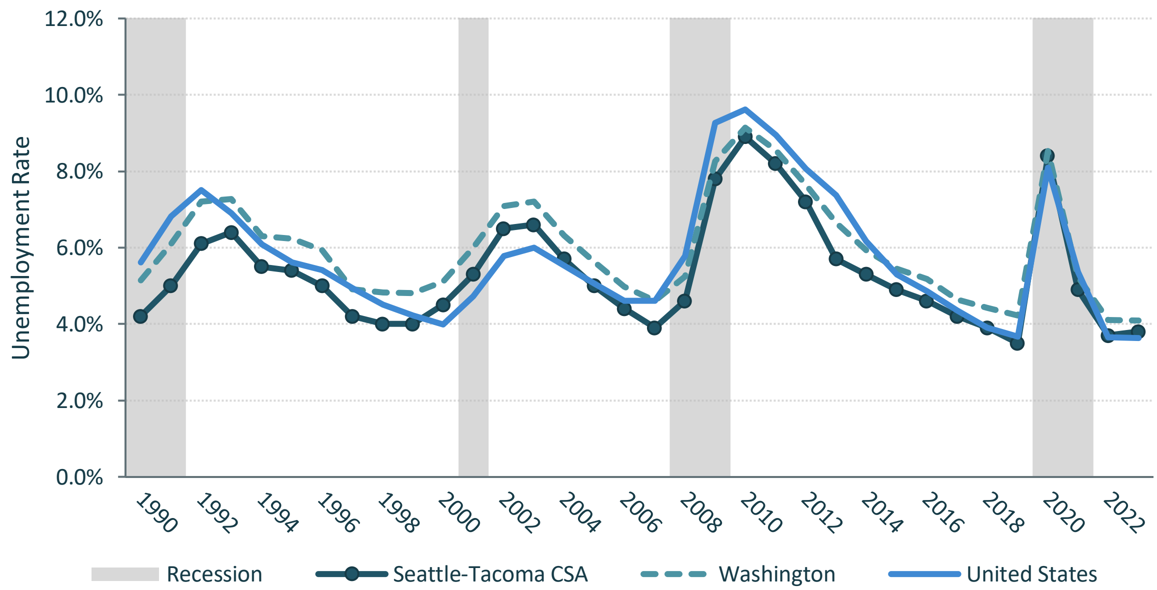


Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: Woods & Poole Economics, Inc., June 2023.

From 2010 to 2020, population in the Seattle-Tacoma CSA increased from 4.3 million to 5.0 million, resulting in an average annual increase of 1.5% per year, which is more than twice the average rate of growth of the United States over the same period. Between 2020 and 2021, the population of the Seattle-Tacoma CSA briefly decreased due to business closures and a shift to remote workplaces during the COVID-19 pandemic. Since 2021, the population of both the Seattle-Tacoma CSA and the State have increased more quickly than the population of the United States.

Unemployment Rate. The unemployment rate in the Seattle-Tacoma CSA generally correlates with the State unemployment trend and is lower than the national unemployment rate in all years except for 2000-2003, 2020, and 2023, as shown on Figure 11. From 1990-2020, the unemployment rate of the Seattle-Tacoma CSA averaged 5.4%, lower than the unemployment rate for the State of Washington and the nation which were 6.1% and 5.9%, respectively.

Figure 11
UNEMPLOYMENT RATES
Seattle-Tacoma CSA, State of Washington, and United States



Note: Unemployment data are not seasonally adjusted.
Sources: U.S. Department of Labor, Bureau of Labor Statistics, May 2024.

The increase in the unemployment rate in 2020 was related to the COVID-19 pandemic and the economic shutdown experienced in the State and throughout the United States.   As the economy recovered between 2021 and 2023, the unemployment rate in the Seattle-Tacoma CSA fell to 4.1%, lower than the nation (4.2%) and the State (4.5%).

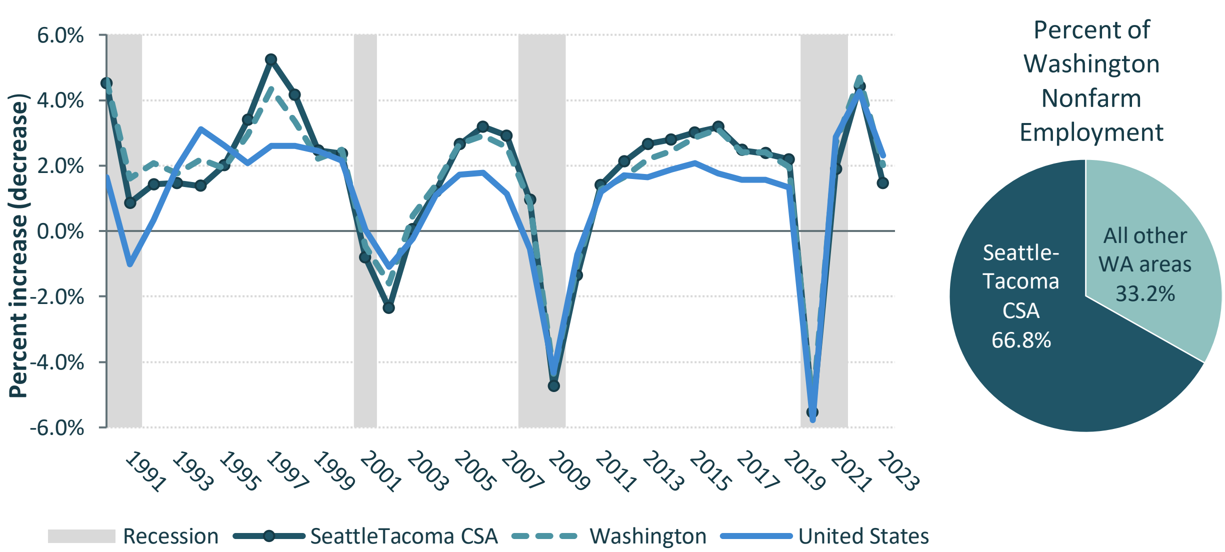
Nonagricultural Employment. As shown in Table 3 and on Figure 12, the annual rate of change for nonagricultural employment in the Seattle-Tacoma CSA has historically been comparable to or higher than the nonagricultural employment rates of change in the State and the United States.

Table 3
NONAGRICULTURAL EMPLOYMENT
Seattle-Tacoma CSA, State of Washington, and United States

	Nonagricultural civilian employment (in millions)		
	Seattle-Tacoma CSA	State of Washington	United States
1990	1.5	2.1	109.5
2000	1.9	2.7	132.0
2010	1.9	2.8	130.3
2020	2.2	3.3	142.2
2023	2.4	3.6	156.1
	Average annual percent increase (decrease)		
1990-2000	2.5%	2.5%	1.9%
2000-2010	0.1%	0.3%	(0.1%)
2010-2020	1.6%	1.5%	0.9%
2020-2023	2.6%	3.1%	3.2%

Source: Bureau of Labor Statistics, Nonfarm employment, not seasonally adjusted, accessed May 2024.

Figure 12
NONAGRICULTURAL EMPLOYMENT ANNUAL RATES OF CHANGE
Seattle-Tacoma CSA, State of Washington, and United States



Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2024.

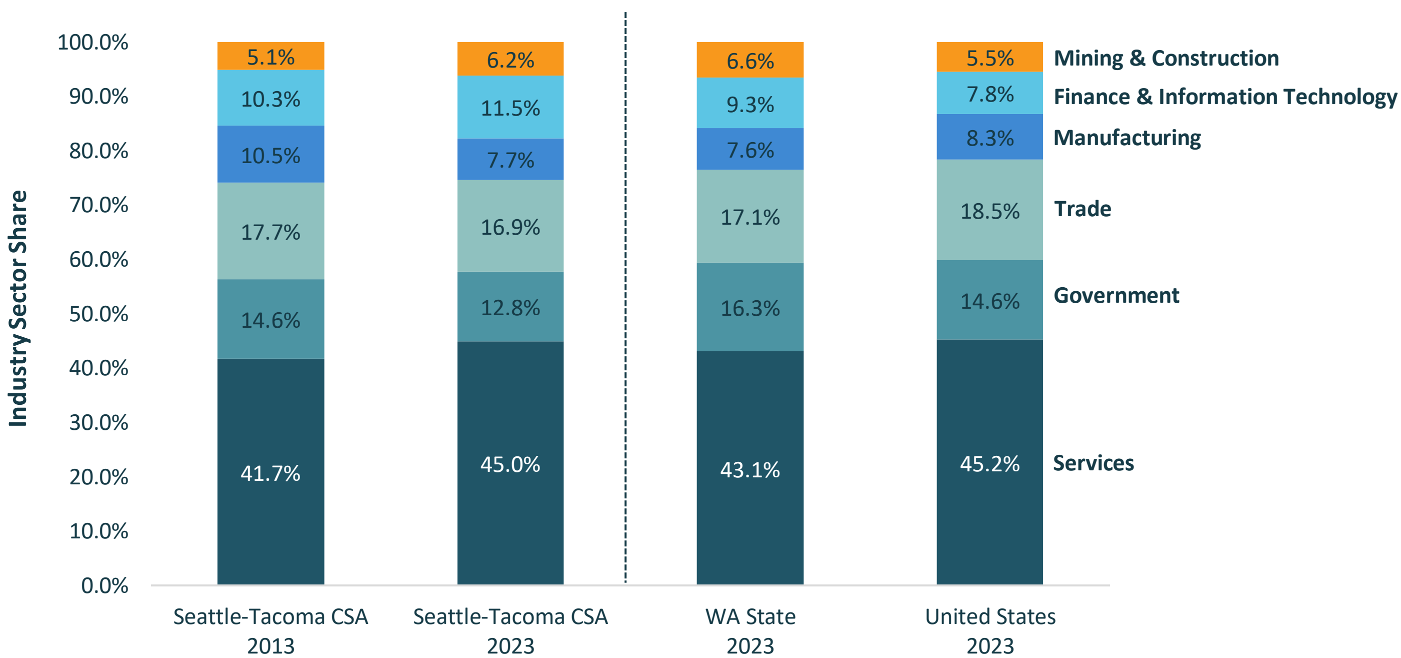
From 2000 to 2010, nonagricultural employment in the Seattle-Tacoma CSA remained flat at 1.9 million, primarily due to the negative effects on employment during the 2008/2009 financial crisis. From 2010 to 2020, nonagricultural employment in the Seattle-Tacoma CSA increased from 1.9 million to 2.2 million, resulting in an average annual increase of 1.6% per year, which is higher than the 0.9% average rate of growth of the United States over the same period. From 2020 to 2023, nonagricultural employment in the Seattle-Tacoma CSA increased from 2.2 million to 2.4 million, resulting in an average annual increase of 2.6% per year, 0.6% lower than the average rate of growth of the United States over the same period.

Figure 13 shows the comparative distribution of nonagricultural employment by industry sector in the Seattle-Tacoma CSA in 2013 and 2023, and in Washington and the United States in 2023. Employment in services (41.7%), which includes health, education, leisure and hospitality, government (14.6%) and trade (17.7%), which includes both wholesale and retail, accounted for a combined 74.0% of total nonagricultural employment in the Seattle-Tacoma CSA in 2023.

Figure 13

COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR

Seattle-Tacoma CSA, State of Washington, and United States



Notes: Services employment includes administrative, waste services, education, healthcare, food, arts/entertainment, leisure, and hospitality. Totals may not add to 100% because of rounding.
Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2024.

While the COVID-19 pandemic resulted in employment shifts in certain industry sectors, employment in local government, finance and information technology, and certain services including professional and business services, education, and healthcare have been more resilient because many jobs in these sectors are deemed essential or require tasks that can be performed remotely, and many workers have access to wi-fi and internet connections that allow them to work from home.

Major Employers. Table 4 lists the 25 largest private employers in the State of Washington in 2022 (the latest available data). The table reflects the diversity of the companies and industries in the area. These 25 companies employ more than 580,000 people in the State of Washington and approximately 6.6 million people globally.[19] The Seattle-Tacoma CSA is the location of headquarters for 10 Fortune 500 firms.[20] These companies operate globally, and their activities extend to a broad network of national and overseas office locations.[21]

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[19] Source: Puget Sound Business Journal, "Largest Employers", July 30, 2023.
[20] Individual company websites, accessed May 2024.
[21] Source: Zyxware Technologies, "List of Fortune 500 Companies and Their Websites", https://www.zyxware.com/articles/4344/list-of-fortune-500-companies-and-their-websites, accessed May 2024.

Table 4
25 LARGEST EMPLOYERS IN 2022
State of Washington

Rank	Company	Industry	Local Employees
1	Amazon.com, Inc. (a)	Internet	90,000
2	The Boeing Co. (a)	Aviation & Aerospace	60,000
3	Microsoft Corp. (a)	Computer Software	58,000
4	Joint Base Lewis-McChord (military base)	Military	55,000
5	University of Washington	Higher Education	52,000
6	Navy Region Northwest (military base)	Military	34,000
7	Albertsons Companies, Inc	Retail	25,000
8	Wal-Mart Stores, Inc.	Retail	23,000
9	Providence Health & Services (a)	Hospital & Health Care	23,000
10	Kroger Co.	Retail	21,000
11	Costco Wholesale Corp (a)	Retail	21,000
12	MultiCare Health System	Hospital & Health Care	20,000
13	Virginia Mason Franciscan Health	Hospital & Health Care	18,000
14	Alaska Air Group Inc. (a)	Airlines/Aviation	11,000
15	Starbucks Coffee Co. (a)	Retail	11,000
16	Seattle Children's Foundation	Hospital & Health Care	9,000
17	Kaiser Permanente	Hospital & Health Care	8,000
18	Meta	Internet	8,000
19	T-Mobile US Inc.	Telecommunications	8,000
20	Google Inc.	Internet	7,000
21	Seattle Public Schools	Education Management	7,000
22	Nordstrom Inc. (a)	Retail	7,000
23	Fred Hutchinson Cancer Center	Hospital & Health Care	6,000
24	Pacific Northwest National Laboratory	Research Institution	5,000
25	EvergreenHealth	Hospital & Health Care	5,000

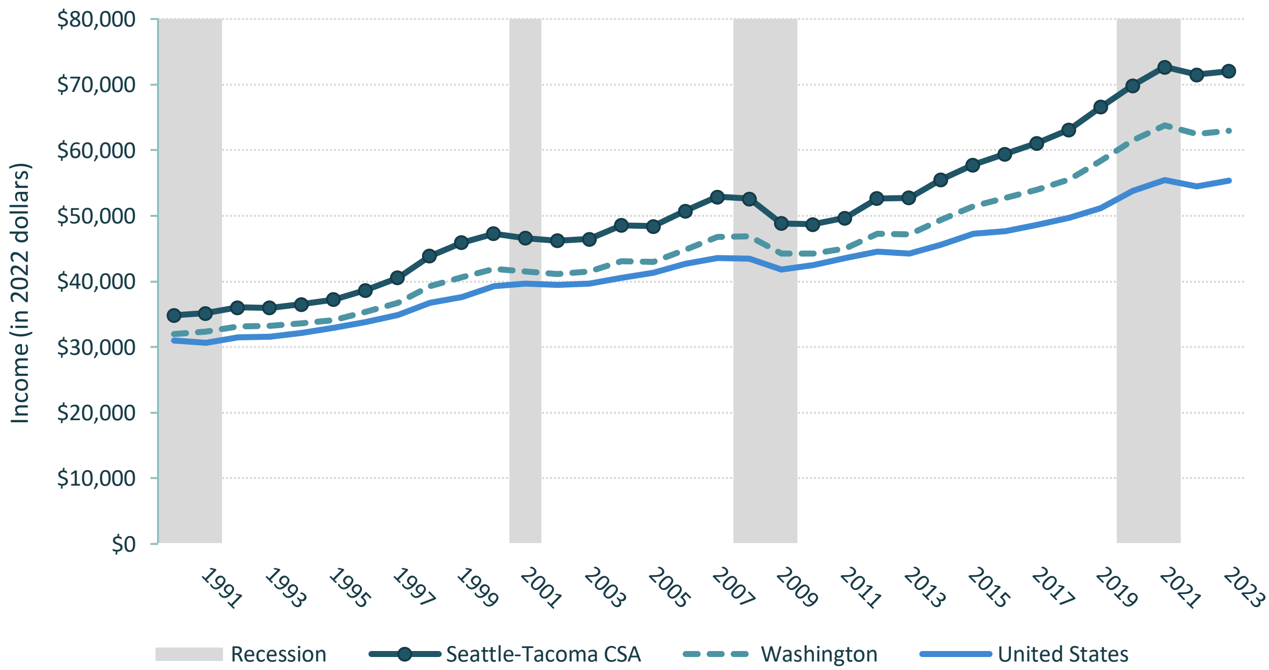
(a) Companies with headquarters in the Seattle-Tacoma CSA that have a Fortune 500 company ranking (in 2022).
Source: Puget Sound Business Journal – Book of Lists 2022, as of June 23, 2023.

Amazon.com, Inc. is the area's largest employer and anchors the information technology sector in the Seattle-Tacoma CSA. Since 2019, Amazon.com, Inc. has continued to grow its presence in the Seattle-Tacoma CSA and as of 2022, has more than 90,000 employees in the State of Washington. Several other Fortune 500 companies in the technology sector also rank among the top employers in the area, including Microsoft Corp., Google, Inc., and Meta.

The Boeing Co. anchors the area's aerospace cluster and is one of the largest exporters in the United States. In recent years Boeing has diversified its manufacturing locations to other areas of the country. While the company has recently faced supply chain, manufacturing, and quality control issues, as discussed later in the Report, as of December 2023, Washington remains the largest home of Boeing employees in the United States with 39.1% of total Boeing employees, the next closest states are Missouri with 9.8% and California with 8.4%.[22] Other major employers that are known worldwide include industry leaders Starbucks Corporation, Wal-Mart Stores, Inc., and Costco Wholesale Group, among others. The U.S. military is also a major employer in the Seattle-Tacoma CSA – Joint Base Lewis-McChord and Navy Region Northwest rank fourth and sixth, respectively, among the area's largest employers in 2022.

Per Capita Personal Income. Growth in passenger traffic at the Airport and the propensity to travel in a region are closely related to per capita personal income levels, as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel and (2) income growth in per capita translates into disposable income, which reflects the potential for growth in the number of trips per person. Historically, per capita personal income (in 2012 dollars) has been consistently higher in the Seattle-Tacoma CSA than in the State of Washington and the nation, as shown on Figure 14.

Figure 14
PER CAPITA PERSONAL INCOME (IN 2012 DOLLARS)
Seattle-Tacoma CSA, State of Washington, and United States



Note: The Seattle-Tacoma CSA consists of King, Kitsap, Mason, Pierce, Skagit, Snohomish, and Thurston counties.
Source: Woods & Poole Economics, Inc., May 2023.

[22] Source: Boeing, "General Information," http://www.boeing.com/company/general-info/, accessed May 2024.

Real wage and salary income decreased 1.6% following the 2020 recession, a smaller decrease than the State and the United States of 2.1% and 1.7%, respectively. In contrast, the population in the Seattle-Tacoma CSA increased nearly 5.0% during the same period. Decreasing wages and salary income and increasing population contributed to the decline in personal income growth in the Seattle-Tacoma CSA following the 2020 recession. However, average per capita income in the Seattle-Tacoma CSA in 2023 exceeded that of the State and the nation by 14.5% and 30.3%, respectively.

Household Income above $100,000. The percentage of households with annual income of $100,000 or more is an indicator of potential demand for air travel. According to Consumer Expenditure Survey data from the United States Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of $100,000 or more.[23] Table 5 shows that in 2022, the Seattle-Tacoma CSA ranked 11th in the United States with approximately 985,000 households with annual income above $100,000. In terms of percentage of households with annual income of $100,000 or more, the Seattle-Tacoma CSA ranks third in the United States with 51.0%.

Table 5

2022 HOUSEHOLDS WITH INCOME OF $100,000 AND ABOVE BY METROPOLITAN REGION

Rank	Combined Statistical Area	Households with Income of $100,000 and Above	Percent of Households in the CSA with Income of $100,000 and Above	Rank of Percent of Households with Income of $100,000 and Above
1	New York-Newark CSA	4,082,000	47.4%	6
2	Los Angeles-Long Beach CSA	2,703,000	44.2%	11
3	Washington-Baltimore-Arlington CSA	2,009,000	53.6%	2
4	San Jose-San Francisco-Oakland CSA	1,910,000	56.5%	1
5	Boston-Worcester-Providence CSA	1,609,000	48.7%	4
6	Chicago-Naperville CSA	1,604,000	42.2%	15
7	Dallas-Fort Worth CSA	1,204,000	40.9%	20
8	Philadelphia-Reading-Camden CSA	1,195,000	41.9%	17
9	Atlanta-Athens CSA	1,015,000	39.8%	22
10	Houston-The Woodlands CSA	1,011,000	39.0%	25
11	**Seattle-Tacoma CSA**	**985,000**	**51.0%**	**3**
12	Miami-Port St. Lucie-Ft. Lauderdale CSA	871,000	33.8%	54
13	Detroit-Warren-Ann Arbor CSA	762,000	35.3%	45
14	Minneapolis-St. Paul CSA	736,000	46.3%	7
15	Phoenix-Mesa, AZ CSA	712,000	38.7%	28

Source: U.S. Census, American Community Survey 5-year estimates, 2022.

[23] Source: Who's Buying for Travel 12th edition, New Strategist Publications, 2018. Data in Who's Buying for Travel are based on the United States Department of Labor, Bureau of Labor Statistics' "Consumer Expenditure Survey," an ongoing nationwide survey of household spending.

Gross Regional Economy. As of December 31, 2022, the Seattle-Tacoma CSA economy ranked 11th among United States metro areas with a gross regional product of more than $517 billion. The New York-Newark CSA had the largest gross regional product at the end of 2022 at $2.2 trillion, and the Los Angeles-Long Beach CSA had the second largest amount of gross regional product at $1.2 trillion.[24] In the Seattle-Tacoma CSA, the largest contributors to its gross regional product in 2022 was the information industry, totaling $113.8 billion, or 22.0%.[25]

Seattle Visitor Activity

Prior to 2020, Seattle had seen ten consecutive years of visitor volume growth, reaching 41.9 million total visitors in 2019.

In 2023, there were 37.8 million visitors to Seattle, approximately 3.9 million more visitors than 2022 and 90% of the previous record of 41.9 million visitors in 2019. Visitors to Seattle spent a record $8.2 billion in 2023 and supported more than 65,000 jobs in Seattle and King County.

The greater Seattle area offers both leisure and business travelers numerous entertainment attractions, cultural institutions, shopping districts, dining selections, recreational options, professional sporting events, and scenic parks and vistas. Attractions in the greater Seattle area include the Space Needle, Pike Place Market, Seattle Art Museum, Pacific Science Center, Starbucks Reserve Roastery & Tasting Room, Seattle Aquarium, The Future of Flight Aviation Center & Boeing Tour, and T-Mobile Park and Lumen Field.

Convention Business. Many business travelers visit Seattle to attend conventions and other events, and the city continued to build new hotels and expand the event spaces at the Washington State Convention Center (WSCC).[26] In 2023, the Four Seasons Hotel and Hotel 1000 both underwent extensive renovations and the new Astra Hotel opened, adding 265 new hotel rooms. Three new additional hotels are expected to open in 2024 and are expected to add an additional 546 rooms.[27]

The WSCC is in Downtown Seattle between Central Business District and First Hill, and hosts both national and regional events ranging from industry conferences, to sporting events, to music concerts, to the Emerald City Comic Con.[28] In 2024, the number of events at the WSCC and at other venues in Seattle is expected to exceed historic levels.[29]

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[24] Source: United States Bureau of Economic Analysis.
[25] Source: United States Bureau of Economic Analysis.
[26] Source: Seattle Business “Thriving Seattle Convention Business Shows No Signs of Slowing”, https://www.seattlebusinessmag.com/economy/thriving-seattle-convention-business-shows-no-signs-slowing/, accessed March 2021.
[27] Source: Hotel News Resource, “Seattle Hotel Market: A Shining Beacon of the Pacific Northwest” https://www.htrends.com/trends-detail-sid-130365.html, accessed May 2024.
[28] Source: Hotel News Resource, “Seattle Hotel Market: A Shining Beacon of the Pacific Northwest” https://www.htrends.com/trends-detail-sid-130365.html, accessed May 2024.
[29] Source: Hotel News Resource, “Seattle Hotel Market: A Shining Beacon of the Pacific Northwest” https://www.htrends.com/trends-detail-sid-130365.html, accessed May 2024.

In January 2023, the $1.9 billion "The Summit" expansion of the WSCC opened. The Summit added more than 573,000 square feet of event space to the WSCC, including a 58,000 square foot ballroom, 62 meeting rooms, and 248,450 square feet of exhibits hall space and retail spaces plus planned residential apartments.[30] These new areas support a wide variety of uses and event types and is expected to attract approximately 400,000 new conventioneers to the city annually in the future.

International Travel. In addition to the visitor activity attracted by the convention center and other local attractions, international travel is supported by the large portion of the population that is foreign born. According to the United States Census Bureau, 20.7% of the population is foreign born compared with 13.9% of the United States population as a whole.[31] Of the foreign born population, 54.8% were born in Asia, 17.8% were born in Latin America, and 13.5% were born in Europe.[32] On a regional basis, visitors from China, South Korea, and Japan have consistently generated most visitors from the Asia-Pacific region that visit Seattle, while the United Kingdom and Germany top the European inbound visitor segment. During the COVID-19 pandemic in 2020, many international passenger routes were significantly reduced as a result of governmental restrictions. Destinations where service from the Airport was ended and has not returned since includes, but is not limited to, Hong Kong, Beijing, and Shenzhen, likely due to the travel restrictions still in place between China and the United States. According to airline schedule data, new nonstop international air service at the Airport has and will continue to contribute to the growing demand from overseas, along with emerging markets such as India that is largely fueled by business travel and visiting friends and/or relatives. Below is a list of overseas routes from the Airport that were started from January 2021 to March 2024.

- Qatar Airways (Jan 2021): to Doha, Qatar
- WestJet Airlines (Nov 2021): to Calgary, Canada
- Alaska Airlines (Nov 2021): to Belize City, Belize
- Turkish Airlines (May 2022): to Istanbul, Turkey
- Air Tahiti Nui (June 2023): to Papeete, Tahiti
- Air Tahiti Nui (June 2023): to Paris, France
- All Nippon Airways (July 2023): to Tokyo (Narita), Japan

As of April 4, 2024, 28 airlines provided direct service on 46 routes to approximately 30 international destinations from the Airport.[33] The importance of Seattle as an international

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[30] Source: https://seattleconventioncenter.com/venues/summit-addition, accessed May 2024.
[31] Source: 2022 American Community Survey 1-Year Estimates, United States Census Bureau, Place of Birth by Nativity and Citizenship Status, accessed May 2024.
[32] Source: 2022 American Community Survey 1-Year Estimates, United States Census Bureau, Place of Birth by Nativity and Citizenship Status, accessed May 2024.
[33] Source: Port of Seattle, "Nonstop International Routes", https://www.portseattle.org/page/nonstop-international-routes as of April 4, 2024, accessed June 2024.

destination is underscored by the planned addition of service in 2024 by Lufthansa to Munich, Germany, Alaska Airlines to Toronto, Canada, Philippine Airlines to Manila, Philippines, and Delta Air Lines, China Airlines, and Starlux Airlines to Taipei, Taiwan.

Economic Outlook

The economic outlook for the Seattle-Tacoma CSA, the State of Washington, the United States, and the global economy forms a basis for forecast growth in airline traffic at the Airport. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, state, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of regional, state, national, and global economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends, as presented in the later section titled "Airline Traffic Trends."

Seattle-Tacoma CSA Economy. Recently, the Seattle-Tacoma CSA economy has performed better than the overall U.S. economy, especially with respect to total nonagricultural employment and unemployment rates. For the month of March 2024, the Seattle-Tacoma CSA unemployment rate was 4.1% compared with the national average of 4.2% as of the same time period.[34] King County, which has approximately 46% of the Seattle-Tacoma CSA's population[35] and includes the City of Seattle, had an unemployment rate of 3.9% in April 2024. Consumer price inflation remained above the national average, mainly as a result of growth in housing costs and gasoline prices in the Seattle area; from April 2023 to April 2024, consumer prices increased 4.4% in the Seattle-Tacoma CSA compared with 3.4% in the nation.[36] Economic forecasts for King County show continuing economic and employment growth as part of a maturing economic recovery, but at a slower rate.[37]

State of Washington Economy. According to the Washington State Economic and Revenue Forecast Council, more than 17,200 nonfarm jobs were added in the State from November to December 2023, more than double the number expected in the November Washington State forecast.[38] While jobs in the construction and administrative support services sectors decreased at the end of 2023, aerospace manufacturing, arts, entertainment, and hospitality, and government employment experienced significant increases. Unemployment in Washington has increased to 4.2% from a low of 3.6% in September 2023 and is expected to remain between 4.3% and 4.5% through 2029.[39]

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[34] U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2024.
[35] U.S. Census Population estimates, American FactFinder, accessed May 2024.
[36] Bureau of Labor Statistics, Consumer Price Index, accessed May 2024.
[37] March 2024 King County Economic and Revenue Forecast, http://www.kingcounty.gov/business/Forecasting.aspx
[38] Washington State Economic and Revenue Forecast Council, February 2024 Preliminary Economic Forecast.
[39] Washington State Economic and Revenue Forecast Council, February 2024 Final Economic Forecast.

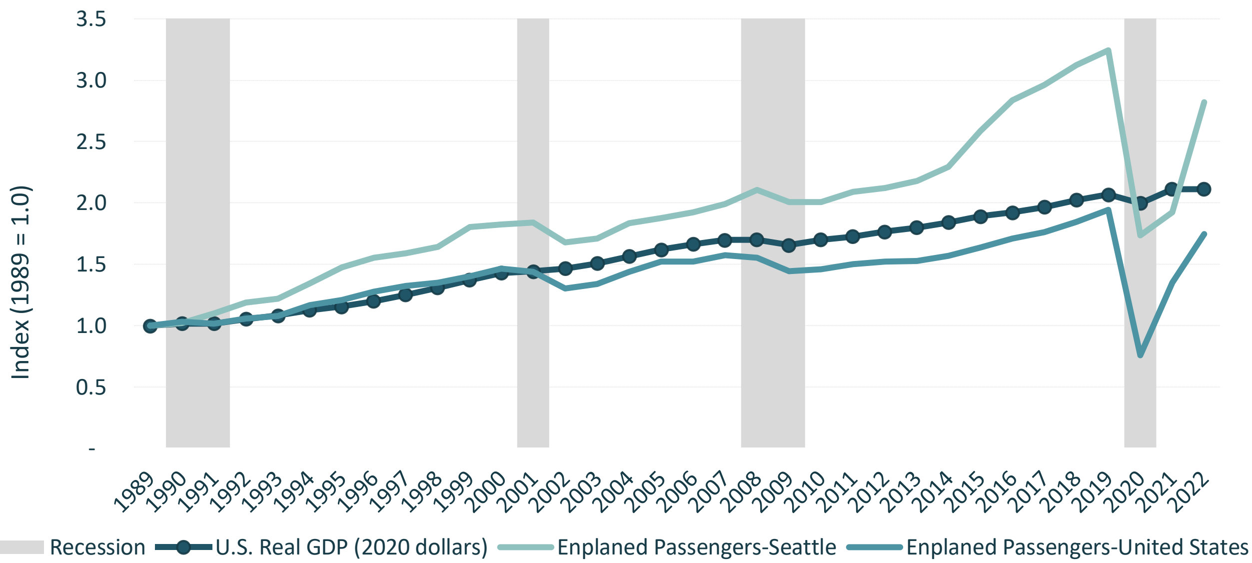
National Economy. With a strong start to 2024, the U.S. economy has experienced favorable growth indicators within the number of business engagements, labor markets, sentiment, and inflation trends. However, increasing consumer debt and elevated interest rates may subdue economic growth in the short run. While U.S. economic forecasts in 2024 no longer forecast a recession, consumer spending growth is expected to be reduced through the middle of 2024 as households find a new equilibrium between income, debt, savings, and spending.[40] The upcoming U.S. presidential election in November 2024 has the potential to cause short term economic uncertainty, but elections have not historically had medium-to-long term market impact, even with potential delays in verifying an election victor, as occurred in 2000 and 2020. [41] Consumer spending is expected to resume by early 2025.[42]

Further labor market tightening is expected as portions of the labor force reach retirement and businesses become determined to resist massive layoffs. Supply chains continue to recover as price pressures moderate and inflation tracks closer to reaching the U.S. Federal Reserve's year-over-year 2% target. U.S. Gross Domestic Product (GDP) quarterly growth is expected to slow below 1.0% in 2Q and 3Q 2024, with quarterly annualized GDP growth converging to about 2.0% in 2025.[43]

Figure 15 presents U.S. real GDP trends, measured in 2020 dollars, alongside enplaned passengers at the Airport and in the U.S. from 1989 through 2022, with traffic indexed as 100 in 1989. Since 1989, passenger traffic trends in the U.S. and at the Airport have closely correlated with trends in real GDP, including decreases during the 1990-1991 and 2007-2009 recessions. From 1989 through 2019, prior to the COVID-19 pandemic, U.S. real GDP increased an average of 2.5% per year, while the number of enplaned passengers increased at averages of 2.2% per year in the nation and 4.0% per year at the Airport. In 2020, U.S. real GDP decreased 2.2%; the number of enplaned passengers fell approximately 60.2% in the U.S. and 46.6% at the Airport.

[40] Forecast for the US Economy, 07 February 2024, The Conference Board Economic, https://www.conference-board.org/research/us-forecast, accessed February 2024.
[41] US Bank, "How Presidential elections Affect the Stock Market", May 23, 2024, accessed May 2024.
[42] Forecast for the US Economy, 16 May 2024, The Conference Board Economic, https://www.conference-board.org/research/us-forecast, accessed May 2024.
[43] Forecast for the US Economy, 07 February 2024, The Conference Board Economic, https://www.conference-board.org/research/us-forecast, accessed February 2024.

Figure 15
TRENDS IN U.S. REAL GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS

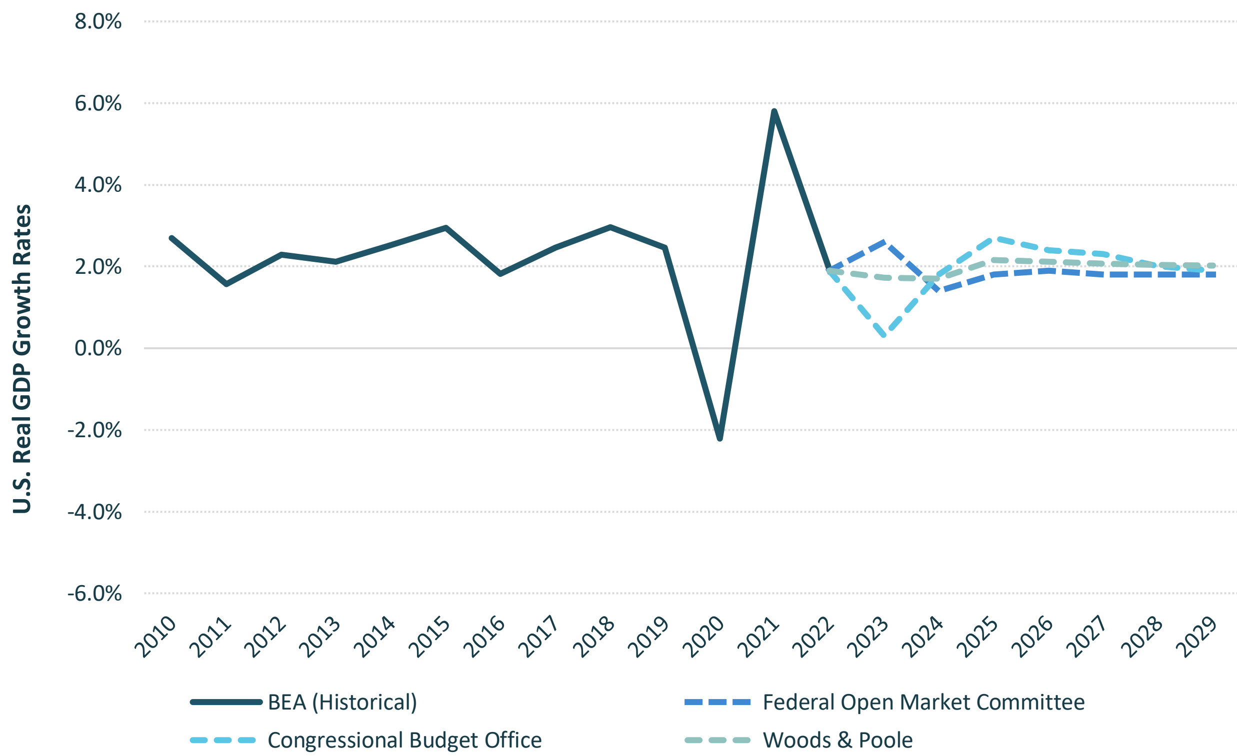


Sources: U.S. Real GDP—U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed February 2024.
Seattle enplaned passengers—Management records (2014-2022); U.S. Department of Transportation (FY 1989-2014).
U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, Preliminary CY 2022 Passenger Boarding Data.

2023-2029 Real GDP Growth Rate Forecasts. Figure 16 shows historical real U.S. GDP growth from the Bureau of Economic Analysis (BEA) and growth forecasts for the U.S. between 2023-2029 from the Congressional Budget Office (CBO), and Federal Reserve Open Market Committee (FOMC), and Woods & Poole. The decrease in real U.S. GDP in 2020 (-2.2%) was a result of the lockdowns, business closures, and extensive unemployment caused by the COVID-19 pandemic.

In 2021, the U.S. real GDP demonstrated a strong recovery with a 5.8% annual growth rate. Based on the various forecast sources indicated above, the U.S. GDP is expected to stabilize around 2025 at a range of 1.8% to 2.0%. The Congressional Budget Office in particular estimates 2023 to be a slower growth year, increasing 0.3%, while the other sources indicate a growth rate of between 1.9% to 2.6% per year.

Figure 16
2023-2029 U.S. REAL GDP GROWTH RATE FORECASTS



Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2017 Dollars, December 2023; Congressional Budget Office, Budget and Economic Data, 10-Year Economic Projections, June 2023; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, Jan 2024; Woods & Poole CEDDS, June 2023.

Global Economy. Globalization of the world economy has created linkages between national economies that relate not only to trade, but also to airline travel. The economic growth of world regions, in terms of GDP, is directly related to the growth in airline travel. In emerging economies with a growing middle class, such as Mexico, India, and China, growth in numbers of airline passengers has been significant. As countries and regions experience strong economic growth, the propensity to travel increases, resulting in more leisure travel by residents and more business travel within those areas and to the United States, including the Seattle-Tacoma CSA.

Historical and projected GDP for world regions is shown in Table 6. From 2022 through 2030, the average annual growth rate of real global GDP is projected to increase to 2.8%, slightly below the average annual rate of growth between 2010 and 2019 of 2.9%. Despite the slowdown in average annual growth from 2019 to 2022 due to the COVID-19 pandemic, most economies have fully recovered their GDP levels and are projected to realize similar growth as they did prior to the pandemic. This would contribute to the underlying demand growth for both business and leisure passenger travel, including airline travel to/from the Seattle-Tacoma CSA.

Table 6

HISTORICAL AND PROJECTED GLOBAL REAL GROSS DOMESTIC PRODUCT GROWTH RATES

	Average annual real GDP growth		
Region/Country	Historical 2010-2019	Recession recovery 2019-2022	Projected 2022-2030
China (including Hong Kong and Macau)	7.2%	4.3%	4.8%
Asia (excluding China, Hong Kong, and Macau)	3.4%	1.4%	3.4%
Africa	3.3%	2.0%	3.8%
Middle East	3.1%	3.1%	2.7%
Latin America	1.7%	1.2%	2.7%
Former Soviet Union	2.1%	1.0%	1.7%
Canada	2.2%	1.7%	1.9%
United States	2.1%	0.3%	2.1%
Europe	1.6%	0.8%	1.4%
World	2.9%	1.9%	2.8%

Note: 2010-2019 data was revised by the U.S. DAERS and could lead to discrepancies with last report update
Source for historical and projected: U.S Department of Agriculture, Economic Research Service, *International Macroeconomic Data, Projected Real GDP Values*, updated November 16, 2023.

Risks to the Economic Outlook. Although both the short-term and mid- to long-term economic outlooks are favorable, there are risks that these projections/forecasts may not be achieved. Key risks to such achievement include the following:

- U.S. consumers may not be able to generate much spending growth as a result of a lack of growth in wages, persistent unemployment, or other factors.
- Uncertainty in fuel prices could be reversed. Increases in fuel prices related to increasing global demand and political instability in oil producing countries could present a risk to continued economic recovery and growth.
- In the long term, the continuing deficits in the U.S. balance of payments as well as continuing large U.S. fiscal deficits could result in volatility in the currency markets, spending reductions, higher interest rates, and reduced access to credit, thereby presenting a risk to continued economic recovery and growth.
- A shift toward more protectionist economic policies in the U.S. and abroad could result in reduced cross-border trade and investment, thus lowering global growth.
- Non-economic factors such as political discord, terrorism and security concerns, and geopolitical tensions could dampen growth.

Economic Growth Factors. Factors expected to contribute to continued economic growth in the Seattle-Tacoma CSA and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors; (2) the continued population growth of the Seattle-Tacoma CSA; (3) an educated labor force able to support the development of knowledge-based and service industries; and (4) the strength of a number of the area's leading businesses.

AIRLINE TRAFFIC TRENDS

The following sections present the airlines serving the Airport: a discussion of enplaned passengers at the Airport since 2018, passenger market shares of enplaned and originating passengers, and the role of the Airport in the route systems of Alaska Airlines and Delta Air Lines.

Airlines Serving the Airport

Table 7 lists the passenger airlines that served the Airport as of March 2024. As used in the Report and unless otherwise indicated, references to Alaska Airlines, Delta Air Lines, and other passenger airlines include passengers carried by each mainline airline's regional airline partners, when the regional airlines operate flights under the name of mainline airlines. In addition, several all-cargo airlines, including ABX Air, AeroLogic, Air Transport International, Ameriflight, Cargolux, China Airlines, China Cargo Airlines, Empire Airlines, FedEx, Kalitta Air Cargo, National Airlines, Northern Air Cargo, and Skylease Cargo provide service at the Airport as of March 2024.

Table 7
PASSENGER AIRLINES SERVING SEATTLE-TACOMA INTERNATIONAL AIRPORT
March 2024

Mainline/National	*Foreign Flag*
Alaska Airlines (a)	Aer Lingus
American Airlines	Aeromexico Airlines
Delta Air Lines	Air Canada
Frontier Airlines	Air Canada Jazz
Hawaiian Airlines	Air France
JetBlue Airways	Air Tahiti Nui
Southwest Airlines	All Nippon Airways
Spirit Airlines	Asiana Airlines
Sun Country Airlines	British Airways
United Airlines	Condor Flugdienst
Virgin Atlantic Airways	Emirates
	Eva Airways
Regional/Commuter	Icelandair
American Eagle (a)	Japan Airlines
Delta Connection (a)	Korean Air
Horizon Air	Lufthansa Airlines
United Express (a)	Qatar Airways
	Singapore Airlines
	Turkish Airlines
	Volaris
	WestJet

Source: Port of Seattle records.
(a) SkyWest Airlines, operating flights for Alaska Airlines, American Eagle, Delta Connection, and United Express

Enplaned Passengers

Table 8 summarizes the numbers of enplaned passengers at the Airport from 2018 through 2023, organized by originating, connecting, and total enplaned passengers. This period of time was significantly affected by the worldwide outbreak of the COVID-19 pandemic in late 2019. Despite the negative effect the COVID-19 pandemic had on passenger traffic, the total number of enplaned passengers at the Airport increased an average of 0.4% per year for the period shown, with the number of originating passengers in 2023 remaining equal to the number of originating passengers in 2019 and the number of connecting passengers increasing at an average annual rate of 1.2% per year.

Table 8
HISTORICAL ENPLANED PASSENGERS
Seattle-Tacoma International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent originating
2018	17,114,195	7,780,142	24,894,337	68.7%
2019	17,573,857	8,300,018	25,873,875	67.9
2020	6,093,469	3,943,237	10,036,706	60.7
2021	11,470,880	6,602,046	18,072,926	63.5
2022	15,107,993	7,858,126	22,966,119	65.8
2023	17,107,515	8,263,921	25,371,436	67.4
	Average annual percent increase (decrease)			
2018-2019	2.7%	6.7%	3.9%	
2019-2020	(65.3)	(52.5)	(61.2)	
2020-2021	88.2	67.4	80.1	
2021-2022	31.7	19.0	27.1	
2022-2023	13.2	5.2	10.5	
2018-2023	(0.0)	1.2	0.4	

Notes: The percentage of originating passengers was calculated using the U.S. Department of Transportation O&D Survey and applying the percentage to the Port's enplaned passengers to estimate originating and connecting passengers by year. Columns may not add to the totals shown or the calculated percent increase (decrease) may be different due to rounding.
Sources: U.S. Department of Transportation O&D Survey via Airline Data Inc., accessed June 2024.

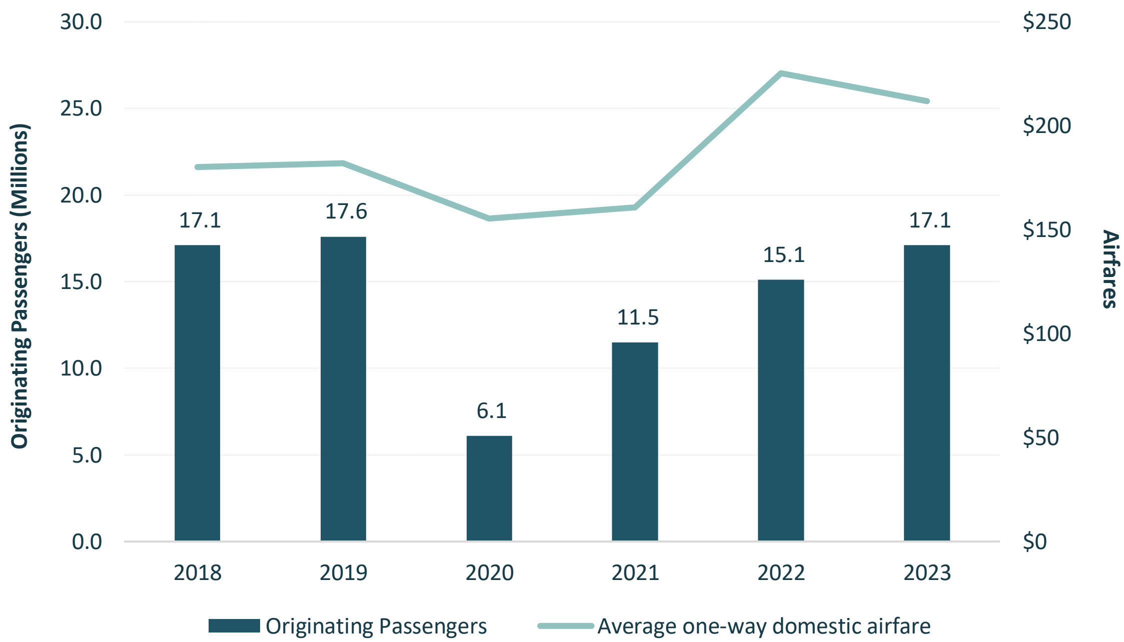
From January 2024 through March 2024, the total number of enplaned passengers at the Airport increased 1.7% over the same period in the previous year, while the total number of enplaned passengers increased 1.3% on Alaska Airlines and decreased 1.7% on Delta Air Lines in comparison to the same period in the previous year.

Alaska Airlines and Delta Air Lines have reported an average annual increase from 2018 to 2023 of 1.9% and 1.4%, respectively, however, all other airlines have been slower to recover from the negative effects of the COVID-19 pandemic, with an average annual decrease of 3.5% over the same period of time. Alaska Airlines primarily operates domestic flights at the Airport, along with some flights to Canada and Mexico. The share of total Airport passengers enplaned by Alaska Airlines increased from 49.0% in 2018 to 52.8% in 2023, while the share of Airport passengers enplaned by Delta Air Lines increased from 23.1% to 24.3% over the same period.

For Alaska Airlines, the number of originating passengers reported an average annual increase of 2.7% while connecting passengers decreased 0.6% from 2018 to 2023. For Delta Air Lines, the number of originating passengers reported an average annual decrease of 2.2% while connecting passengers reported an increase of 8.3% during the same period.

As shown on Figure 17, the average Airport one-way domestic airfare was relatively stable between 2018 and 2021 but increased in 2022 and 2023. The Airport's average domestic airfare increased from $180 in 2018 to $182 in 2019, decreased to $155 and $161 during the COVID-19 pandemic, and then increased to $225 and $212 in 2022 and 2023, respectively, as travel demand returned following the COVID-19 pandemic. During this same period, the average U.S. domestic airfare increased from $175 in 2018 to $192 in 2023, following the same trend as the Airport.[44]

Figure 17
AIRFARES AND ORIGINATING PASSENGERS
Seattle-Tacoma International Airport



Source: U.S. Department of Transportation, O&D Survey via Airline Data Inc., accessed June 2024.

The average annual increase in domestic airfares from 2018 to 2023 was 3.3% for the Airport, greater than the 1.9% increase for the nation. The increase in domestic airfares at the Airport since 2018 is likely due to increased demand resulting from suppressed travel during the COVID-19 pandemic.

Nonstop international service is provided from the Airport to Asia, Canada, Mexico, Europe, and the Middle East, and the Airport serves as a growing international gateway for Delta Air Lines.

As shown in Table 9, the number of enplaned international passengers at the Airport increased at a faster rate than the number of enplaned domestic passengers. In 2023, enplaned international passengers accounted for 11.3% of the Airport's total enplaned passengers, up

[44] Source: U.S. Department of Transportation, O&D Survey, accessed May 2024.

from 10.8% in 2018. International passengers are important to the Airport and to the region because they typically generate significant economic benefits.

Table 9
HISTORICAL DOMESTIC AND INTERNATIONAL ENPLANED PASSENGERS
Seattle-Tacoma International Airport

Year	Domestic	International	Enplaned passengers	Percent international
2018	22,200,368	2,693,970	24,894,338	10.8%
2019	23,015,911	2,857,964	25,873,875	11.0
2020	9,373,402	670,325	10,043,727	6.7
2021	17,251,456	821,470	18,072,926	4.5
2022	20,780,867	2,185,252	22,966,119	9.5
2023	22,502,280	2,869,156	25,371,436	11.3
	Average annual percent increase			
2018-2019	3.7%	6.1%	3.9%	
2019-2020	(59.3)	(76.5)	(61.2)	
2020-2021	84.0	22.5	79.9	
2021-2022	20.5	166.0	27.1	
2022-2023	8.3	31.3	10.5	
2018-2023	0.3	1.3	0.4	

Note: Columns may not add to the totals shown or the calculated percent increase (decrease) may be different due to rounding.
Source: Port of Seattle records.

Most travel restrictions that suppressed international travel during the COVID-19 pandemic have been lifted resulting in the number of international enplaned passengers in 2023 exceeding the number of international enplaned passengers in 2019. While international enplaned passengers in 2023 have increased compared to 2019, direct service to China has decreased due to restrictions imposed by the U.S.-China air service bilateral agreements. As of the date of the Report, U.S.-China air service bilateral agreements have made progress to gradually restore service in anticipation of demand for the Summer 2024 season. Beginning March 31, 2024, Chinese carriers were permitted to operate 50 weekly round trips to and from the United States, up from 35. Before restrictions were imposed in early 2020, 150 weekly round trips were permitted.[45]

[45] Source: CNN "US allows China to boost passenger flights to 50 per week as summer travel season nears", https://www.cnn.com/2024/02/27/business/china-us-flights-increase-intl-hnk/index.html/, accessed February 2024.

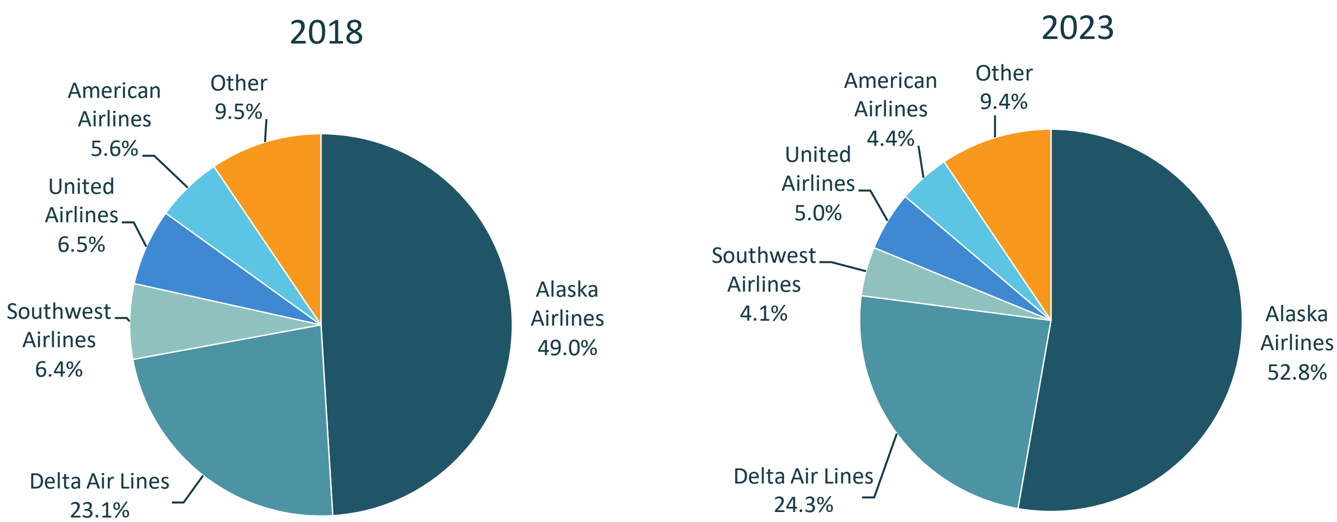
For 2023, the international markets served from the Airport, as measured by the number of international revenue enplaned passengers, were as follows: Asia (23.3%), Canada (20.2%), Europe (30.1%), the Middle East (10.6%), and Mexico (15.8%).

Passenger Market Shares

Enplaned passenger market shares for the airlines serving the Airport are shown on Figure 18 and in Table 10.

In 2023, Alaska Airlines enplaned the largest share of passengers (52.8%) at the Airport, followed by Delta Air Lines (24.3%). The share of Airport passengers enplaned by Alaska Airlines increased from 49.0% in 2018 to 52.8% in 2023, while Delta Air Lines' enplaned passenger market share increased from 23.1% to 24.3% during the same period. These changes in market share are likely due to other airlines reducing service during the COVID-19 pandemic that has not returned or was captured by Alaska Airlines and Delta Air Lines, as shown on Figure 18.

Figure 18
ENPLANED PASSENGER MARKET SHARES
Seattle-Tacoma International Airport



Note: Includes regional/commuter affiliates.
Source: Port of Seattle records.

As shown in Table 10, the number of enplaned passengers at the Airport decreased 1.9% from the peak in 2019, largely due to the effects of the COVID-19 pandemic in late 2019. Increased numbers of enplaned passengers on Alaska Airlines have offset decreases by American Airlines, Delta Air Lines,[46] Southwest Airlines, and United Airlines, which have a lower number of enplaned passengers at the Airport in 2023 as compared to results in 2019.

Table 10
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Seattle-Tacoma International Airport

	2018	2019	2020	2021	2022	2023
Alaska Airlines	12,203,013	12,784,085	5,682,263	10,318,015	12,492,717	13,387,165
Delta Air Lines	5,747,298	6,313,912	2,260,114	4,177,782	5,582,462	6,164,818
Southwest Airlines	1,583,717	1,446,899	499,269	915,823	1,078,276	1,050,947
United Airlines	1,609,517	1,493,062	456,821	860,777	1,122,268	1,271,151
American Airlines	1,397,371	1,320,903	520,021	935,601	960,717	1,104,405
Other	2,353,421	2,515,014	618,218	864,928	1,729,679	2,392,950
Total	24,894,337	25,873,875	10,036,706	18,072,926	22,966,119	25,371,436
	Percent of total					
Alaska Airlines	49.0%	49.4%	56.6%	57.1%	54.4%	52.8%
Delta Air Lines	23.1	24.4	22.5	23.1	24.3	24.3
Southwest Airlines	6.4	5.6	5.0	5.1	4.7	4.1
United Airlines	6.5	5.8	4.6	4.8	4.9	5.0
American Airlines	5.6	5.1	5.2	5.2	4.2	4.4
Other	9.5	9.7	6.2	4.8	7.5	9.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes: Includes enplaned passengers on each airline's regional/commuter affiliates. Columns may not add to totals shown because of rounding.
Source: Port of Seattle records.

Originating Passengers

Table 11 shows originating passenger traffic at the Airport by airline for 2018 through 2023, as well as each airline's market share of total originating passengers. The originating passenger market share trend for Alaska Airlines is increasing, similar to the enplaned passenger market share trend. The originating passenger market share trend for Delta Air Lines is decreasing, due to a larger number of connecting passengers in 2023 compared to 2018.

[46] Delta Air Lines' number of enplaned passengers in 2023 was greater than the number of enplaned passengers in 2018.

Table 11
HISTORICAL ORIGINATING PASSENGERS BY AIRLINE
Seattle-Tacoma International Airport

	2018	2019	2020	2021	2022	2023
Alaska Airlines	7,235,910	7,486,955	2,965,039	5,721,358	7,100,446	8,264,327
Delta Air Lines	4,022,061	4,415,963	1,281,425	2,411,576	3,364,362	3,595,908
Southwest Airlines	1,542,290	1,409,872	481,373	895,505	1,076,210	1,026,622
United Airlines	1,520,921	1,406,807	403,194	798,417	1,121,031	1,226,870
American Airlines	1,306,453	1,256,805	487,926	879,065	935,429	993,421
Other	1,486,560	1,597,455	474,512	764,959	1,510,515	2,000,367
Total	17,114,195	17,573,857	6,093,469	11,470,880	15,107,993	17,107,515
	Percent of total					
Alaska Airlines	42.3%	42.6%	48.7%	49.9%	47.0%	48.3%
Delta Air Lines	23.5	25.1	21.0	21.0	22.3	21.0
Southwest Airlines	9.0	8.0	7.9	7.8	7.1	6.0
United Airlines	8.9	8.0	6.6	7.0	7.4	7.2
American Airlines	7.6	7.2	8.0	7.7	6.2	5.8
Other	8.7	9.1	7.8	6.7	10.0	11.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on each airline's regional/commuter affiliates. Columns may not add to totals shown because of rounding. The percentage of originating passengers for each airline was calculated using the U.S. DOT's O&D Survey via Airline Data, Inc.; those percentages were applied to the Port's total enplaned passenger numbers to estimate originating and connecting passengers by airline each year. The originating percentage for Other was calculated on an aggregate basis for all of the remaining airlines operating at the Airport.
Sources: Port of Seattle records; U.S. Department of Transportation, O&D Survey via Airline Data Inc., accessed June 2024.

Top Domestic Passenger Markets

Table 12 presents the Airport's top 20 domestic O&D passenger markets in 2023. Table 12 also shows the average daily scheduled seats on nonstop departures from the Airport to each of those markets in July 2023. Of the scheduled daily nonstop seats from the Airport in July 2023, 65.8% were to the top 20 markets listed in Table 12. Originating passengers in those markets represented 65.2% of the Airport's domestic originating passengers.

Table 12

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE

Seattle-Tacoma International Airport

2023, except as noted

Rank	Origin-destination market	Air miles from Seattle	Percent of originating passengers	July 2023 average daily seats
1	Los Angeles, California (a)	958	11.1%	7,331
2	San Francisco, California (b)	682	7.9	6,442
3	Phoenix, Arizona	1,107	4.7	3,087
4	Las Vegas, Nevada	867	4.7	2,941
5	New York City, New York (c)	2,412	4.2	2,859
6	Chicago, Illinois (d)	1,727	3.8	3,606
7	San Diego, California	1,050	3.5	2,201
8	Denver, Colorado	1,024	3.4	3,447
9	Dallas/Fort Worth, Texas (e)	1,665	2.7	2,650
10	Washington, DC (f)	2,323	2.2	1,654
11	Boston, Massachusetts	2,496	2.1	1,559
12	Honolulu, Hawaii	2,677	2.0	1,545
13	Sacramento, California	605	2.0	1,730
14	Atlanta, Georgia	2,182	1.9	2,313
15	Salt Lake City, Utah	689	1.8	1,871
16	Orlando, Florida	2,554	1.7	899
17	Minneapolis/St. Paul, Minnesota	1,399	1.6	1,924
18	Austin, Texas	1,770	1.5	1,006
19	Houston, Texas (g)	1,884	1.4	1,164
20	Anchorage, Alaska	1,448	1.3	4,504
	Cities listed		65.2	54,733
	Other cities		34.8	28,404
	All cities		100.0%	83,137

(a) Los Angeles International, Bob Hope, LA/Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) San Francisco, Oakland, and Mineta San Jose international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) Chicago O'Hare and Midway international airports.

(e) Dallas Fort Worth International Airport and Dallas Love Field.

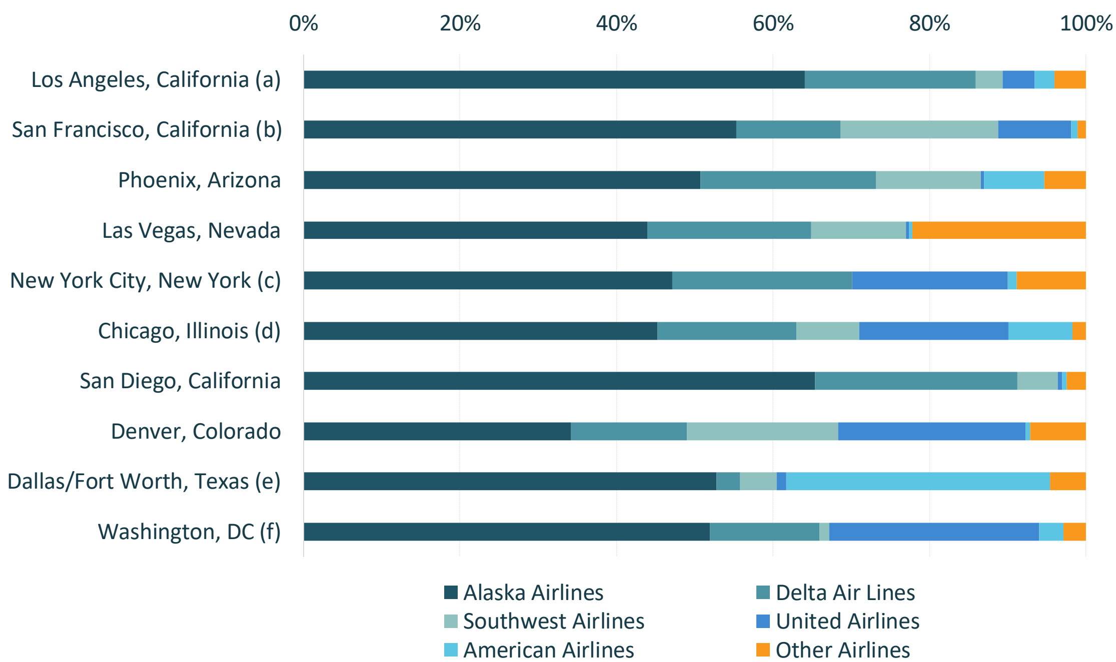
(f) Reagan Washington National, Baltimore/Washington International, and Washington Dulles International airports.

(g) George Bush Intercontinental Airport/Houston and Houston William P. Hobby Airports.

Sources: Air miles: Bureau of Transportation Statistics, Inter-Airport Distance (markets with more than one airport show the average air miles of airports in the market); originating percentage: U.S. Department of Transportation, O&D Survey; departures: U.S. Department of Transportation, T-100 database, accessed May 2024.

Figure 19 presents the airline shares of originating passengers to the Airport's top 10 O&D markets in 2023. Alaska Airlines accounted for the largest share of originating passengers to all of the Airport's top 10 markets. Delta Air Lines accounted for the second largest share of originating passengers in five markets: Los Angeles, Phoenix, Las Vegas, New York, and San Diego. United Airlines accounted for the second largest share of originating passengers to Chicago, Denver, and Washington, D.C. American Airlines and Southwest Airlines were each the second largest share of originating passengers in Dallas/Fort Worth and San Francisco, respectively.

Figure 19
AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS FROM SEATTLE
2023



Note: Includes regional/commuter affiliates.
(a) Los Angeles International, Bob Hope, LA/Ontario International, John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Oakland, and Mineta San Jose international airports.
(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
(d) Chicago O'Hare and Midway international airports.
(e) Dallas Fort Worth International Airport and Dallas Love Field.
(f) Reagan Washington National, Baltimore/Washington International, and Washington Dulles International airports.
Source: U.S. Department of Transportation, O&D Survey, accessed May 2024.

THE AIRPORT'S ROLE IN ALASKA AIRLINES' SYSTEM

Alaska Airlines Originating and Connecting Passengers

Table 13 shows the numbers of originating and connecting passengers for Alaska Airlines from 2018 through 2023, along with the estimated percentage of total originating passengers, which fluctuated between 52.2% to 61.7% during this period of time. In 2023, Alaska Airlines (including Horizon) was the fifth busiest airline in the U.S. with approximately 44.5 million enplaned passengers, based on data compiled by U.S. Department of Transportation. The fourth busiest airline in the U.S. in 2023 was United Airlines with approximately 163.3 million enplaned passengers.

Table 13
HISTORICAL ENPLANED PASSENGERS—ALASKA AIRLINES
Seattle-Tacoma International Airport

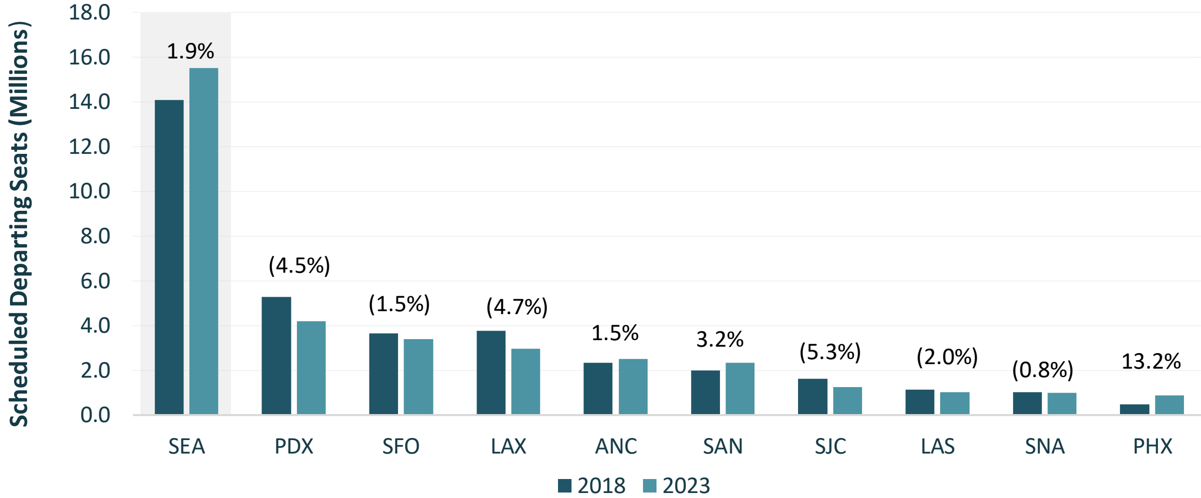
Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent originating
2018	7,235,910	4,967,103	12,203,013	59.3%
2019	7,486,955	5,297,130	12,784,085	58.6
2020	2,965,039	2,717,224	5,682,263	52.2
2021	5,721,358	4,596,657	10,318,015	55.5
2022	7,100,446	5,392,271	12,492,717	56.8
2023	8,264,327	5,122,838	13,387,165	61.7
	Average annual percent increase			
2018-2019	3.5%	6.6%	4.8%	
2019-2020	(60.4)	(48.7)	(55.6)	
2020-2021	93.0	69.2	81.6	
2021-2022	24.1	17.3	21.1	
2022-2023	16.4	(5.0)	7.2	
2018-2023	2.7	0.6	1.9	

Note: The percentage of originating passengers for Alaska Airlines was calculated using the U.S. DOT O&D Survey and applying the percentages to the Port's enplaned passenger numbers to estimate originating and connecting passengers by year. Columns may not add to the totals shown or the calculated percent increase (decrease) may be different due to rounding.
Source: U.S. Department of Transportation O&D Survey via Airline Data, Inc., accessed June 2024.

Trends in scheduled departing seats for Alaska Airlines' ten busiest airports (as measured by the number of scheduled departing seats) are shown on Figure 20. Seattle-Tacoma International Airport accounts for the largest share of departing seats in the route system of Alaska Airlines, followed by Portland International, San Francisco International, and Los Angeles International airports. The number of departing seats by Alaska Airlines at these airports is a function of many factors, including local population and travel demand, geographic location, competitive factors, airline strategy, and availability of new aircraft (discussed later in this section).

Figure 20

AVERAGE ANNUAL CHANGE IN SCHEDULED DEPARTING SEATS AT THE 10 BUSIEST AIRPORTS IN THE ALASKA AIRLINES' ROUTE NETWORK FROM 2018 TO 2023



SEA = Seattle-Tacoma International Airport
PDX = Portland International Airport
SFO = San Francisco International Airport
LAX = Los Angeles International Airport
ANC = Ted Stevens Anchorage International Airport
SAN = San Diego International Airport
SJC = San Jose International Airport
LAS = Harry Reid International Airport
SNA = John Wayne (Orange County) Airport
PHX = Phoenix Sky Harbor International Airport

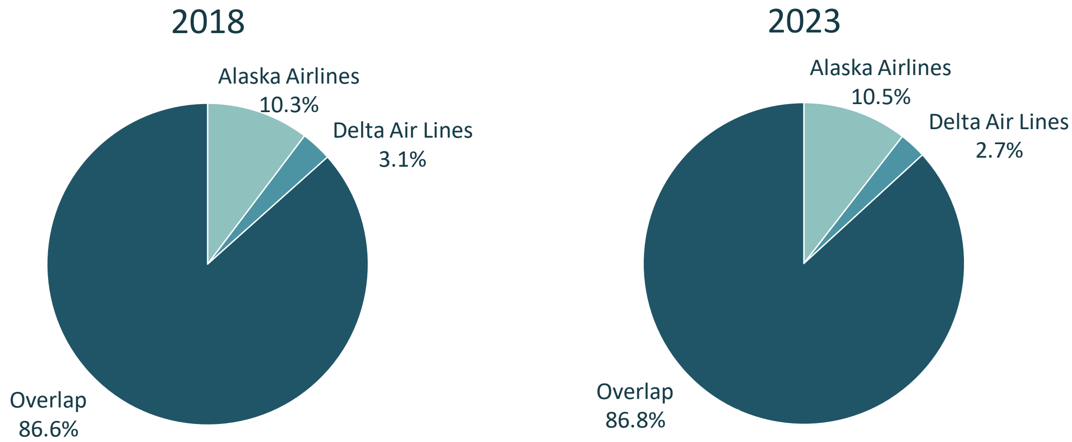
Source: U.S. Department of Transportation, O&D Survey, accessed May 2024.

Alaska Airlines' average annual increase in scheduled departing seats at the Airport was approximately 1.9% between 2018 and 2023 compared to a decrease of 0.1% across Alaska's entire network during the same time period. While the airline's seat capacity at the Airport decreased in 2020 during the COVID-19 pandemic, Alaska Airlines has increased its seat capacity at the Airport between 2018 and 2023 by approximately 1.4 million seats, more than triple the number of seats added at any other airport in Alaska Airlines' top ten busiest airports.

Route Overlap and Competition between Alaska Airlines and Delta Air Lines

The expansion of service by Delta Air Lines at the Airport continues to be an important development. As presented on Figure 21, Alaska Airlines and Delta Air Lines compete in the majority of markets served from the Airport, with 86.8% of total departing seats offered by Alaska Airlines and Delta Air Lines occurring in overlapping markets in 2023, compared with 86.6% in 2018. In 2023, Alaska Airlines remained the dominant carrier, representing 52.8% of the Airport's passenger traffic with enplanements growing an average of 1.9% per year since 2018. Delta Air Lines' passenger traffic represented 23.1% of the Airport's passenger traffic in 2018 and has since increased to 24.3% in 2023.

Figure 21
ALASKA AIRLINES AND DELTA AIR LINES NETWORK OVERLAP – ENPLANED PASSENGERS
Seattle-Tacoma International Airport



Source: U.S. Department of Transportation, T-100 database, accessed May 2024.
Note: Overlapping seats are defined as the departing seats flown by Alaska Airlines and Delta Air Lines in markets where both airlines provided service in the years shown.

While the significant scheduled seat capacity increases at the Airport by both Delta Air Lines and Alaska Airlines have largely been absorbed by increasing passenger demand over the past 10 years, there is a risk that the number of scheduled seats offered by both airlines may not be sustainable over the long term. As shown in Table 14, both airlines' average passenger load factors on domestic service at the Airport have slightly declined. Delta Air Lines' average domestic load factor at the Airport has decreased 1.6% over the last 5 years, from 83.3% in 2018 to 81.7% in 2023, while Alaska Airlines experienced a similar decrease in load factor over the same period, from 82.8% in 2018 to 81.8% in 2023. As described later in the Report and as shown in Table 16, the Port's forecast rate of growth in the number of enplaned passengers at the Airport assumes an average annual increase from 2024 through 2029 of approximately 1.3% per year, which is slightly above the forecast rate of growth in population for the Seattle-Tacoma CSA and below the FAA's forecast rate of growth of 2.4% per year during the same years.

Domestic passenger yield trends at the Airport for Delta Air Lines and Alaska Airlines show that airline competition has not resulted in a degradation of fares. Delta Air Lines' average domestic yield, measured as revenue per mile flown, increased from 14.4 to 15.6 cents per mile between 2018 and 2023. Alaska Airlines' yields at the Airport also increased over the same period, from 14.8 to 15.3 cents per mile.

Table 14
HISTORICAL DOMESTIC LOAD FACTOR AND YIELDS – DELTA AIR LINES AND ALASKA AIRLINES
Seattle-Tacoma International Airport
(2018-2023)

	Delta Air Lines		Alaska Airlines	
Year	Load Factor	Yield	Load Factor	Yield
2018	83.3%	14.4¢	82.8%	14.8¢
2019	84.7%	14.4	82.9%	14.7
2020	46.3%	13.3	52.8%	12.5
2021	69.0%	12.4	72.3%	12.3
2022	82.7%	17.2	82.6%	16.4
2023	81.7%	15.6	81.8%	15.3

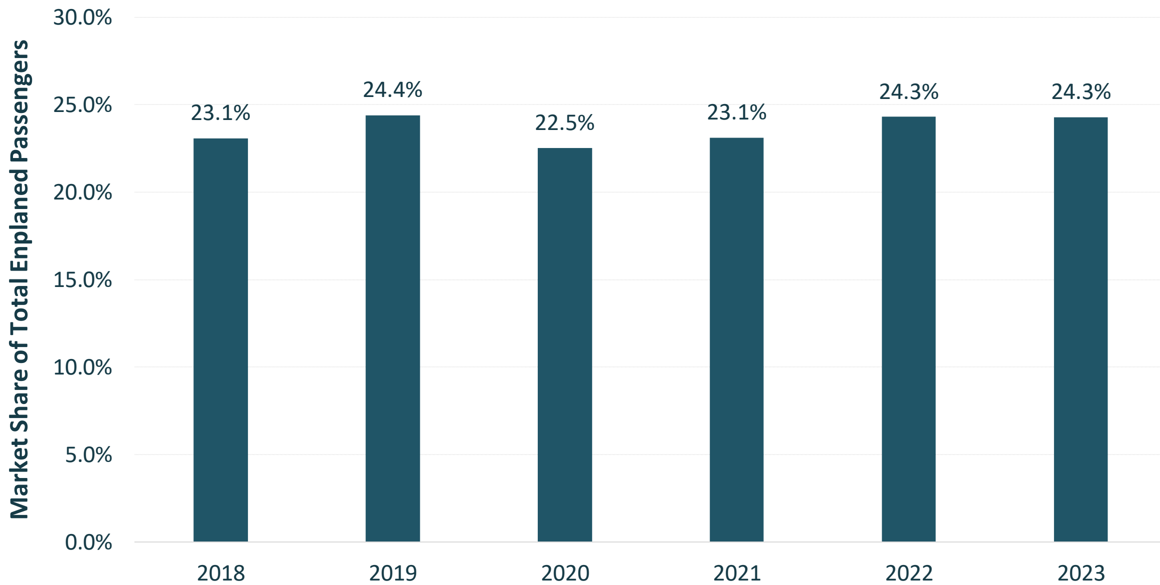
Source: U.S. Department of Transportation O&D Survey; U.S. Department of Transportation T-100 database.

THE AIRPORT'S ROLE IN DELTA AIR LINES' SYSTEM

Delta Air Lines was the second busiest airline at the Airport in 2023 with 6.2 million enplaned passengers compared with Alaska Airlines' 13.4 million enplaned passengers. Delta Air Lines overtook United Airlines as the second busiest airline at the Airport in 2011 and increased its number of enplaned passengers at the Airport each year thereafter, with the exception of 2020 during the COVID-19 pandemic.

Figure 22 shows the market shares of enplaned passengers held by Delta Air Lines at the Airport from 2018 to 2023. Since 2018, Delta Air Lines has focused on increasing its activity at the Airport as well as developing the Airport as a hub and gateway to Asia. Delta Air Lines' enplaned passenger market share at the Airport increased significantly between 2014 and 2018 before peaking at 24.4% in 2019, and then leveling out at 24.3% in both 2022 and 2023.

Figure 22
DELTA AIR LINES MARKET SHARE OF ENPLANED PASSENGERS
Seattle-Tacoma International Airport



Source: Port of Seattle records.

Delta Air Lines Originating and Connecting Passengers

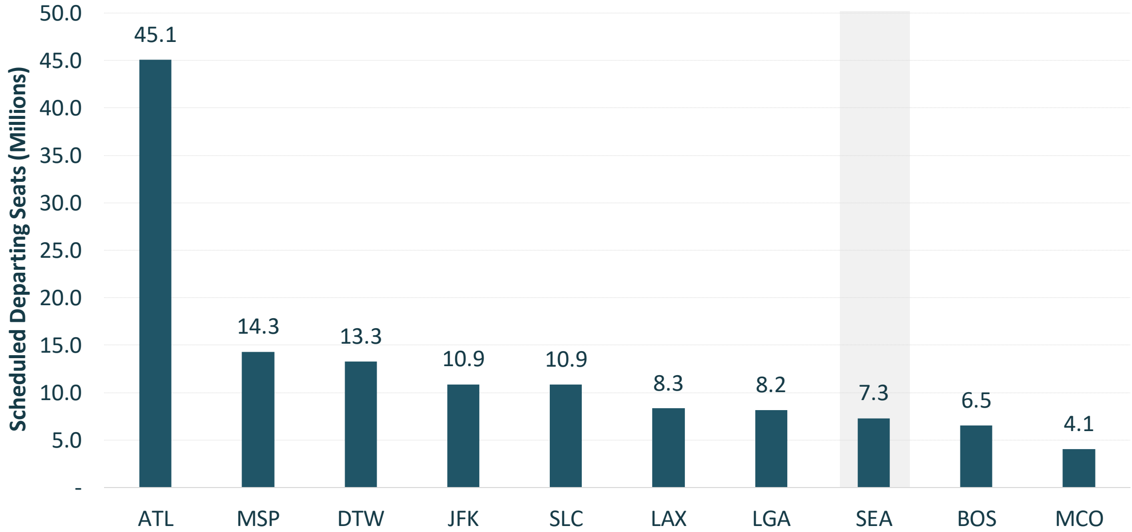
Table 15 shows the changes in Delta Air Lines' originating and connecting passengers since 2018, along with the estimated percentage of originating passengers, which has fluctuated between 70.0% in 2018 to 58.3% in 2023, reflecting the airline's use of the Airport as a connecting hub in the Delta Air Lines network. The Airport was the 8th busiest airport in Delta Air Lines' route network in 2023, as shown on Figure 23, and has remained the 8th busiest Airport in the airline's route network since 2016 with the exception of 2020 and 2021 during the COVID-19 pandemic, when it was the 7th busiest airport in Delta Air Lines' route network.

Table 15
HISTORICAL ENPLANED PASSENGERS—DELTA AIR LINES
Seattle-Tacoma International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent originating
2018	4,022,061	1,725,237	5,747,298	70.0%
2019	4,415,963	1,897,949	6,313,912	69.9
2020	1,281,425	978,689	2,260,114	56.7
2021	2,411,576	1,766,206	4,177,782	57.7
2022	3,364,362	2,218,100	5,582,462	60.3
2023	3,595,908	2,568,910	6,164,818	58.3
	Average annual percent increase (decrease)			
2018-2019	9.8%	10.0%	9.9%	
2019-2020	(71.0)	(48.4)	(64.2)	
2020-2021	88.2	80.5	84.8	
2021-2022	39.5	25.6	33.6	
2022-2023	6.9	15.8	10.4	
2018-2023	(2.2)	8.3	1.4	

Notes: The percentage of originating passengers for Delta Air Lines was calculated using the U.S. Department of Transportation O&D Survey and applying the percentage to the Port's enplaned passengers to estimate originating and connecting passengers by year. Columns may not add to the totals shown or the calculated percent increase (decrease) may be different due to rounding.
Sources: U.S. Department of Transportation O&D Survey via Airline Data, Inc., accessed June 2024.

Figure 23
SCHEDULED DEPARTING SEATS AT THE 10 BUSIEST AIRPORTS IN THE DELTA AIR LINES' ROUTE NETWORK IN 2023



ATL = Hartsfield-Jackson Atlanta International Airport
MSP = Minneapolis-St. Paul International Airport
DTW = Detroit Metropolitan Wayne County Airport
JFK = John F. Kennedy International Airport
SLC = Salt Lake City International Airport
LAX = Los Angeles International Airport
LGA = LaGuardia Airport
SEA = Seattle-Tacoma International Airport
BOS = Logan International Airport
MCO = Orlando International Airport

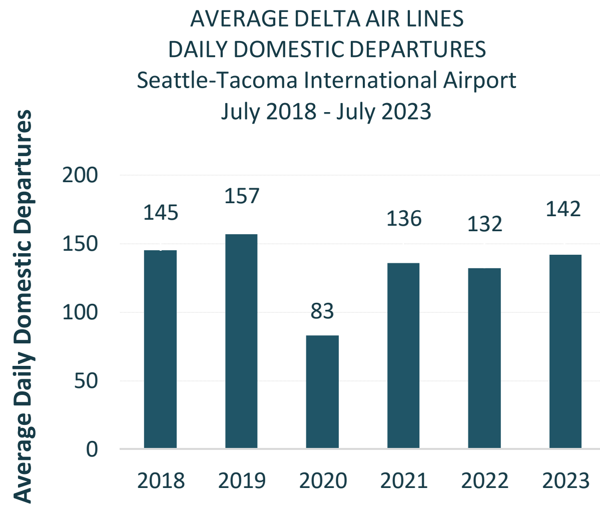
Source: U.S. Department of Transportation, T-100 database, accessed May 2024.

Delta Air Lines' Gateway to Asia

Over the past several years, Delta Air Lines has added flights at the Airport to develop it as a main gateway to Asia. The Airport is the shortest distance from major Asian markets of any large U.S. airport gateway. In addition to adding new flights to Asia and other international destinations, Delta Air Lines has added domestic flights from the Airport to support these new international flights.

In terms of domestic service, Delta Air Lines has continued to expand its network at the Airport, growing from 66 to 76 domestic markets between 2018 and 2023 while slightly decreasing the average daily domestic departures from 145 in July 2018 to 142 in July 2023, as shown on Figure 24.

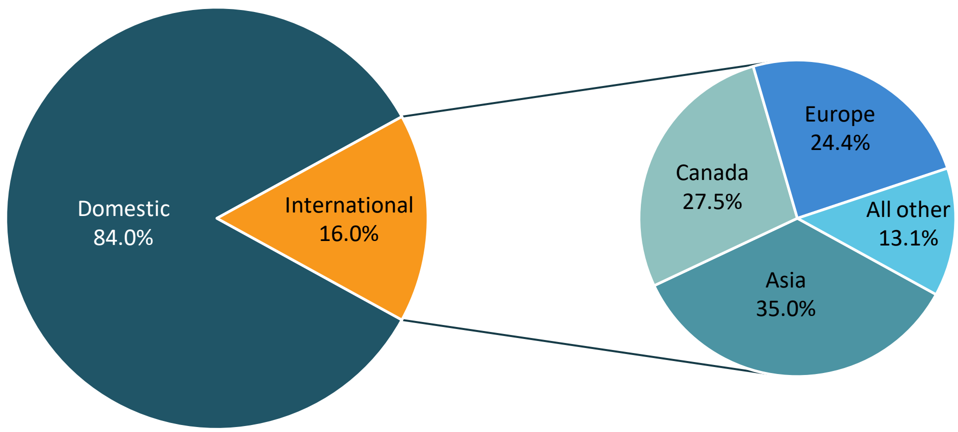
Figure 24
NUMBER OF DOMESTIC MARKETS AND DAILY DEPARTURES – DELTA AIR LINES



Source: U.S. Department of Transportation, T-100 database, accessed May 2024.

Figure 25 illustrates Delta Air Lines' focus on the Airport as a gateway to Asia, with the number of the airline's passengers traveling between Asia and the U.S. accounting for 35.0% of Delta Air Lines' international connecting traffic through the Airport. Canada and Europe represent the majority of the remaining Delta Air Lines' international connecting traffic accounting for 27.5% and 24.4%, respectively.

Figure 25
ORIGIN AND DESTINATION REGIONS FOR DELTA AIR LINES' CONNECTING PASSENGERS USING SEATTLE-TACOMA INTERNATIONAL AIRPORT
2023



Note: Domestic Connecting Passengers includes domestic to domestic itineraries only.
Source: U.S. Department of Transportation, O&D Survey via Airline Data, Inc., accessed June 2024.

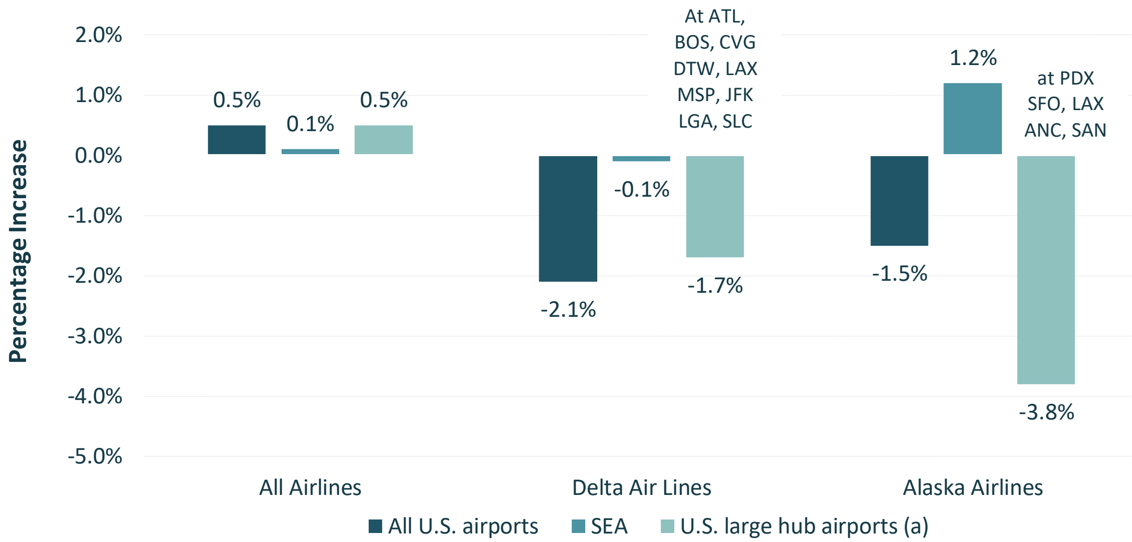
SEAT CAPACITY CHANGES BY ALL AIRLINES

Figure 26 shows the percent change in scheduled seat capacity by the airlines serving the Airport between 2019 and 2023 at all U.S. airports, at the Airport, and at U.S. large hub airports. The changes are shown for all airlines serving the Airport and for Alaska Airlines and Delta Air Lines. Between 2019 and 2023, both Alaska Airlines' and Delta Air Lines' system-wide growth was less than growth for the average U.S. airline.

Figure 26 shows that between 2019 and 2023, seat capacity at the Airport grew slightly less quickly than the average for U.S. airports and the average for U.S. large hub airports. The Airport's growth has been driven primarily by capacity increases by both Alaska Airlines and Delta Air Lines.

Delta Air Lines' average annual seat capacity decreased 2.1% at its U.S. airports between 2019 and 2023, but only decreased 0.1% at the Airport. Although the number of seats added by Delta Air Lines decreased slightly at the Airport, the decrease at Delta Air Lines' other hubs was much larger. In contrast, Alaska Airlines' average annual seat capacity growth at the Airport increased 1.2% per year between 2019 and 2023.

Figure 26
AVERAGE ANNUAL PERCENT CHANGE IN SCHEDULED SEAT CAPACITY BY THE AIRLINES SERVING SEATTLE-TACOMA INTERNATIONAL AIRPORT
2019-2023



ATL = Hartsfield-Jackson Atlanta International Airport
BOS = Logan International Airport
CVG = Cincinnati/Northern Kentucky International Airport
DTW = Detroit Metropolitan Wayne County Airport
LAX = Los Angeles International Airport
MSP = Minneapolis-St. Paul International Airport
JFK = John F. Kennedy International Airport
LGA = LaGuardia Airport
SLC = Salt Lake City International Airport
SEA = Seattle-Tacoma International Airport
PDX = Portland International Airport
SFO = San Francisco International Airport
ANC = Ted Stevens Anchorage International Airport
SAN = San Diego International Airport

(a) As defined by the Federal Aviation Administration.
Note: Percent changes in total scheduled departing seats (domestic and international).
Source: U.S. Department of Transportation, T-100 database, accessed May 2024.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

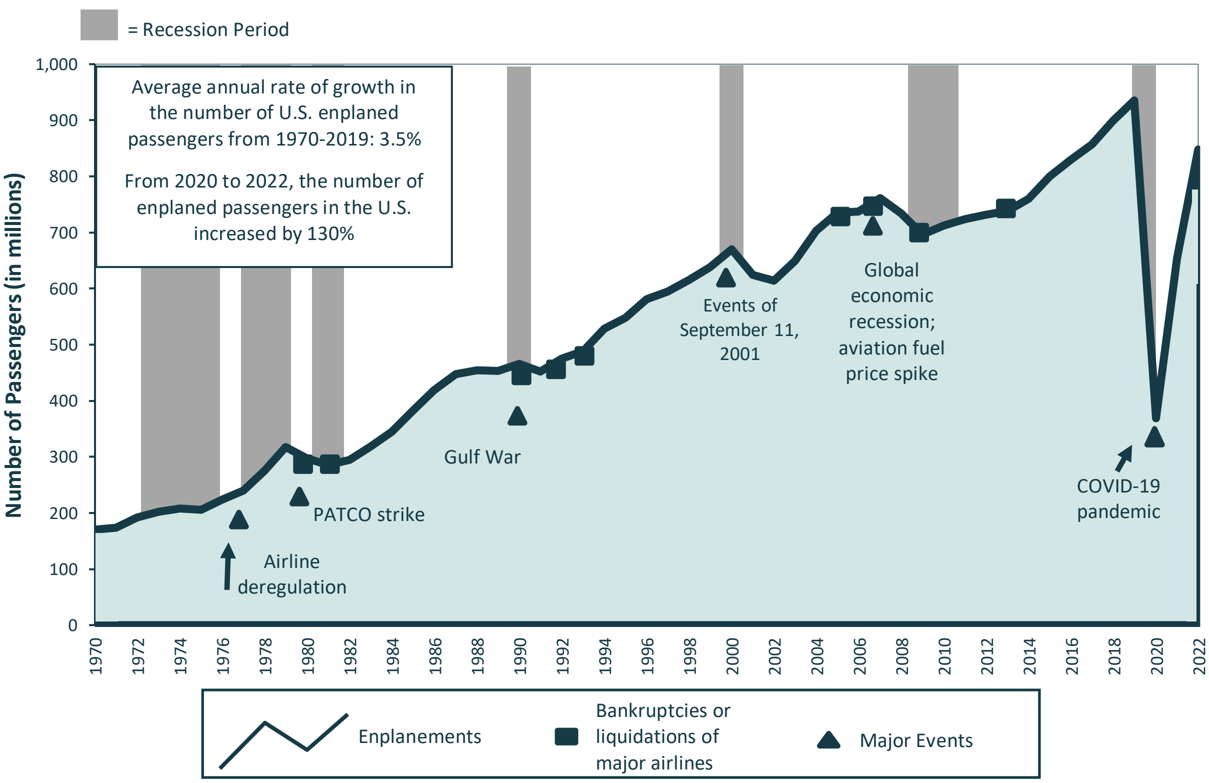
In addition to the demographics and economy of the Seattle-Tacoma CSA, key factors that will affect future airline traffic at the Airport include:

- Economic Conditions
- Airline Consolidation and Alliances
- Airline Capacity Discipline
- Low-Cost Airline Growth
- Fuel Cost Implications
- Aircraft Trends
- Capacity of the Airport

Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 27, recessions in the U.S. economy in 2001, 2008–2009 and 2020 contributed to a reduction in airline travel in those years, likely as a result of high unemployment and reduced discretionary income. However, the aviation industry has recovered from prior recessions and passenger traffic has continued to increase. From 1970 through 2022 (the latest data available), the total numbers of domestic and international enplaned passengers in the United States increased an average of 3.1% per year.

Figure 27
U.S. TOTAL PASSENGER ENPLANEMENTS
(in millions)



Source: Airlines for America (previously Air Transport Association).

The Airport has consistently rebounded from external events and periods of weak demand in aviation activity. After the events of September 11, 2001, similar to other airports across the United States, the Airport was affected by significant seat capacity reductions associated with airline bankruptcy reorganizations and sharply rising fuel prices. The global recession in 2008 and 2009 also resulted in declining airline travel demand and reduced traffic. The number of enplaned passengers at the Airport in each year between 2011 and 2019 exceeded the number of enplaned passengers at the Airport during the recession in 2008 and 2009, in part as a result of a strong O&D market and continued growth in numbers of domestic and international passengers using the Airport.

As a result of the COVID-19 pandemic starting in or around March 2020, significant decreases in aviation activity and seat capacity occurred at the Airport, in the United States, and globally as a result of, widespread travel restrictions, border closures, quarantines, and concerns regarding the exposure to and transmission of COVID-19, among other reasons. Through the first eleven months of 2023, U.S. enplaned passenger volumes for both domestic and international passengers exceeded passenger volumes in 2019 by more by more than 1.0%.[47]

The major factors that continue to affect the airline industry and that are expected to influence airline service and traffic levels at the Airport during the Forecast Period are discussed below.

Airline Consolidation and Alliances

The events of September 11, 2001, and the difficult operating conditions caused by high fuel prices and global recession led to a number of airline bankruptcies and mergers over the past two decades. Between 2002 and 2011, all of the major U.S. network airlines (US Airways, United Airlines, Northwest Airlines, Delta Air Lines, and American Airlines) filed for Chapter 11 bankruptcy protection to reorganize and lower operating costs.

The U.S. airline industry has been consolidating, with many high-profile mergers and acquisitions. Mergers among the U.S. network airlines have included: Delta Air Lines and Northwest Airlines (October 2008), United Airlines and Continental Airlines (August 2010), and American Airlines and US Airways (December 2013). Other mergers included low-cost airline Frontier Airlines and regional airline Midwest Airlines in April 2010, Southwest Airlines and AirTran Airways in April 2011, and Alaska Airlines and Virgin America (December 2016).

Airline consolidation has also progressed through the creation of global alliances and joint ventures. Airlines worldwide have increasingly sought to increase revenues, share costs, and expand the reach of their networks by developing international partnerships through multilateral alliances or joint ventures. Three major global alliances were created between 1997 and 2000: Star Alliance, SkyTeam, and **one**world. In recent years, antitrust immunity has been granted to several joint ventures global alliances, allowing airlines to more closely coordinate operations, including pricing, and increase cost savings in international markets.

As a result of airline mergers, seat capacity has become more concentrated among fewer airlines. The three largest U.S. network airlines, as measured by numbers of enplaned passengers (American Airlines, Delta Air Lines, and United Airlines), currently have a presence at the Airport, as shown in Table 10, and as indicated in 2023: American Airlines (5.0%), Delta

[47] Source: U.S. Bureau of Transportation Statistics, Table 1 Systemwide Passenger Enplanements on U.S. Airlines, Seasonally adjusted (scheduled service only), https://www.bts.dot.gov/newsroom/airline-traffic-table-1-24-november-2023/, released 8 February 2024.

Air Lines (24.3%), and United Airlines (4.4%). Given the Airport's diverse air service market, strong O&D markets, and connecting operations, any future U.S. airline consolidation caused by bankruptcies or mergers is not anticipated to have a detrimental long-term effect on airline service at the Airport.

On December 3, 2023, Alaska Airlines announced that it had entered into an agreement to acquire Hawaiian Airlines.[48] The merger would increase Alaska Airlines enplaned passenger market share 0.7% from 52.8% to 53.5%, based on 2023 enplaned passenger market share. On April 15, 2024, a U.S. consumer lawsuit was filed alleging that the proposed Alaska Airlines acquisition of Hawaiian Airlines would lead to higher prices, job layoffs, and fewer flights and would unlawfully harm air travel competition in violation of U.S. antitrust law. Alaska Airlines stated the lawsuit is a normal occurrence in public company mergers.[49]

Airline Capacity Discipline

A new focus on capacity discipline among U.S. airlines emerged from the 2008-2009 national economic and financial crises. Nationally, the network airlines and the low-cost airlines have substantially reduced seat capacity, withdrawing service from less profitable and low passenger demand markets. Large-hub airports, such as Seattle-Tacoma International Airport, have experienced fewer declines in seat capacity as compared to smaller, regional markets across the United States, which have lost commercial service as a result. Airline emphasis has shifted from increasing market share to managing supply-and-demand on specific routes. Airlines are expected to maintain capacity discipline in the near term, emphasizing slower capacity growth and the use of right-sized aircraft to serve their markets.

Seat capacity reductions in the U.S. in 2008 and 2009, as well as the airlines' current emphasis on seat capacity control, have resulted in an all-time high in passenger load factors.

Figure 28 shows the continuing upward trend in U.S. domestic airline aircraft load factors since 2001 for the nation. The average domestic airline aircraft load factor was approximately 70% in 2001. The decline in the average load factor in 2002 occurred as passenger traffic decreased faster than the airlines could adjust to the effects of September 11, 2001, by reducing capacity. Following 2002, load factors rose steadily to approximately 85% in 2019. Load factors decreased to a low of 65% in 2021 as a result of the effects of the COVID-19 pandemic on passenger traffic. 2022 and 2023 saw an increase in load factors back to 82% and 84%, respectively, nearly equal to the load factor highs prior to the COVID-19 pandemic.

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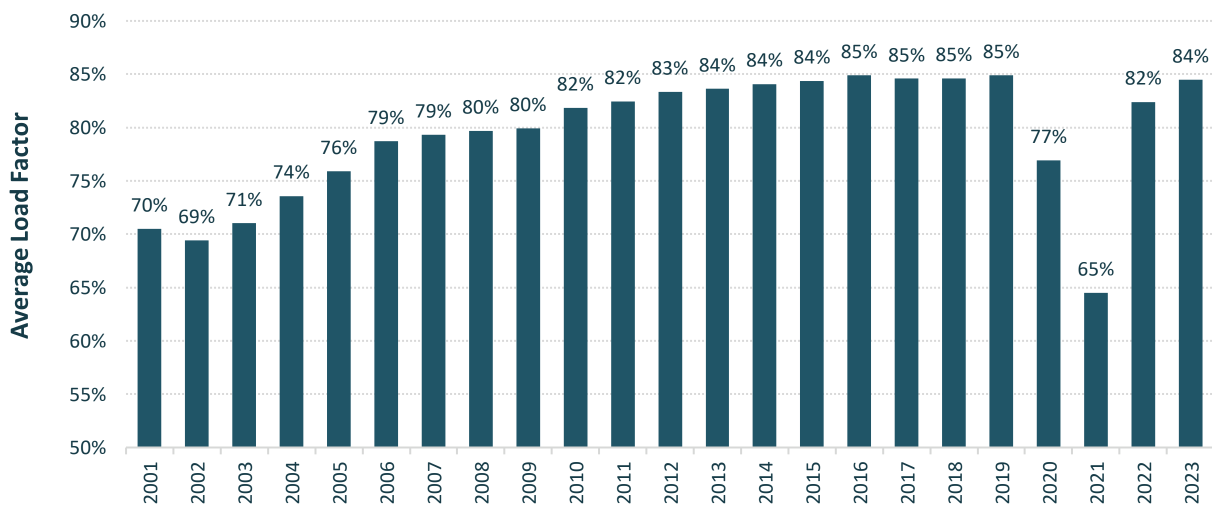
[48] Source: Alaska Airlines "Alaska Airlines and Hawaiian Airlines to Combine, Expanding Benefits and Choisce for Travelers Throughout Hawaii and the West Coast", https://news.alaskaair.com/newsroom/alaska-airlines-and-hawaiian-airlines-to-combine-expanding-benefits-and-choice-for-travelers-throughout-hawaii-and-the-west-coast/, accessed May 2023.

[49] Source: Reuters "US Consumers Sue to Stop Alaska Air, Hawaiian Airlines Merger", https://www.reuters.com/legal/litigation/us-consumers-sue-stop-alaska-air-hawaiian-airlines-merger-2024-04-16/, accessed May 2023.

Figure 28
HISTORICAL U.S. DOMESTIC AIRLINE SERVICE AIRCRAFT LOAD FACTORS



Note: Includes scheduled airline service only.
Sources: U.S. Department of Transportation, T-100 database, accessed January 2024.

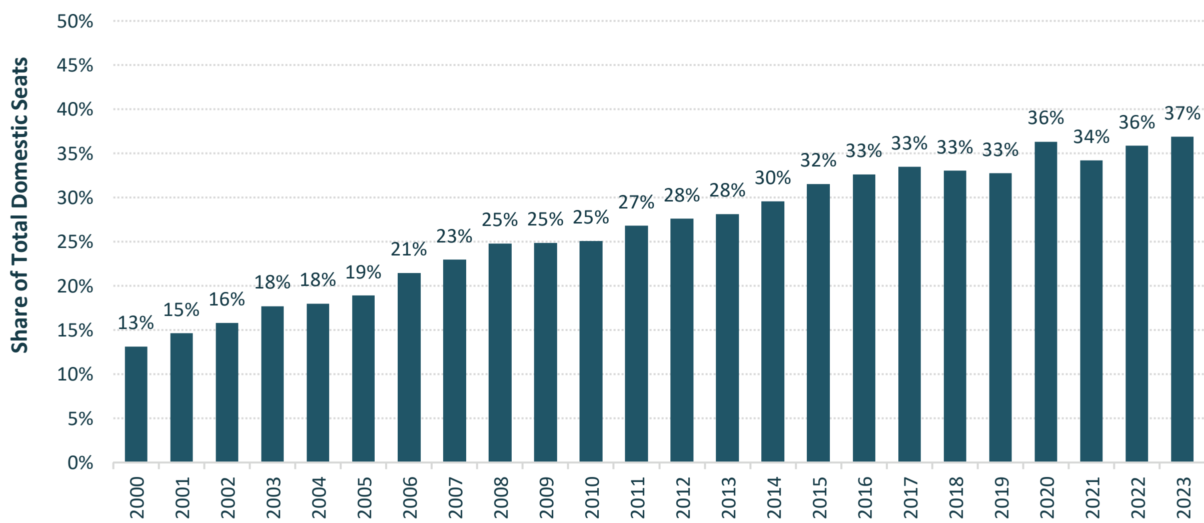
Low Cost Airline Growth

In the early 2000s, the U.S.-flag low-cost airlines expanded rapidly and increased their market share of passenger traffic in the U.S. The low-cost and ultra-low-cost airlines (collectively, the Low/Ultra-Low Cost Airlines), including Spirit Airlines, Frontier Airlines, JetBlue Airways, and Southwest Airlines popularized the no frills, low cost business model.

As shown on Figure 29, the Low/Ultra-Low Cost Airlines provided approximately 13% of U.S. domestic seat capacity in 2000. Through 2023, the low-cost airlines accounted for approximately 37% of overall U.S. domestic seat capacity. While rising fuel prices and the economic downturn forced network airlines to reduce domestic seat capacity and focus on more profitable international routes, the low-cost airlines increased their domestic market shares of passengers.

Figure 29

LOW-COST AIRLINE SHARES OF TOTAL U.S. DOMESTIC AIRLINE AIRCRAFT SEATS



Sources: Official Airline Guides schedules.

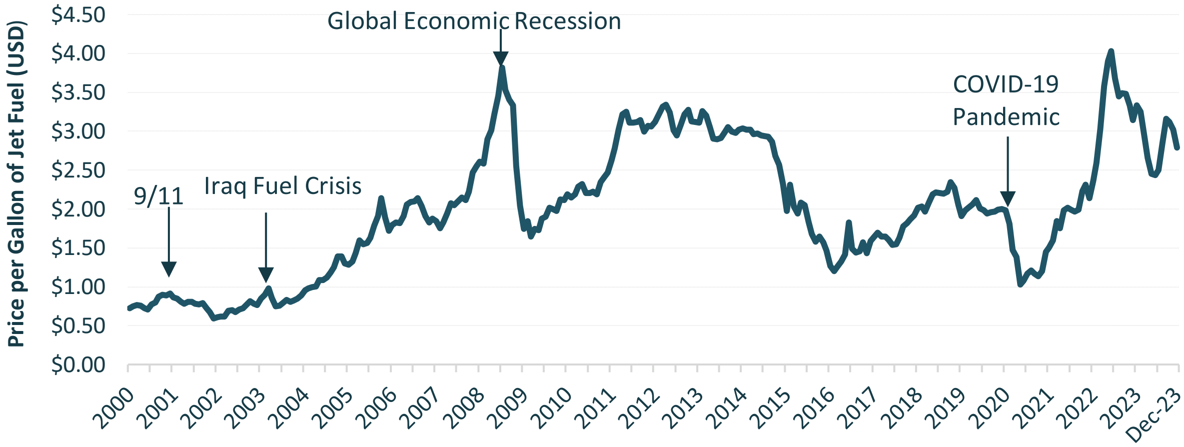
The continued growth in the Low/Ultra-Low Cost Airlines over the past decade was helped by the lower unit cost advantage they maintained over the network airlines, as a result of differences in network structure, overhead cost, and crew seniority. In more recent years, there have been fewer distinctions between the Low/Ultra-Low Cost Airlines and the network airlines. The lowering of the network airline cost structures, segmentation of fare classes, and consolidation of airline networks has allowed the network airlines to compete more effectively with the Low/Ultra-Low Cost Airlines.

At the Airport, enplaned passengers on Low/Ultra-Low Cost Airlines decreased by 7.5% annually from 2018 to 2023. In 2023, the Low/Ultra-Low Cost Airlines accounted for 6.3% of domestic enplaned passengers at the Airport. While Low/Ultra-Low Cost Airlines have decreased over the past 5 years, it is expected that they will continue to provide domestic and international service at the Airport.

Fuel Cost Implications

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 30 shows the historical fluctuation in fuel prices since 2000. Beginning in 2003, fuel prices rapidly increased as a result of political unrest in Iraq and other oil-producing countries, as well as other factors influencing the demand for and supply of oil. In 2008, a spike in crude oil prices drove up jet fuel prices to an unprecedented high, forcing many airlines to introduce fuel surcharges. Fuel prices fell sharply in the second half of 2008 but rose again in 2011.

Figure 30
HISTORICAL AVIATION FUEL PRICES
U.S. Carriers Scheduled Service



Sources: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, January 2000 – December 2023, www.transtats.btv.gov.

The price of fuel increased to such high levels that fuel represented the largest operating expense for airlines, accounting for between 30% and 40% of expenses for most airlines in 2011 through 2014.

From June 2014 to June 2017, the average price of aviation fuel decreased by approximately 50%, reflecting continued growth in U.S. oil production, strong global supply, and weakening outlooks for growth in the global economy and oil demand. Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. Continued low fuel prices could result in dramatic changes in the aviation industry, such as lower airline operating costs potentially resulting in lower passenger ticket prices, which would likely result in increased travel demand.

From August 2017 through the end of 2019 aviation fuel prices rose steadily but remained below the highs in 2008 and between 2011 and 2015. Beginning in January 2020, aviation fuel prices began to decrease as demand was reduced because of the economic slowdown caused by the COVID-19 pandemic. Aviation fuel prices reached a low point in May 2020 at $1.03 per gallon and has continued sharply increasing and peaked at $4.03 per gallon in June 2022, as a result of supply disruptions and uncertainty stemming from Russia’s invasion of Ukraine in early 2022. Reduced global refining throughput from unplanned power malfunctions and heavy refinery maintenance, alongside disrupted fuel trade transport flows due to low water levels in the Panama Canal, also impacted jet fuel prices. These factors led to prices ending 2023 at $2.79 per gallon.

Fuel prices have been and will likely continue to be volatile and may increase over the long term as global energy demand increases in the face of finite oil supplies.

Aircraft Trends

Between 2001 and 2007, many airlines transferred a number of less profitable routes to their regional airline partners in order to reduce costs. Trends at the Airport mirrored the national trend, with an increase in the number of regional aircraft operations.

Beginning with the fuel price spike in 2008, airlines have reduced the number of 50-seat regional jets in their fleets, which aircraft had been widely used as feeder aircraft for the network airlines. Airlines such as Delta, United, and American recently grounded or sold hundreds of these smaller regional jets and have transitioned towards larger, more fuel-efficient aircraft.

The introduction of aircraft with new technology likely will result in new nonstop service around the world. Aircraft such as the next-generation Boeing 777s, the Boeing 787, and the Airbus A350 incorporate new airframe, engine, and wing designs for significant improvements in aircraft range and fuel efficiency.

Trends in nonstop service continue to emerge in the narrow body aircraft segment as well, with improved economics of service on smaller routes. In early 2019, Airbus began delivering their small narrow body jet aircraft, the Airbus A220 (previously known as Bombardier's CSeries), providing fuel efficient and comfortable aircraft that serve the 100-135 seat market with the -100 and -300 variants. The Airbus A321LR and A321XLR aircraft provide fuel-efficient longer-range operations in the 180-220 seat market, which is used by airlines such as JetBlue on certain transatlantic markets it serves.

After the accidents on foreign carriers Lion Air in 2018 and Ethiopian Airlines in 2019 involving the Boeing 737 MAX, the FAA and world aviation regulators grounded all Boeing 737 MAX aircraft, impacting U.S. carriers that rely on this aircraft, including Southwest Airlines, United Airlines, and American Airlines. After the 737 MAX was recertified to fly commercial, Boeing deliveries resumed in December 2020 (U.S.) and January 2021 in Europe and Canada.

Following a plea deal with the United States Department of Justice in July 2024[50], Boeing will be subject to oversight by an independent monitor chosen by the government for three years. Increased FAA scrutiny and stricter certification procedures implemented after the 737 MAX groundings have caused delays for various Boeing airplanes. The impact on the 777X, 777-300ERF conversion programs and the yet-to-be-certified MAX-7 and MAX-10 variants varies. The first 777X delivery, originally set for 2020, has been postponed until 2025 due to the COVID-19 pandemic disruptions and rigorous FAA certification processes. Technical challenges during testing and development have necessitated additional engineering solutions and regulatory approvals.

The January 2024 incident involving an Alaska Airlines 737 MAX, where a door plug blew out, also raised concerns and prompted scrutiny by the NTSB and FAA. The investigation focuses on

[50] Source: CNN "Boeing Agrees to Plead Guilty to Defrauding the FAA but Escapes Punishment Sought by Victims' Families", https://www.cnn.com/2024/07/08/business/boeing-doj-criminal-charges/index.html

potential manufacturing defects, quality control issues, and maintenance procedures at Boeing and key suppliers. Pending investigation results, if significant changes are required by regulators or additional inspections, modifications, or training is needed, this could temporarily disrupt MAX aircraft deliveries again. As a result of the current scrutiny, Boeing withdrew its request to expedite the certification of the 737 MAX-7 in January 2024. The request was primarily due to safety concerns surrounding the 737 MAX's engine anti-ice system.

Overall, airlines are experiencing delays and cancellations due to supply chain disruptions and workforce mechanic shortages, worsened by issues with new generation engines and aircraft. Aircraft orders for Alaska Airlines rely on delivery of Boeing aircraft while Delta Air Lines primarily relies on Airbus deliveries. Groundings due to lack of spare parts, FAA airworthiness directives, or safety concerns have prompted airlines to extend the lifespan of older planes instead of retiring or dismantling them. This has resulted in reduced availability of spare parts despite rising demand to travel, leading to longer maintenance periods where aircraft are unavailable for commercial flying.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will depend on the provision of sufficient capacity at the Airport itself.

The Aviation Division of the Port is in the process of developing the SAMP with the first phase currently under environmental review with the FAA. The SAMP will include, among other things, a potential expansion of aviation-related infrastructure to accommodate the forecast long-term growth in enplaned passengers. Airport areas are reserved for long-term development plans to add gates to existing concourses and on new concourses.

AIRLINE TRAFFIC FORECASTS

Table 16 presents historical and forecast numbers of originating, connecting, and enplaned passengers at the Airport from 2018 through 2029. The passenger forecasts were prepared by the Port and reflect Port management’s expected course of action during the Forecast Period.

Assumptions Underlying the Forecasts

The forecast of airline traffic was developed by the Port considering analyses of the economic basis for airline traffic, airline traffic trends, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, the Port assumed that, in the long term, changes in airline traffic at the Airport will occur as a function of growth in the population and economy of the Airport service region, growth in U.S. population and GDP, and changes in airline network strategies, including the role of the Airport as a connecting hub for Alaska Airlines and Delta Air Lines. The Port also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered in developing the forecasts were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

It was assumed that, during the Forecast Period:

- Sustained U.S. GDP growth will average 2.0% per year from 2023 through 2029, based on projections from the Congressional Budget Office.
- The population and economy of the Airport service region will grow at the projected rates set forth in Table 3 of the Report.
- Aviation fuel prices will remain considerably lower than the record prices reached in mid-2008.
- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
- There will be no major disruption of airline service or airline travel behavior caused by international hostilities or terrorist acts or threats.
- The Airport will continue to be the principal connecting hub for Alaska Airlines and be served by the greatest amount of seat capacity by Alaska Airlines.
- The Airport will continue to be used by Delta Air Lines as an international gateway airport.
- The airlines serving the Airport will be financially viable.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

Baseline Forecasts of Enplaned Passengers

Between 2023 and 2029, the number of passengers enplaned at the Airport is forecast by the Port to increase an average of 1.8% per year, to 28.2 million enplaned passengers in 2029.

In its most recent *Terminal Area Forecast* (TAF) for the Airport (2023 FAA TAF, accessed May 2024), the FAA forecasts an average annual increase of 3.5% in the number of enplaned passengers at the Airport between 2023 and 2029, to 29.8 million enplaned passengers in 2029. From 2023 to 2025, the FAA forecasts an annual increase of 13.5%, 2.8%, and 7.1%, respectively, followed by increases ranging from 2.6% to 2.8% through 2029. As a result of the different forecast rates of growth assumed by the Port and the FAA, the number of enplaned passengers assumed by the FAA in 2029 is 1.6 million or 5.6% greater than the number of enplaned passengers assumed by the Port.

WJ Advisors LLC reviewed the Port's forecast of aviation activity, including the underlying assumptions incorporated therein, and determined that they are reasonable for purposes of this analysis.

Table 16

AIRLINE TRAFFIC FORECASTS

Seattle-Tacoma International Airport 2024-2029

The forecasts presented in this table were prepared by the Port using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Enplaned passengers				
Year	Originating (a)	Connecting	Total	Percent increase	Percent originating
Actual					
2018	17,718,180	7,176,158	24,894,338	6.3%	71.2%
2019	18,163,460	7,710,415	25,873,875	3.9	70.2
2020	6,614,189	3,422,517	10,036,706	(61.2)	65.9
2021	12,072,728	6,000,198	18,072,926	80.1	66.8
2022	15,708,825	7,257,294	22,966,119	27.1	68.4
2023	17,607,777	7,763,659	25,371,436	10.5	69.4
Forecast					
2024	18,467,145	7,990,083	26,457,228	4.3	69.8
2025	18,911,415	8,260,158	27,171,573	2.7	69.6
2026	19,139,928	8,439,219	27,579,147	1.5	69.4
2027	19,218,363	8,553,838	27,772,201	0.7	69.2
2028	19,316,121	8,678,257	27,994,378	0.8	69.0
2029	19,414,213	8,804,120	28,218,333	0.8	68.8
	Average annual increase (decrease)				
2023-2029	1.6%	2.1%	1.8%		

(a) Differences between originating passengers above and those shown in Table 8 due to differences in data sources.

Note: Totals might not equal the sum of component parts due to rounding. Columns may not add to the totals shown or the calculated percent increase (decrease) may be different due to rounding.

Source: Port of Seattle.

ATTACHMENT 2

AIRPORT 2024-2029 CAPITAL IMPROVEMENT PLAN AND FUNDING SOURCES

AIRPORT 2024-2029 CAPITAL IMPROVEMENT PLAN AND FUNDING SOURCES

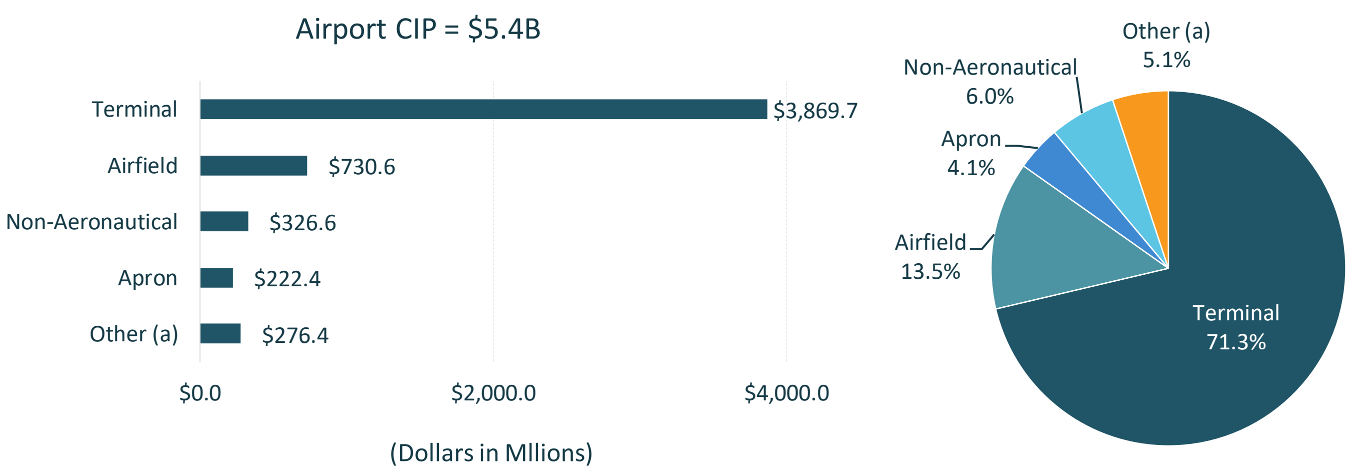
The Port develops a comprehensive capital improvement plan to invest in the acquisition, development, and maintenance of long-term assets to meet the waterborne and other transportation needs of the region and to serve its customers. The Port's combined capital improvement plan and the estimated cost of the plan is based in part on the existing and anticipated business environment, forecast demand for Port facilities, available resources, the priorities of the Port, the Port's capital contributions to the Seaport Alliance, and increases in costs due to inflation, the latter of which is important given recent and projected growth in the greater Seattle area economy.

The Port's 2024-2029 Capital Improvement Plan (the Combined Port CIP) includes the $5.4 billion Airport 2024-2029 Capital Improvement Plan (the Airport CIP) and the $1.1 billion Other Port Businesses 2024-2029 Capital Improvement Plan[51] (the Other Port Businesses) CIP. The focus of this Attachment 2 is the Airport CIP. Figures 31 and 32 below summarize the Airport CIP.

AIRPORT CIP

Figure 31 below reflects the estimated cost of the Airport CIP by area.

Figure 31
AIRPORT CIP BY AREA
Seattle-Tacoma International Airport



Note: Pie chart may not total 100% because of rounding.
(a) Includes administration, roadway, fire safety, and wastewater improvements.
Source: Port of Seattle.

[51] Includes the Port's 50% share of the Seaport Alliance CIP (or $266.4 million).

The discussion that follows provides an overview of the $5.4 billion Airport CIP, which represents 82.7% of the overall estimated cost of the Port's CIP. The Airport CIP projects are categorized as follows:

- **Projects Funded with Proposed Series 2024ABC Bond Proceeds**. Airport CIP projects to be funded in part with the net proceeds of the proposed Series 2024ABC Bonds.
- **Other Airport CIP Projects**. Airport CIP projects that are not funded with the net proceeds of the proposed Series 2024ABC Bonds.

Projects Funded with Proposed Series 2024ABC Bond Proceeds

Projects expected to be funded in part with the net proceeds from the sale of the proposed Series 2024ABC Bonds include:

- **North Main Terminal Redevelopment (SEA Gateway)**. This project will redesign the check-in area for Alaska Airlines and includes security checkpoint changes, HVAC, electrical, and utility system changes. The cost included in the Airport CIP[52] for this project is estimated by the Port to be approximately $448.2 million; approximately $166.6 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.
- **C Concourse Expansion**. The C Concourse Expansion project will construct four additional floors of approximately 27,000 square feet each and will be located between Concourses C and D. This project will also redevelop the existing concourse to provide additional concessions, services, and amenities to the travelling public. The cost included in the Airport CIP[52] for this project is estimated by the Port to be $334.6 million; approximately $140.1 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.
- **South Concourse Renovation**. This project includes modernization, building system updates, additional concessions and lounge space, and seismic updates at the South Concourse (previously named the South Satellite). The cost included in the Airport CIP[52] for this project is estimated by the Port to be approximately $893.4 million; approximately $48.1 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.
- **Baggage Handling System Optimization.** This project includes a new centralized baggage handling system that is to replace six aging individual baggage screening conveyor systems at the Airport. The new system would increase screening capacity and would allow bags to be checked in from any ticket counter and be conveyed to any bag makeup device. Additional benefits would include increased reliability, redundancy, and security. The cost included in the Airport CIP[52] for this project is estimated by the Port to

[52] The Airport CIP includes project expenditures during 2024-2029.

be approximately $518.1 million; approximately $37.2 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.

- **A Concourse Building Expansion**. The A Concourse Building Expansion project includes approximately 52,000 square feet of new space, with approximately 36,000 square feet of new Delta Sky Club and Club at SEA lounge space. The cost included in the Airport CIP[53] for this project is estimated by the Port to be $90.7 million; approximately $36.7 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.
- **Other Projects**. Other projects include utilities, terminal, airfield, and various other improvements. The cost included in the Airport CIP[53] for the Other Projects is estimated by the Port to be approximately $367.7 million; approximately $106.7 million of these costs would be funded with net proceeds from the sale of the proposed Series 2024ABC Bonds.

Other Airport CIP Projects

Other Airport CIP projects are estimated to cost approximately $2.8 billion, and include:

- Approximately $1.3 billion of Terminal projects.
- Approximately $913.6 million of Airfield and Apron projects.
- Approximately $580.6 million of nonairline and other projects.

Sustainable Airport Master Plan

The SAMP presents future infrastructure improvements to accommodate the long-term growth in enplaned passengers, maintain and enhance the Airport's place as a premier international airport, and fulfill its mission as an economic engine for the greater Seattle area. The SAMP will provide a blueprint for the future development of the Airport over the next 20 years and may result in a new terminal, an automated people mover system, and other significant projects and investments.

The SAMP is based on development in two phases. The Port and the FAA are conducting an environmental review of the first phase projects. The first phase of SAMP development is estimated by the Port to cost approximately $4-5 billion, and construction could begin during the Forecast Period, the timing of which is dependent upon receiving all required environmental approvals.

The Airport CIP and financial forecasts reflected in the Report incorporates approximately $246.2 million of SAMP preliminary project planning and design costs[54] during the Forecast Period.

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[53] The Airport CIP includes project expenditures during 2024-2029.
[54] Approved by the airlines under the existing Airline Agreement which expires December 31, 2024.

The Port is considering first phase SAMP construction projects (referred to as SAMP Phase 1 Projects) at the Airport that are not included in the Airport CIP. The SAMP Phase 1 Projects are subject to certain changes that may be identified in the environmental permitting and preliminary design process. Several different approvals, including approval by the Port Commission, are required prior to the Port proceeding with the SAMP Phase 1 Projects.

According to the Port, and prior to the date when the SAMP Phase 1 Projects become part of the Airport CIP, the cost to implement these projects will continue to be refined and funding plans will be developed as better information becomes available related to construction costs, inflation, project scope, project phasing, or assumed methods of project delivery.

It is possible that the following changes in the future financial results of the Airport/Port could occur if and when the SAMP Phase 1 Projects are ready and available for their intended use:

- Airport operating revenues may increase as a result of new revenue from one or more SAMP Phase 1 Projects.
- Airport operating expenses may increase as a result of additional expenses associated with certain SAMP Phase 1 Projects.
- Debt Service paid from Airport operating revenues may increase as a result of additional annual Debt Service[55] that the Port may issue in the future to fund a portion of the SAMP Phase 1 Projects.

The Port expects that the specific funding sources for the SAMP Phase 1 Projects will be determined when the final scopes of each project element are known.

FUNDING THE AIRPORT CIP

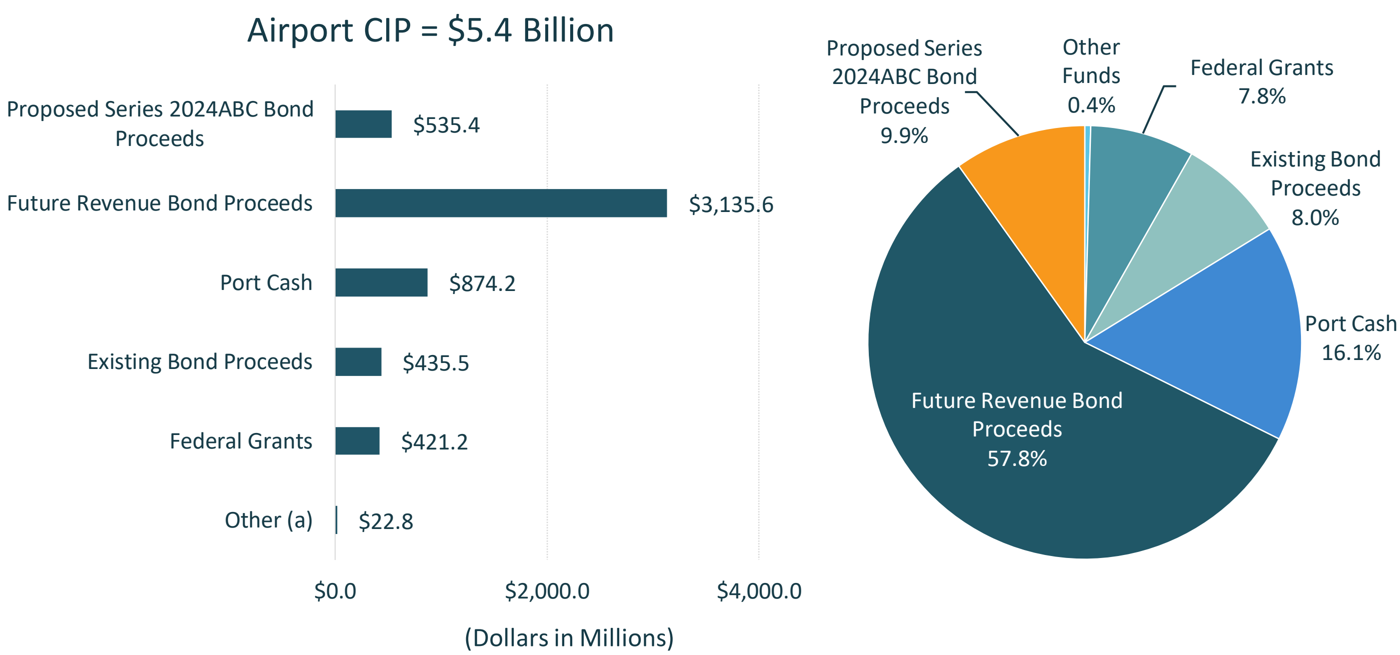
The Port finances Airport capital projects with a combination of revenue bonds, including the proposed Series 2024ABC Bonds, and various other sources of funding.

The Port expects to fund the Airport CIP using the funding sources shown on Figure 32. The discussion of funding sources below is organized from largest to smallest major funding source, after first describing the proposed Series 2024ABC Bond proceeds, future revenue bond proceeds, and existing revenue bond proceeds.

To the extent that the Port does not receive the funding reflected below, the Port would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional revenue bonds, (3) use additional Port funds, and/or (4) use any potential future alternative funding sources.

[55] These bonds would be in addition to the Future Bonds assumed in the Report.

Figure 32
FUNDING THE AIRPORT CIP
Seattle-Tacoma International Airport



(a) Includes pay-as-you-go CFC revenue funds. The Port does not expect to use Passenger Facility Charge (PFC) revenues to fund Airport CIP project costs on a pay-as-you-go basis, but expects to continue to use PFC revenues to pay certain Revenue Bond Debt Service associated with PFC-approved projects.
Source: Port of Seattle.

Port Revenue Bonds

The Port issues revenue bonds on different liens to fund certain Airport capital projects.

The Port currently has outstanding First Lien Bonds, Intermediate Lien Parity Bonds, and Subordinate Lien Parity Bonds, which include any Commercial Paper Notes.[56] The proposed Series 2024ABC Bonds are being issued pursuant to the provisions of the Intermediate Lien Master Resolution and related series resolutions.

The proceeds of the proposed Series 2024ABC Bonds, Future Revenue Bonds, and existing Revenue Bonds are expected to fund $4.1 billion or 76% of the Airport CIP costs.

Proposed Series 2024ABC Bond Proceeds. The proposed Series 2024ABC Bonds are to be issued to (1) fund approximately $535.4 million of Airport CIP costs, (2) pay capitalized interest on the proposed Series 2024ABC Bonds, (3) fund a deposit to satisfy the Intermediate

[56] Currently, the Port does not have any outstanding Commercial Paper Notes.

Lien Reserve Requirement with respect to the proposed Series 2024ABC Bonds, and (4) pay the costs of issuance for the proposed Series 2024ABC Bonds.

Future Revenue Bond Proceeds. Approximately $3.1 billion of Future Revenue Bond proceeds are expected to be used to fund a portion of Airport CIP project costs. Future Revenue Bonds issued to fund projects in the Airport CIP are assumed to include a combination of Intermediate Lien Revenue Bonds and Subordinate Lien Revenue Bonds.

The proceeds of Future Revenue Bonds are expected to be used to (1) pay certain Airport CIP costs, (2) pay capitalized interest, (3) fund deposits to satisfy the Debt Service reserve fund requirements with respect to Future Revenue Bonds, and (4) pay costs of issuance.

There is no assurance that the Port will issue the Future Revenue Bonds, issue the Future Revenue Bonds on the liens assumed in the financial projections, or complete the Airport CIP projects.

Existing Revenue Bond Proceeds. Approximately $435.5 million of existing Revenue Bond proceeds are expected to fund a portion of Airport CIP project costs.

Port Cash

The Port expects to use approximately $874.2 million, or 16% of Airport CIP costs, of internally generated cash derived from Airport operations to fund certain projects in the Airport CIP.

Federal Grants

The Port receives varying amounts of FAA grants-in-aid under the federal Airport Improvement Program (AIP) for the costs of eligible projects. In addition to AIP grants, the Port expects to receive funding from the TSA.

The Port expects to receive approximately $421.2 million in federal grants which is expected to fund approximately 8% of the Airport CIP project costs.

AIP grants and TSA grants received by the Port for capital projects are not defined as Gross Revenue under the First Lien Master Resolution, the Intermediate Lien Master Resolution, or the Subordinate Lien Bond Resolution and do not secure the payment of any of the Port's First Lien Parity Bonds, Intermediate Lien Parity Bonds, or Subordinate Lien Parity Bonds.

Passenger Facility Charge (PFC) Revenues

The Port does not expect to use PFC Revenues to fund Airport CIP project costs on a pay-as-you-go basis. However, the Port expects to continue to use PFC Revenues to pay certain Revenue Bond Debt Service associated with PFC-approved projects, as reflected on Exhibit E and Exhibit F of the Report.

Other Funds

Other funds include $22.8 million of pay-as-you-go CFC revenues and are expected to fund approximately 0.4% of the Airport CIP costs.

OTHER PORT BUSINESSES CIP

The Other Port Businesses CIP is estimated to cost $1.1 billion. The Other Port Businesses CIP includes projects associated with the Port's Maritime Division, Economic Development Division, Corporate Division, Stormwater Utility, and the Port's 50% share of the Seaport Alliance CIP. The Other Port Businesses CIP also includes Port-only projects at facilities licenses to the Seaport Alliance.

The Port expects to fund the Other Port Businesses CIP with federal grants, Tax Levy funds, Port cash, Future Revenue Bond proceeds[57], existing general obligation bond proceeds, and future general obligation bond proceeds.

The costs and funding sources for the Other Port Businesses CIP are not included on Figures 31 or 32 above.

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[57] Approximately $109.4 million of Future Revenue Bond proceeds are expected to be used to fund a portion of Other Port Businesses CIP project costs. The Port's financial forecasts assume that Future Revenue Bonds associated with Other Port Businesses CIP projects would be issued as First Lien Bonds.

ATTACHMENT 3

AIRPORT FINANCIAL PERFORMANCE

AIRPORT FINANCIAL PERFORMANCE

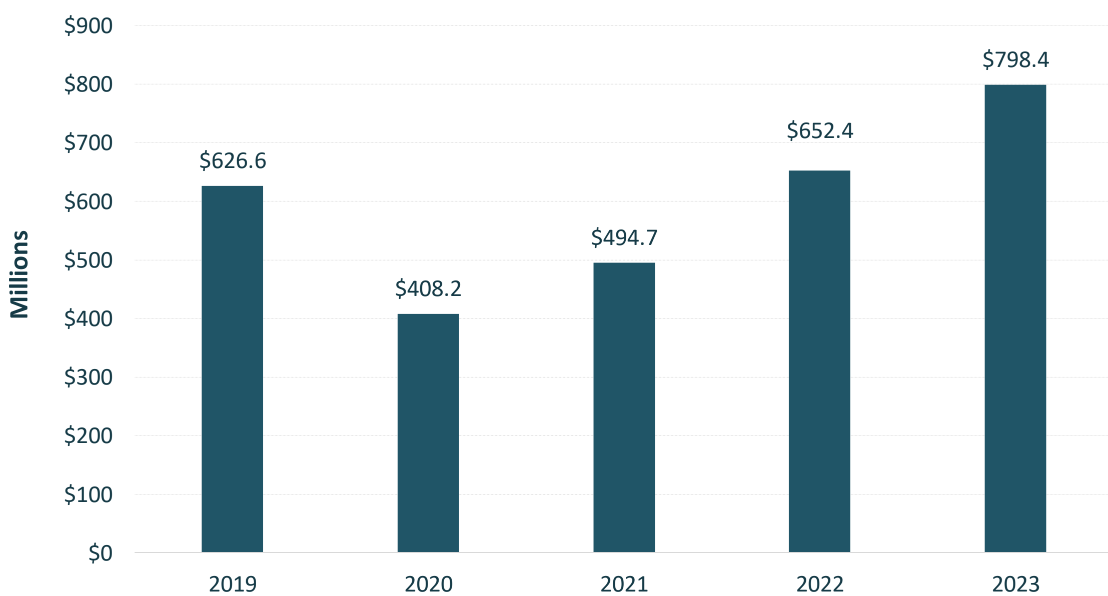
Attachment 3 presents Port-prepared forecasts of operating revenues and operating expenses for the Airport. The forecasts reflect Port management's expected course of action during the Forecast Period, and, in management's judgment, present fairly the expected financial results of the Airport.

WJ Advisors LLC reviewed the Port's financial forecasts for the Airport, including the methodologies and underlying assumptions incorporated therein, and determined that they are reasonable for purposes of the Report.

AIRPORT OPERATING REVENUES: COVID-19 RECOVERY

As discussed in Attachment 1, economic impacts of the COVID-19 pandemic were experienced throughout the US and global economies, as well as in the Seattle region. These impacts included the disruption of passenger air traffic at the Airport as well as seaport operations, resulting in a sharp decrease in revenues in 2020. As the effects of the pandemic subsided, revenues derived from Airport operations have recovered. In 2023, total Airport revenues were $798.5 million, compared to revenues of $626.6 million in 2019, prior to the COVID-19 pandemic, indicating that financial operations of the Airport have recovered. Figure 33 illustrates changes in Airport Revenues prior to and following the COVID-19 pandemic.

Figure 33
OPERATING REVENUES IN 2019-2023
Seattle-Tacoma International Airport



Source: Port of Seattle 2023 *Annual Comprehensive Financial Report*.

KEY ASSUMPTIONS

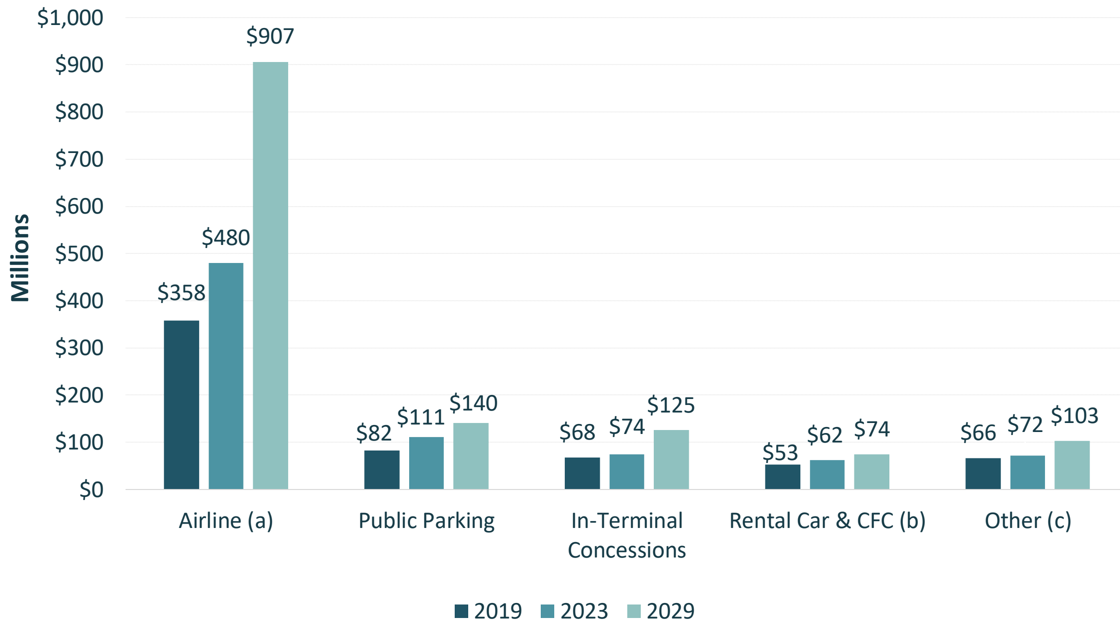
Key assumptions used by the Port to forecast operating revenues from Airport operations include the following:

- Continued economic growth in Seattle and the greater Seattle area as well as continued increases in the number of enplaned passengers using the Airport during the Forecast Period. Enplaned passengers at the Airport are forecast to increase approximately 1.8% per year from 2023 to 2029, which compares to an average annual increase of 3.9% per year from 2013 through 2023.
- Higher airline rates and charges at the Airport calculated pursuant to the rate-making methodology in the existing Airline Agreement, as well as the Port's continued ability to include in the airline rate base additional operating expenses, debt service and other costs associated with existing facilities and completed projects in the Airport CIP that are allocable to airline cost centers.
- Continuation of the airline rate-making methodology and other business arrangements in the existing Airline Agreement, which would produce similar Airport financial performance following the scheduled expiration of the Airline Agreement on December 31, 2024.
- Continued growth in nonairline revenues at the Airport based on higher demand for public parking, rental cars, dining, and retail, and as a result of higher forecast passenger numbers at the Airport.

AIRPORT OPERATING REVENUES

Figure 34 presents actual major sources of Airport operating revenues in 2019 and 2023 and forecast revenue in 2029.

Figure 34
MAJOR SOURCES OF ACTUAL AND FORECAST AIRPORT OPERATING REVENUES IN 2019, 2023, AND 2029
Seattle-Tacoma International Airport



Source: 2019 and 2023 data from Port of Seattle 2023 *Annual Comprehensive Financial Report* (ACFR). Certain accounting adjustments included in actual 2019 and 2023 revenues (as further included in the 2023 ACFR) were not assumed in the forecasts and were not assumed to be material.
(a) Includes passenger and cargo airline rates and charges pursuant to the Airline Agreement.
(b) Reflects that portion of CFC revenues treated as operating revenues in Port financial statements.
(c) Includes ground transportation, employee parking, commercial and aviation lease revenue and other revenues.

AIRLINE REVENUES

Overview

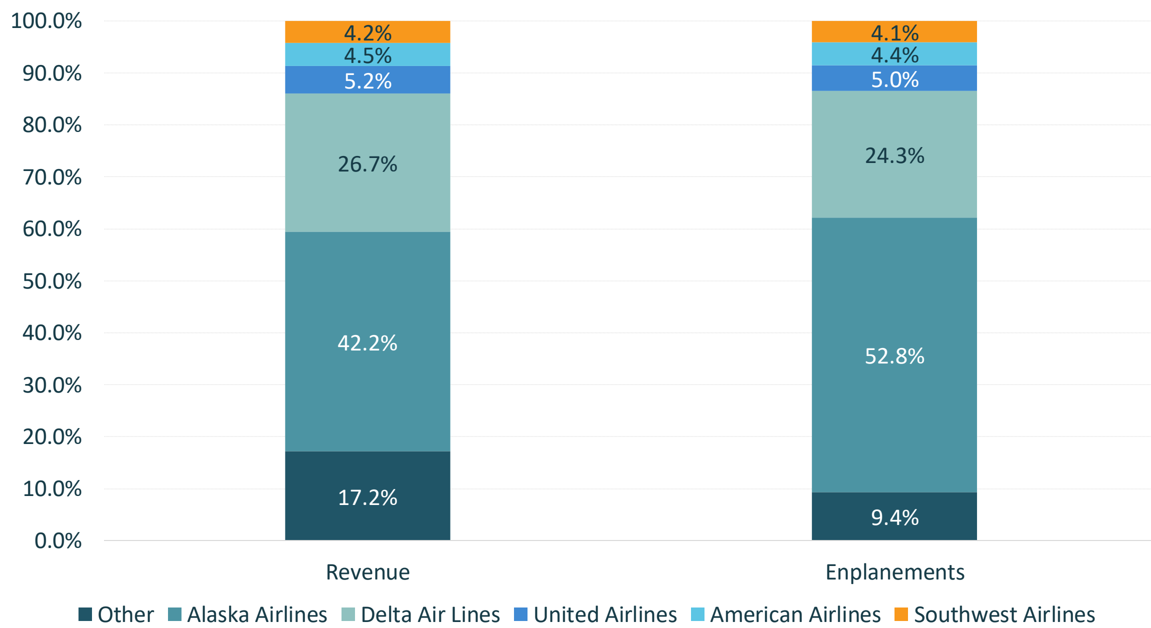
Exhibit G presents historical and forecast Airport airline revenues, in total and expressed on a per enplaned passenger basis.

In 2023, airline revenues were approximately $479.7 million and accounted for 60.1% of total Airport operating revenues. Airline revenues are forecast by the Port to increase to approximately $906.6 million in 2029**.**

The Airline Agreement provides for, among other things, the use and lease of space at the Airport and the basis for calculating rates and charges paid by the airlines operating at the Airport each year, which is based on a combination of residual and commercial compensatory rate-making methodologies and cost recovery principles. The existing Airline Agreement, which expires on December 31, 2024, also allows the Port to include a charge, as necessary, in the airline rate base to maintain total Airport debt service coverage at no less than 125%. The Port is currently in negotiations with the airlines operating at the Airport regarding a new Airline Agreement as discussed in the letter.

The amount of Airport revenues generated from airline rates and charges each year is a function of several factors, including the amount of terminal space leased, space reserved for common use passenger airline activity (terminal and airfield) and the level of airport costs (operating cost, debt service and amortization) allocated to those areas. Using actual 2023 data, Figure 35 provides a comparison of the percentages of airline revenue and enplaned passengers for the five busiest airlines serving the Airport (ranked on the basis of market shares of enplaned passengers in 2023).

Figure 35
AIRLINE PERCENTAGES OF REVENUE AND ENPLANED PASSENGERS IN 2023
Seattle-Tacoma International Airport



Note: Reflects actual 2023 data for revenue and actual January-December 2023 data for enplaned passengers. Numbers may not add to 100% because of rounding.
Source: Port of Seattle records.

Collectively, the five busiest airlines accounted for 90.6% of enplanements and 82.8% of total airline revenue at the Airport. Percentages of total enplaned passengers and airline revenue illustrated on Figure 35 tend to be correlated but reflect different individual airline decisions regarding approaches to passenger operations and facility requirements.

Forecast of Airline Rates and Charges

Forecast revenues from airline rates and charges are presented in Exhibit G and are based on

- The cost recovery and rate-making principles in the existing Airline Agreement.
- Forecast operating expenses, debt service, and other costs allocable to airline cost centers and included in the annual calculation of airline rates and charges pursuant to the existing Airline Agreement. Debt service, net of capitalized interest, on the proposed Series 2024 Bonds allocable to airline cost centers is included.
- The assumption that the amount of airline leased space and common-use space as of the date of the Report will remain constant throughout the Forecast Period.
- The assumption that when the Airline Agreement expires during the Forecast Period the Port will put in place business provisions and rate-making methodologies that would result in similar Airport financial results as provided under the existing Airline Agreement, either through an extension of the existing Airline Agreement, a new Airline Agreement, or rates set by resolution.

Forecast airline Landing Fees and Terminal rentals (including apron fees and FIS fees), which together accounted for approximately 95.3% of airline revenues at the Airport in 2023, are discussed below.

Landing Fees are calculated according to a cost-center residual rate-making methodology, under which the net requirement allocable to the Airfield Movement Area is recovered through Landing Fees assessed per 1,000--pound units of airline aircraft landed weight. Airfield Movement Area costs to be recovered through Landing Fees are expected to increase during the Forecast Period as airfield operating costs increase with inflation and as airfield projects are completed and the Port begins to include related debt service and other costs of completed projects in the airline rate base.

Terminal Rental Rates are set to recover the Terminal Building Requirement allocated to airline areas calculated according to a commercial compensatory rate-making methodology. The Terminal Building Requirement is equal to the annual direct and indirect operating and capital costs of the Port that are allocable to the Terminal Building. The Terminal Building Requirement is multiplied by the ratio of airline rentable space to total rentable space, less any non-signatory airline premiums paid in Terminal Rents.

The Airline Agreement also provides for the annual recalculation of other airline terminal rates and charges, including, but not limited to, an FIS fee for use of international arrival facilities, a gate rate and fee, a baggage claim rate, baggage system fees, and ticket counter rates. The Port does not bear any cost of vacancy in the following areas: gates, ticket counters, baggage make-up areas, and baggage claim areas.

Forecast Passenger Airline Revenue per Enplaned Passenger

Exhibit G presents historical and forecast airline revenues for Terminal Building rents, FIS fees, Landing Fees, and other airline revenues. Total passenger airline revenues are forecast to be approximately $444.7 million in 2023 and to increase to approximately $859.6 million in 2029**.** Forecast increases in passenger airline revenues can primarily be attributed to recovery of debt service and amortization associated with the financing of planned terminal and airfield projects (as described in Attachment 2) included in future airline rates and charges. Passenger airline revenues per enplaned passenger are forecast to increase from approximately $17.53 in 2023 to approximately $30.46 in 2029.

NONAIRLINE REVENUES

Exhibit H presents actual and forecast Airport nonairline revenues. Nonairline revenues, which includes major sources of revenue from public parking, in-terminal concessions, and rental cars, among others, were approximately $318.8 million in 2023 and, based on the assumptions described below, are forecast by the Port to increase to approximately $443.1 million in 2029[58], representing an average increase of 5.6% per year.

Public and Employee Parking

In 2023, the Port received approximately $121.5 million in public and employee parking revenues, accounting for 15.2% of Airport operating revenue.

The Port operates and manages an eight-floor parking garage adjacent to the terminal with approximately 12,000 public parking spaces. The Port also provides approximately 1,500 public parking spaces in a remote surface lot operated under a management agreement by a third party. Additional off-Airport parking spaces are owned and operated by entities other than the Port.

The Port establishes and periodically adjusts parking rates in an attempt to maximize public parking revenues. As of the date of the Report, public parking rates at the Airport range from $37.00 to $47.00 per 24-hour period.

The Port's forecast of public parking revenues is based on (1) recent trends in public parking revenue per originating passenger, (2) forecast increases in the number of originating passengers at the Airport, (3) assumptions related to increases in public parking revenues per originating passenger starting in 2024, which was assumed to occur as a result of planned rate increases, and (4) increases in the number of passengers parking at the Airport, given available public parking spaces.

Public parking revenues are forecast to increase from approximately $110.9 million in 2023 to approximately $140.4 million in 2029, representing an average increase of 4.0% per year.

The Port operates and manages approximately 4,100 employee parking spaces in a remote surface lot north of the airport. Employee parking rates are adjusted annually on a cost recovery basis and range from $86.00 to $94.00 per month. Revenues from employee parking

[58] Certain accounting adjustments included in actual 2023 revenues (as further included in the Port of Seattle 2023 *Annual Comprehensive Financial Report*) were not assumed in the forecasts and were not assumed to be material.

are forecast to increase from $10.6 million in 2023 to approximately $16.5 million in 2029**,** at an average increase of 7.7% per year.

In-Terminal Concessions

In 2023, the Port received approximately $74.0 million in revenues from in-terminal concessions, which accounted for 9.3% of Airport operating revenue.

The Port currently uses a direct leasing model for food and beverage, retail, and duty-free services in the terminal. Since 2014, as part of a long-term dining and retail redevelopment program at the Airport, the Port has awarded new leases for food and beverage and retail services following competitive procurement processes. To ensure continuity of operations and improved competition, the procurements are released in packages at multi-year intervals.

Approximately 20% of the Airport's food, beverage and retail terminal concession leases will expire between 2025 and 2028, with additional procurements planned over the next several years to replace them**.** Currently outstanding leases were procured with an average term of 10 to 12 years with rents based on the greater of a percentage of revenues or a Minimum Annual Guarantee (MAG) based on 85% of the prior year's revenue. Future leases are anticipated to have similar MAG provisions, with average terms of 1-2 years longer than current leases. A 20-year new lease for a duty-free concessionaire was awarded in March of 2024 with similar terms to the prior agreement and includes the addition of approximately 12,000 sq ft of space in Concourse A that will open in late 2027 and another 10,000 sq ft that will be phased in over time as components of the South Concourse Renovation and other projects are completed. The Airport's advertising concession will expire in 2028 and is also expected to be competitively re-procured prior to expiration under generally the same terms.

Terminal concession rents are generally set based on a share of annual gross revenues generated by the concessionaire. The share of gross revenues received by the Airport varies between leases, largely based on the type of concession provided under each lease. The average share of revenue or sales received by type of lease is generally consistent with the following ranges: food and beverage: 12%-14%, retail merchandise: 14%-16%, services: 13%-15%, duty free: 20%-22%, and advertising: 67%.

The Port's forecast of in-terminal concession revenue is based on (1) recent trends in in-terminal concession revenues per enplaned passenger, (2) terms and conditions similar to existing terminal concession leases, (3) forecast increases in the number of enplaned passengers at the Airport, (4) Port-expected reductions in concession revenues for certain years resulting from the closure of concession spaces due to various terminal projects included in the Airport CIP, (5) net increases in terminal concession space resulting from terminal projects included in the Airport CIP, most notably the completion of the Concourse C Expansion and South Concourse Renovation projects, and (6) allowances for growth in sales related to inflation each year through 2029. It was also assumed that as existing agreements expire during the Forecast Period, new agreements would be executed with similar terms, conditions, and financial performance.

In-terminal concession revenues are forecast to increase from approximately $74.0 million in 2023 to approximately $125.3 million in 2029, representing an average increase of 9.2% per year.

Rental Car Concession Fees, Land Rentals, and other Ground Transportation Revenues

Rental car revenues include concession fees and space rentals and totaled $44.6 million in 2023, accounting for approximately 5.6% of Airport operating revenues.

The Port has facility lease and concession agreements with eight rental car companies representing 11 brands that occupy and use space in the Airport consolidated rental car facility (ConRAC). The Port has agreements with the Avis Budget Group, Inc., which operates the Avis and Budget brands; CMC Investments, which operates the Dollar Rent A Car brand; Enterprise Holdings, Inc., which operates the Enterprise, Alamo, and National brands; Fox Rent A Car, Hertz Corporation; Payless Car Rental; Sixt rent a car, and DTG Investments, which operates the Thrifty Car Rental brand.

The facility lease includes various provisions related to leasing space in the ConRAC, the common transportation system, and operating responsibilities for the facility. The facility lease agreement became effective in May 2012 and has a term of 30 years; provided, however, in the event that any bonds require a longer term, the term shall extend until the earlier of: (1) the date such bonds are repaid or (2) the date the condition requiring a longer term is either satisfied or waived.

The concession agreement includes, among other things, a concession fee payable to the Port equal to 10.0% of rental car gross revenues or the MAG, whichever is greater. The MAG is defined as 85.0% of the actual concession fee paid to the Port during the previous year.

The forecasts of rental car revenues were based on the following assumptions:

- Forecast increases in the number of originating passengers at the Airport.
- Forecast decreases in rental car transactions per originating passenger resulting from increased passenger use of alternative modes of transportation, such as Uber and Lyft.
- Small increases in the average daily rate per rental car transaction.

Rental car revenues are forecast to increase from approximately $44.6 million in 2023 to approximately $47.0 million in 2029, at an average increase of 0.9% per year.

In 2023, the Port received approximately $24.9 million in other ground transportation revenues from taxicab, transportation network companies (i.e., Uber and Lyft), and other ground transportation providers at the Airport, which accounted for 3.1% of Airport operating revenues. The Port has exclusive and nonexclusive agreements with numerous ground transportation companies that serve the Airport.

Other ground transportation revenues are forecast based on assumed increases in the number of other ground transportation trips and are forecast to increase from approximately $24.9

million in 2023 to approximately $32.7 million in 2029, representing an average increase of 4.7% per year.

Customer Facility Charges

Under Revised Code of Washington Section 14.08.120(1)(g) (the CFC Act), the Port is authorized to impose and collect a CFC per rental car transaction day to pay certain authorized costs under the CFC Act, which are mostly related to operating and capital costs associated with the ConRAC and the common use transportation system that transports rental car customers between the terminal and ConRAC. Under the CFC Act, there is no limit to the CFC rate, and the amount of the CFC is solely determined and adjusted by the Port.

In 2024, the Port imposed and is collecting a CFC of $7.50 per rental car transaction day (up from $7.25 in 2023) and uses CFC revenues consistent with permitted uses under the CFC Act. In the financial statements of the Port, annual CFC revenues used to pay operating expenses associated with the ConRAC are treated as operating revenues, and CFC revenues used to pay debt service associated with the ConRAC are treated as non-operating revenues. In 2023, the Port collected $41.6[59] million in CFC revenues, of which $24.7 million was used by the Port to pay debt service. The remaining $17.0 million was reported as operating revenues.

The forecasts of CFC revenue were based on the following assumptions:

- Recent trends in the average length of stay of a rental car customer and the number of rental car transaction days at the Airport.
- The CFC rate is assumed to continue to increase from the current $7.50 per transaction day in 2024 by $0.25 per transaction day each year to $8.75 per transaction day in 2029.
- A declining share of forecast increases in the number of originating passengers at the Airport.
- Forecast transaction days per rental, assuming that the length of stay of a rental car customer would remain unchanged during the Forecast Period.
- The Port would continue to (1) use a portion of CFC revenues to pay debt service on bonds issued to fund or refund the costs of the ConRAC and treat those revenues as non-operating revenues and (2) treat a portion of CFC revenues as operating revenues.

CFC revenues treated as operating revenues are equal to total CFC revenues less CFC revenues used to pay certain outstanding bond debt service and are forecast to increase from approximately $17.0 million in 2023 to approximately $27.4 million in 2029**.** As outstanding bond debt service paid with CFC revenues is not expected to change significantly between 2023 and 2029, fluctuations in CFC revenues over the period may result in changes in the amounts of remaining CFC revenues treated as operating revenue.

[59] Numbers may not add to totals shown because of rounding.

Other Nonairline Revenues

Major sources of other nonairline revenues include the following:

Aviation Properties. Aviation Properties revenues consist of revenues from commercial property leases and in-flight kitchen facilities. Aviation Properties revenues totaled approximately $16.2 million in 2023. The forecast of Aviation Properties revenues was based on (1) the terms and conditions of leases between the Port and certain companies for the lease of land, (2) in-flight catering revenue per enplaned passenger remaining constant during the Forecast Period, and (3) for in-flight catering revenue, forecast increases in the number of enplaned passengers at the Airport.

Aviation Properties revenues are forecast to increase from $16.2 million in 2023 to approximately $27.8 million in 2029, an average increase of approximately 9.3% per year. The forecast increase in revenue between 2023 and 2029 is primarily due to inflation-related increases in in-flight catering revenues, increases in business park land rent, additional rent from new development, and other land rent increases.

Utilities. Utilities revenues are forecast to increase from approximately $8.7 million in 2023 to approximately $13.1 million in 2029.

Other Nonairline Revenues. Other nonairline revenues are forecast to increase from approximately $11.9 million in 2023 to approximately $12.9 million in 2029 and reflects fluctuations in revenue during the Forecast Period as airport terminal lounge space is temporarily taken out of service as a result of ongoing terminal construction projects.

AIRPORT OPERATING EXPENSES

Exhibit I presents historical Airport operating expenses for 2023 and forecast Airport operating expenses through 2029.

Airport operating expenses were forecast on the basis of the approved 2024 budget, assumed increases in costs as a result of inflation, forecast Airport aviation activity, the completion of planned expansion or construction of facilities, and other assumptions about Airport operations.

Specifically, the forecasts of Airport operating expenses reflect:

- An assumed 6.8% average annual rate of growth in existing Airport operating expenses for the years 2025 to 2029.
- Increases in staff, payroll, and contracted services to support recent and forecast increases in passenger traffic at the Airport.
- Additional operating expenses from the completion of certain Airport projects in its capital program, however none of the projects forecast for completion during the Airport CIP are anticipated to require such additions.
- Certain Port expenses allocated to the Airport.

Airport operating expenses are forecast to increase from $445.7 million in 2023 to $694.7 million in 2029, at an average increase of 7.6% per year.

Forecast 2024 Airport operating expenses were allocated to Airport cost centers by Airport management based on historical Airport operations, airport industry practices, provisions in the Airline Agreement and other considerations. Included in the allocation to each Airport cost center are Port indirect operating expenses allocated to the Airport.

The total operating expenses allocated to airline cost centers at the Airport are used to calculate airline rates and charges each year.

ADJUSTMENTS TO GAAP REVENUES AND EXPENSES

To demonstrate compliance with the Intermediate Lien Rate Covenant during the Forecast Period, certain adjustments (as detailed in Exhibit E) have been made to operating revenues and operating expenses to determine "Gross Revenue" and "Operating Expenses," respectively, pursuant to the definition of each term under the First Lien Master Resolution.

In addition to including certain non-operating revenues and expenses, the following annual adjustments to operating revenues were made to determine Gross Revenue:

Gross Revenue:

- All CFC revenues and all Stormwater Utility revenues not available to pay debt service are removed from Gross Revenues. A portion of annual CFC revenue is shown in the Port's financial statements as operating revenues and the other portion is shown as non-operating revenues. Despite the different categorizations used, all CFC revenues are excluded from Gross Revenue.
- Joint Venture Income associated with the Seaport Alliance is adjusted to add back depreciation and remove capital grant revenue.

The following annual operating expenses (prior to depreciation) are excluded in determining Operating Expenses:

- Operating expenses paid from CFC revenues.
- Operating expenses that may be paid from any remaining tax levy revenues, but only after general obligation debt service is first paid.

Certain accounting adjustments included in actual revenues and expenses for 2023 and prior years (as further included in the Port of Seattle 2023 *Annual Comprehensive Financial Report*) were not assumed in the forecasts included in the Report and were not assumed to be material.

Exhibit G

AIRLINE REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands, except Passenger Airline Revenue per Enplaned Passenger)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Actual	Estimate	Forecast				
	Calculation	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
AIRLINE REVENUES (SIGNATORY AND NONSIGNATORY AIRLINES)								
Terminal Building (b)		$ 252,059	$ 274,461	$ 307,602	$ 357,745	$ 416,838	$ 472,350	$ 514,768
FIS		41,235	38,576	44,623	48,906	54,062	59,070	62,921
Landing Fees		138,418	153,022	166,747	185,667	211,483	229,973	242,524
Other Airfield Movement Area (c)		4,620	4,293	4,459	4,459	4,459	4,475	4,485
Airfield Apron Area		25,428	31,876	35,346	40,930	43,672	44,264	48,940
Airfield Commercial Area (d)		17,684	19,022	19,842	20,409	20,993	21,595	22,215
Other (e)		252	5,982	8,926	9,810	10,579	10,925	10,787
Airline Revenues treated as operating revenues on Exhibit B (f)	**[A]**	**$ 479,696**	**$ 527,231**	**$ 587,544**	**$ 667,925**	**$ 762,087**	**$ 842,652**	**$ 906,640**
CALCULATION OF PASSENGER AIRLINE REVENUES PER ENPLANED PASSENGER								
Total Airline Revenues (f)	**=[A]**	$ 479,696	$ 527,231	$ 587,544	$ 667,925	$ 762,087	$ 842,652	$ 906,640
Less: Non-Passenger Airline Revenues								
Cargo Landing Fees	**[B]**	(12,532)	(12,853)	(13,390)	(14,668)	(16,434)	(17,599)	(20,357)
Airfield Commercial Area revenues	**[C]**	(17,684)	(19,022)	(19,842)	(20,409)	(20,993)	(21,595)	(22,215)
Other Non-Passenger Airline Revenues (g)	**[D]**	(4,754)	(4,293)	(4,459)	(4,459)	(4,459)	(4,475)	(4,485)
Passenger Airline Revenues	**[E]=[A+B+C+D]**	**$ 444,726**	**$ 491,064**	**$ 549,853**	**$ 628,389**	**$ 720,201**	**$ 798,983**	**$ 859,584**
Total Enplaned Passengers	**[F]**	25,371	26,457	27,172	27,579	27,772	27,994	28,218
Passenger Airline Revenues per Enplaned Passenger	**=[E/F]**	**$17.53**	**$18.56**	**$20.24**	**$22.78**	**$25.93**	**$28.54**	**$30.46**

Notes: Columns may not add to totals shown because of rounding.
(a) Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.
(b) Includes bag system, airport operating system, gate utility, and ground service equipment charges.
(c) Includes ID badging, certain hangar revenue, and certain general aviation revenue.
(d) Includes revenue from Airfield commercial properties, cargo operations, and fuel hydrant.
(e) Includes passenger loading bridge charges.
(f) See the "Airline Revenues" section in Attachment 3 of this report for more information about the Airline Agreement. There has been no revenue sharing since the end of 2019.
(g) Primarily includes non-passenger airline fees from the Airfield Movement Area.
Source: Port of Seattle.

Exhibit H

NONAIRLINE REVENUES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Calculation	Actual 2023	Estimate 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
NONAIRLINE REVENUES								
Aviation Properties	**[A]**	$ 16,238	$ 20,476	$ 21,586	$ 23,738	$ 26,383	$ 27,106	$ 27,760
Landside								
Public Parking		$ 110,940	$ 117,548	$ 124,128	$ 127,286	$ 131,855	$ 136,060	$ 140,401
Rental Cars		44,600	43,631	44,643	45,374	45,738	46,171	46,993
CFC revenues treated as operating revenues (b)		16,954	20,147	22,610	23,973	25,979	26,972	27,420
Employee Parking		10,574	11,323	13,748	14,533	15,187	15,710	16,495
Other Ground Transportation		24,878	25,349	28,113	28,782	31,261	32,004	32,729
Total Landside	**[B]**	$ 207,946	$ 217,998	$ 233,242	$ 239,948	$ 250,021	$ 256,918	$ 264,038
Airport Dining & Retail								
Food & Beverage/Retail		$ 50,264	$ 52,338	$ 56,567	$ 59,470	$ 73,256	$ 76,306	$ 79,400
Duty Free		999	3,041	3,790	3,981	7,692	11,855	12,364
Other Terminal Concessions (c)		22,763	24,898	24,925	27,767	30,495	31,855	33,564
Total Airport Dining & Retail	**[C]**	$ 74,026	$ 80,277	$ 85,283	$ 91,218	$ 111,444	$ 120,016	$ 125,327
Utilities	**[D]**	$ 8,666	$ 10,089	$ 10,585	$ 11,224	$ 11,798	$ 12,408	$ 13,054
Other Nonairline Revenues (d)	**[E]**	11,875	13,761	16,365	18,032	19,583	20,007	12,904
Total Nonairline Revenues	**=[A+B+C+D+E]**	**$ 318,752**	**$ 342,601**	**$ 367,061**	**$ 384,160**	**$ 419,229**	**$ 436,455**	**$ 443,083**
Annual % Change			7.5%	7.1%	4.7%	9.1%	4.1%	1.5%
Average annual increase (decrease) 2023 to 2029								5.6%

Notes: Columns may not add to totals shown because of rounding.

(a) Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) Equal to total CFC revenues less CFC revenues used to pay debt service. CFC revenues used to pay debt service will vary from year-to-year depending on actual debt service payments.

(c) Includes advertising, nonairline space rentals, vending, foreign exchange, telephone, ATMs, and tenant marketing.

(d) Includes revenue from (1) international lounges (the Club at SEA) located in Concourse A and the South Satellite and (2) the Conference Center at Sea-Tac located near Port offices at the Airport. 2023 excludes $7.8 million of lease interest income under GASB 87 Leases that is presented in non-operating revenue in Exhibit E.

Source: Port of Seattle.

Exhibit I

AIRPORT OPERATING EXPENSES (a)
Port of Seattle
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by Port management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Estimate	Forecast				
	2023	2024	2025	2026	2027	2028	2029
AIRPORT OPERATING EXPENSES							
Airport Operating and Maintenance Expenses (b)	$ 445,691	$ 501,282	$ 527,893	$ 564,845	$ 598,736	$ 634,660	$ 672,740
Expenses Associated with Future Capital Projects	-	-	4,200	4,200	4,200	22,000	22,000
Total Airport	**$ 445,691**	**$ 501,282**	**$ 532,093**	**$ 569,045**	**$ 602,936**	**$ 656,660**	**$ 694,740**
Annual % Change		12.5%	6.1%	6.9%	6.0%	8.9%	5.8%
Average annual increase (decrease) 2023 to 2029							7.7%
SUMMARY BY COST CENTER							
Terminal Building (c)	$ 193,649	$ 209,727	$ 225,105	$ 240,582	$ 254,777	$ 287,824	$ 303,773
FIS	27,861	29,099	31,427	33,627	35,645	37,783	40,050
Airfield Movement Area	108,575	122,306	128,025	136,973	145,180	153,678	162,899
Airfield Apron Area	14,091	16,799	17,890	19,143	20,291	21,509	22,799
Airfield Commercial Area	7,446	8,911	9,408	10,067	10,671	11,311	11,990
Nonairline	96,599	113,571	119,826	128,214	135,906	144,061	152,704
Other (d)	(2,531)	869	411	440	466	494	524
Total Airport	**$ 445,691**	**$ 501,282**	**$ 532,093**	**$ 569,045**	**$ 602,936**	**$ 656,660**	**$ 694,740**

Notes: Columns may not add to totals shown because of rounding.

(a) Certain GAAP accounting adjustments were made by the Port and were reflected in the actual 2023 results presented in the Port of Seattle 2023 Annual Comprehensive Financial Report, but those same adjustments were not included in the forecast of financial results presented in the Report and were not assumed to be material.

(b) Includes expenses allocated to the Airport from the Port's Corporate and Economic Development divisions. Includes Port costs associated with operating the shuttle bus service between the ConRAC and the Airport terminal building; such costs are paid from CFC revenues treated as operating revenues as presented in Exhibit H.

(c) Includes baggage system, gate utilities, passenger loading bridges, and airport operating systems.

(d) Includes expenses associated with airline realignment and service groups. 2023 includes certain GASB 96 contra revenue account amounts (negative amounts).

Source: Port of Seattle.

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APPENDIX D

SUMMARY OF THE PORT'S TAXING POWER

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PORT'S TAXING POWER

Taxing Authority

The Port has statutory authority to levy property taxes within the Port district's boundaries (which are coterminous with the boundaries of King County (the "County")) without a vote of the district's electors. The Port may impose this property tax levy (the "Tax Levy") 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.

Tax levies for port districts are subject to certain statutory limitations, but not to the tax levy limitations set by the State Constitution. When imposed to fund general purposes such as operating expenses and capital improvements, the Port's Tax Levy may not exceed a rate of $0.45 per $1,000 of assessed value of taxable property within the Port district; however, this rate limitation does not apply when the Port imposes the Tax Levy for the purpose of paying debt service on LTGO bonds. Regardless of the Tax Levy's purpose, the levy's total dollar amount is subject to the statutory limitations on annual increases described below under "Levy Amount Limitation" and "TAX LEVY RATES, RECORDS AND PROCEDURES—Assessed Value Determinations." The Port's 2025 Tax Levy is budgeted to be $88.4 million (an estimated rate of $0.1020 per $1,000 of assessed value) as shown in Table D-1, entitled "Recent Tax Levy Activity 2021-2025."

The Commission determines the actual amount of the Tax Levy each year as part of the Port's annual business planning process. The Commission also provides guidance on and reviews the proposed uses of Tax Levy revenues. In addition to the payment of general obligation bond debt service, the Port's current guidelines recommend that the Port use the Tax Levy revenues to fund expenditures that do not have a sufficient revenue source and that provide economic benefits to County residents. The Port expects such 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 general obligation bonds to refund Port revenue bonds, but has no current plans to do so.

The County's Department of Finance (the "County Treasurer") collects property taxes and distributes the revenues to the various taxing districts that levy ad valorem taxes upon taxable property within the County, including the Port. See "TAX LEVY RATES, RECORDS AND PROCEDURES" below.

Levy Amount Limitation

State law limits the total amount by which the levy of a taxing district (such as the Port's) may grow each year, known as a "levy lid." Per State law, the total dollar amount of regular property taxes a taxing district (excluding the State) may levy in any year may not exceed the highest amount the taxing district could lawfully levy in any year multiplied by the "limit factor," plus adjustments for increases in annual assessed value within the taxing district due to statutorily-defined factors such as new construction and property improvements. For taxing districts with a population of 10,000 or more (excluding the State), the "limit factor" is the lesser of 101 percent or 100 percent plus inflation; provided, if inflation drops below one percent, such a taxing district may increase its "limit factor" up to 101 percent, if approved by a majority plus one vote of the taxing district's governing body upon a finding of substantial need.

A taxing district may exceed the levy amount limitation through the use of "banked" levy capacity or a "levy lid lift." Banked levy capacity is the difference between the highest amount the taxing district could lawfully levy in a given year and the actual amount the taxing district levies. A taxing district with banked levy capacity may apply such capacity at a future date to exceed maximum levy amount limitations otherwise applicable. If a taxing district levies its highest lawful levy, it will not have any banked levy capacity. For 2025, the Port's maximum levy is estimated to be $117.8 million providing the Port with $29.5 million of "banked capacity."

A taxing district may also exceed the levy lid limitation applicable to regular property tax levies with the approval of a simple majority of voters, known as a "levy lid lift." Levy lid lifts permit the taxing district to exceed the limit factor for one year or for each year for up to six consecutive years. A multiple-year levy lid lift requires that the ballot proposition submitted to voters specify the limited purposes for which the taxing district will use the proposed annual increases, whereas a single-year levy lid lift does not. Levy lid lifts may be permanent—in which case the maximum levy in the final year of the levy lid lift becomes the base to calculate all future levy lids—or temporary, in which case the levy lid reverts to what it would have been if the lid lift never existed. A levy lid lift will not increase the levy if doing so would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The Port currently has no levy lid lifts in effect.

Tax Increment Financing Districts. Chapter 39.114 RCW enables counties, cities and port districts, or any combination thereof ("sponsoring jurisdictions") to designate tax increment areas, subject to conditions, and to use the tax allocation revenues to pay public improvement costs. A sponsoring jurisdiction may designate only two active, non-overlapping increment areas at any time, and the increment area (or combined areas) may not have an assessed value of more than $200 million or more than 20 percent of the sponsoring jurisdiction's total assessed value, whichever is less. Tax increment areas are subject to a 25-year sunset date.

Once a sponsoring jurisdiction forms an 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 district on the assessed value of real property located within the increment area for taxes imposed in the year in which the increment area was designated. The sponsoring jurisdiction will also receive the amount derived from the regular property taxes levied by or for each taxing district on any increase in property values in the increment area after its formation. Accordingly, if a sponsoring jurisdiction forms an increment area, it will receive regular property taxes representing the increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than State taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal of and interest on general obligation debt).

The Port (or the County or any city within the Port district) could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes levied by or for other taxing districts). As of the date of this Official Statement, the Port has not taken action to form any increment area. For the 2025 tax year, jurisdictions within the Port's boundaries have formed tax increment areas totaling $112.9 million of assessed value.

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 2021 through 2025.

TABLE D-1
RECENT TAX LEVY ACTIVITY
2021 – 2025

Tax Year	Port District Assessed Value(2)	Maximum Port Tax Levy(3)	Total Port Tax Levy(2)(4)	Total Port Tax Levy Rate(5)	General Obligation Bond Debt Service(6)
2025(1)	$873,376,861,846	$117,848,762	$88,389,944	$0.101205	$45,544,159
2024	833,036,264,377	115,600,907	86,664,580	0.10404	34,682,284
2023	879,895,419,279	113,343,464	82,645,321	0.09393	34,680,071
2022	722,527,903,972	110,922,033	80,981,317	0.11208	38,958,574
2021	659,534,881,337	108,473,716	78,668,517	0.11928	38,440,164

(1) King County's Certification of Assessed Value, with the exception of general obligation bond debt service.
(2) Unless otherwise noted, the amounts are sourced from the County's Annual Reports for the purposes of the tax levy collected in the year identified in the column titled "Tax Year."
(3) Maximum amount that would be permitted to be collected within the statutory levy limitation, taking into account the Port's banked levy capacity. Amount is based on the assessed value provided in the County's Certification of Assessed Valuation, which may be different than the final assessed value provided in the County's Annual Report.
(4) Tax Levy allocable for general purposes plus the tax levy allocable for limited tax general obligation bond debt service. The amount of Tax Levy receipts shown in Table D-2, entitled "Tax Collection Record, 2020-2024," was derived from the County's Receivables Summary but includes supplements and cancellations and generally differs from the totals reported by the County (above) by an immaterial amount.
(5) Per $1,000 of assessed value. Derived from "Port District Assessed Value" and "Total Port Tax Levy" amounts above.
(6) Due and paid or payable. Excludes optional early principal redemptions.
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.

Delinquent tax payments are subject to interest accruing at a rate of nine percent annually (0.75 percent monthly) for residential properties with four or fewer units, and 12 percent annually (one percent monthly) for all other properties. Delinquent taxpayers are also assessed penalties of up to 11 percent annually, credited to the account of the taxing district. These penalties do not apply to residential properties with four or fewer units.

During a state of emergency declared by the State Governor, county treasurers may grant extensions of the due date of any taxes. The State Governor may also waive or suspend the application of tax due dates and penalties relating to collection of taxes during a declared state of emergency.

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, a 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 2020 through 2024 and the amount and percentages of the tax collected in the year due and as of December 31, 2024.

TABLE D-2
TAX COLLECTION RECORD
2020 – 2024

Year	Amount of Tax Levy(1)(2)	Amount Collected in Year Due	% Collected in Year Due	Amount Collected as of 12/31/2024(2)	% of Tax Levy Collected as of 12/31/2024
2024	$86,658,185	$85,710,178	98.91%	$85,710,178	98.91%
2023	82,645,321	81,459,272	98.56	82,367,949	99.66
2022	80,981,318	79,887,709	98.65	80,846,921	99.83
2021	78,668,517	77,584,674	98.62	78,637,081	99.96
2020	76,396,432	75,251,765	98.50	76,359,965	99.95

(1) The amount of the actual Tax Levy varies from the budgeted amounts shown in Table D-1 because of adjustments in assessed values and levy rates made by the County.
(2) The amounts of Tax Levy receipts were derived from the King County Tax Receivables Summary but include supplements and cancellations and generally differ from the totals reported by the County by an immaterial amount.
Source: Port of Seattle, from King County Tax Receivables Summary

Principal Taxpayers

The following table lists the 10 largest taxpayers in the County and the assessed value of their property for the purposes of the Tax Levy for collection in 2025.

TABLE D-3
KING COUNTY LARGEST TAXPAYERS
TAX LEVY FOR COLLECTION IN 2025

Taxpayer	2025 Assessed Value	Percent of Total Assessed Value
Microsoft Corporation	$ 5,820,259,382	0.67%
Puget Sound Energy Electric & Gas	3,269,822,143	0.37
The Boeing Company	2,807,183,096	0.32
Amazon.com	2,747,327,158	0.31
Prologis LP – c/o Re Tax	2,632,671,200	0.30
Essex Property Trust Inc.	2,147,746,900	0.25
Amli Residential Prop LP	917,853,300	0.11
Smith Kendra	886,067,800	0.10
Avalon Bay Communities Inc.	809,224,134	0.09
BRE Properties	807,272,000	0.09
Total assessed value of top 10 taxpayers	$ 22,845,427,113	2.62%
Total assessed value of all other taxpayers	$850,531,434,733	97.38%
Total 2024 assessed value for taxes due in 2025	$873,376,861,846	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

Port districts may levy an additional $0.45 per $1,000 assessed value of taxable property within the port district for improvements within industrial development districts (the "Industrial Development Levy") subject to certain statutory procedures and limitations. Subject to statutory procedures, port districts may levy the Industrial Development Levy for up to twelve years, and for up to three multi-year levy periods if they meet certain additional criteria and limitations. The Port last levied the Industrial Development Levy in 1968, for a six-year period, 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

State law limits the Port's ability to incur non-voted and voted indebtedness beyond specified percentages of the assessed value of taxable property within the Port district. These limits do not apply to debt obligations payable from revenues (special funds) or assessments.

Non-voted Debt. The Port may, without voter approval, incur general obligation indebtedness in an amount not to exceed 0.25 percent of the assessed value of all taxable property within the Port district. The Port may also enter into financing leases and conditional sale contracts if the total principal component of the lease and contract payments—together with the other non-voted general obligation indebtedness of the Port—does not exceed 0.25 percent of assessed value.

Voted Debt. Subject to voter approval, the Port may incur unlimited tax general obligation indebtedness (such as unlimited tax general obligation bonds) in an amount not to exceed 0.75 percent of assessed value of all taxable property within the Port district, subject to the aggregate debt limitations described below. To incur such unlimited tax general obligation debt and levy excess property taxes to pay debt service thereon, the Port must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the indebtedness and excess levy.

Aggregate Debt Limitations. The Port's combined non-voted and voted general obligation debt may not exceed 0.75 percent of the assessed value of all taxable property within the Port district.

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The following tables provide information regarding the outstanding general obligation debt of the Port.

TABLE D-4
OUTSTANDING GENERAL OBLIGATION DEBT[1]

Limited Tax General Obligation Bonds	Final Maturity	Amount Outstanding
Limited Tax General Obligation Refunding Bonds, 2013B (Taxable)	11/01/2025	$ 1,225,000
Limited Tax General Obligation Bonds, 2017	01/01/2042	102,205,000
Limited Tax General Obligation and Refunding Bonds, 2022A (AMT)	12/01/2029	10,280,000
Limited Tax General Obligation Bonds, 2022B (Taxable)	12/01/2041	71,820,000
Limited Tax General Obligation Refunding Bonds, 2024A (Non-AMT)	06/01/2040	87,785,000
Limited Tax General Obligation Bonds, 2024B (AMT)	06/01/2049	65,745,000
Limited Tax General Obligation Bonds, 2024C (Taxable)	06/01/2042	92,295,000
Total Nonvoted General Obligation Debt		**$ 431,355,000**
Unlimited Tax General Obligation Bonds		
None		
Voted Bonds Total		**$0**
Total General Obligation Direct Debt of the Port		**$431,355,000**

(1) As of July 2, 2025
Source: Port of Seattle

The following table reflects the estimated 2025 general obligation debt capacity for the Port.

TABLE D-5
ESTIMATED DEBT CAPACITY[1]

Assessed value of taxable property within the Port district (2025 tax collection year)[2]	$ 873,376,861,846
Debt Limit, Nonvoted Debt, Including LTGO Bonds (.25% of Value of Taxable Property)	$2,183,442,155
Less: Outstanding LTGO Bonds (including capital leases)	(431,355,000)
Remaining Capacity for LTGO Debt	$ 1,752,087,155
Debt Limit, Total, Voted and Nonvoted Debt, General Obligation Debt (.75% of Value of Taxable Property)	$ 6,550,326,464
Less: Outstanding LTGO Bonds (including capital leases)	(431,355,000)
Less: Outstanding Unlimited Tax General Obligation Bonds	-
Remaining Capacity of Total General Obligation Debt	$ 6,118,971,464

(1) As of July 2, 2025
(2) Per King County Assessor's Office Certification of Assessed Valuation
Source: *Port of Seattle and King County Assessor's Office*

APPENDIX E

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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PACIFICA
LAW GROUP

T 206.245.1700
401 Union Street, Suite 1600
Seattle, WA 98101-2668
pacificalawgroup.com

August 21, 2025

Port of Seattle
Seattle, Washington

Re: Port of Seattle Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT) — $74,235,000

To the Addressee:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT), in the aggregate principal amount of $74,235,000 (the "Series 2025A Bonds"), issued pursuant to Resolution No. 3540, as amended, of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3837 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) financing or refinancing capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2025A Bonds, (iii) making a deposit to the Intermediate Lien Reserve Account, and (iv) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2025A Bonds, the Port is issuing its Intermediate Lien Revenue Bonds, Series 2025B (AMT) and Intermediate Lien Revenue Bonds, Series 2025C (Taxable).

The Series 2025A Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Agreement. The Port has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2025A Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2025A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2025A Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2025A Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue

bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Port comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2025A Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Series 2025A Bonds, or the amount, accrual or receipt of interest on, the 2024 Bonds. Owners of the Series 2025A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025A Bonds.

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,

PACIFICA LAW GROUP LLP

PACIFICA LAW GROUP

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August 21, 2025

Port of Seattle
Seattle, Washington

Re: Port of Seattle Intermediate Lien Revenue Bonds, Series 2025B (AMT) — $650,460,000

To the Addressee:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue Bonds, Series 2025B (AMT), in the aggregate principal amount of $650,460,000 (the "Series 2025B Bonds"), issued pursuant to Resolution No. 3540, as amended, of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3837 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) financing or refinancing capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2025B Bonds, (iii) making a deposit to the Intermediate Lien Reserve Account, and (iv) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2025B Bonds, the Port is issuing its Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT), and Intermediate Lien Revenue Bonds, Series 2025C (Taxable).

The Series 2025B Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Agreement. The Port has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2025B Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2025B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2025B Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2025B Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue

bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2025B Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series 2025B Bonds for any period during which such Series 2025B Bonds is held by a "substantial user" of the facilities financed or refinanced by the Series 2025B Bonds, or a "related person" within the meaning of Section 147(a) of the Code; however, interest on the Series 2025B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and interest on the Series 2025B Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in this paragraph is subject to the condition that the Port comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Port has covenanted to comply with all such requirements. Failure to comply with certain of such covenants may cause interest on the Series 2025B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025B Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2025B Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Series 2025B Bonds, or the amount, accrual or receipt of interest on, the 2024 Bonds. Owners of the Series 2025B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025B Bonds.

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,

PACIFICA LAW GROUP LLP

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August 21, 2025

Port of Seattle
Seattle, Washington

Re: Port of Seattle Intermediate Lien Revenue Bonds, Series 2025C (Taxable) — $22,550,000

To the Addressee:

We have acted as bond counsel to the Port of Seattle (the "Port") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Port of its Intermediate Lien Revenue Bonds, Series 2025C (Taxable), in the aggregate principal amount of $22,550,000 (the "Series 2025C Bonds"), issued pursuant to Resolution No. 3540, as amended, of the Port Commission (the "Intermediate Lien Master Resolution"), and Resolution No. 3837 of the Port Commission (the "Series Resolution" and, together with the Intermediate Lien Master Resolution, the "Resolution"), for the purpose of (i) financing or refinancing capital improvements to aviation facilities, (ii) paying capitalized interest on a portion of the Series 2025C Bonds, (iii) making a deposit to the Intermediate Lien Reserve Account, and (iv) paying costs of issuance. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Resolution. Simultaneously with the issuance of the Series 2025C Bonds, the Port is issuing its Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT) and Intermediate Lien Revenue Bonds, Series 2025B (AMT).

The Series 2025C Bonds are subject to redemption prior to their stated maturities as provided in the Bond Purchase Agreement. The Port has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Regarding questions of fact material to our opinion, we have relied on representations of the Port in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2025C Bonds have been legally issued and constitute valid and binding obligations of the Port, except to the extent that the enforcement of the rights and remedies of the owners of the Series 2025C Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Both principal of and interest on the Series 2025C Bonds are payable solely out of a special fund of the Port designated as the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") and the Intermediate Lien Reserve Account.

2. The Port has obligated and bound itself to set aside and pay into the Intermediate Lien Bond Fund out of Available Intermediate Lien Revenues and the money in the Revenue Fund amounts sufficient to pay the principal of and interest on the Series 2025C Bonds as the same become due. The Port has further bound itself to pay into the Revenue Fund, as collected, all Gross Revenue.

3. The Port has further pledged in the Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Intermediate Lien Bond Fund and into the Intermediate Lien Reserve Account shall be a first and prior lien and charge upon the Net Revenues, subject to the liens thereon of any Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Net Revenues of the amounts required to pay the Outstanding Intermediate Lien Revenue Bonds, Net Payments on any Parity Derivative Product, and any other revenue

bonds hereafter issued on a parity therewith as provided in the Resolution. The Port has reserved the right to enter into Parity Derivative Products and issue bonds in the future with a lien against the Available Intermediate Lien Revenues on a parity with the lien thereon of Intermediate Lien Parity Bonds.

4. Interest on the Series 2025C Bonds is not intended by the Port to be excluded from gross income for federal income tax purposes.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Series 2025C Bonds (except to the extent, if any, specifically addressed by separate opinion to the Underwriters), and we express no opinion relating thereto or relating to the undertaking of the Port to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2025C Bonds. Owners of the Series 2025C Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025C 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,

PACIFICA LAW GROUP LLP

APPENDIX F

DTC AND ITS BOOK-ENTRY SYSTEM

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DTC AND ITS BOOK-ENTRY ONLY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The Port makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Series 2025 Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for the aggregate principal amount of the Series 2025 Bonds, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed

amendments to the Series 2025 Bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Port or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Port or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

10. To the extent permitted by law, the Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Port believes to be reliable, but the Port takes no responsibility for the accuracy thereof.

APPENDIX G

COPIES OF THE INTERMEDIATE LIEN MASTER RESOLUTION AND THE SERIES RESOLUTION

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PORT OF SEATTLE

RESOLUTION NO. 3540, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING AN INTERMEDIATE LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

ADOPTED: June 14, 2005

Prepared by:

PRESTON GATES & ELLIS LLP
Seattle, Washington

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RESOLUTION NO. 3540, AS AMENDED

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF SEATTLE AUTHORIZING REVENUE BONDS OF THE PORT DISTRICT TO BE ISSUED IN SERIES TO FINANCE ANY LEGAL PURPOSE OF THE PORT DISTRICT; CREATING AND ESTABLISHING AN INTERMEDIATE LIEN UPON NET REVENUES OF THE PORT DISTRICT FOR THE PAYMENT OF SUCH BONDS; AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

WHEREAS, the Port of Seattle (the "Port"), a municipal corporation of the State of Washington, owns and operates a system of marine terminals and properties and Seattle-Tacoma International Airport; and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, adopted on February 2, 1990 and most recently amended by Resolution No. 3436, adopted on July 11, 2000 (the "First Lien Master Resolution"); and

WHEREAS, the Port has issued and currently has outstanding 18 series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Resolution Number	Date of Issue		Original Principal Amt.	Currently Outstanding (6/2/05)	Final Maturity Dates
3111	04/01/1992	(A)	$25,450,000	$ 395,000	11/1/2005
3155	02/01/1994	(A)	27,135,000	17,495,000	12/1/2011
3155	02/01/1994	(C)	51,755,000	17,845,000	07/1/2009
3215	04/01/1996	(A)	31,820,000	31,820,000	09/1/2021
3215	04/01/1996	(B)	74,520,000	53,315,000	09/1/2017
3242	05/01/1997	(A)	120,375,000	120,375,000	10/1/2022
3242	05/01/1997	(B)	19,985,000	2,230,000	10/1/2005
3275	05/01/1998	(A)	73,180,000	32,640,000	06/1/2017
3430	08/10/2000	(A)	130,690,000	130,690,000	02/1/2030
3430	08/10/2000	(B)	221,590,000	210,125,000	02/1/2024
3430	09/06/2000	(D)	28,085,000	13,135,000	02/1/2011
3462	10/17/2001	(A)	176,105,000	176,105,000	04/1/2031
3462	10/17/2001	(B)	251,380,000	251,380,000	04/1/2024
3462	10/17/2001	(C)	12,205,000	12,205,000	12/1/2014
3462/3467	08/07/2002	(D)	68,580,000	65,075,000	11/1/2017
3509	08/20/2003	(A)	190,470,000	190,470,000	07/1/2033
3509	08/20/2003	(B)	164,900,000	164,900,000	07/1/2029
3528	06/30/2004		24,710,000	23,380,000	06/1/2017

("Outstanding First Lien Bonds"); and

WHEREAS, each of the resolutions authorizing the issuance of the Outstanding First Lien Bonds permits the Port to issue its revenue bonds having a lien on Net Revenues (as such term is defined in the First Lien Master Resolution) subordinate to the lien thereon of the Outstanding First Lien Bonds; and

WHEREAS, the Port has issued and currently has outstanding six series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Original Principal Amt.	Currently Outstanding (6/2/05)	Final Maturity Dates
3238[1]	03/26/1997	$108,830,000	$ 108,830,000	09/01/2022
3276[2]	05/01/1998	27,930,000	20,605,000	08/01/2017
3354[3]	09/01/99 (A)	127,140,000	121,840,000	09/01/2024
3354[3]	09/01/99 (B)	116,815,000	102,560,000	09/01/2016
3456	(CP)	250,000,000	59,255,000	06/01/2021
3510	08/20/03 (C)	200,000,000	200,000,000	07/01/2033

[1] Amended by Resolution No. 3351, as amended, adopted on August 24, 1999.
[2] Amended by Resolution No. 3353, as amended, adopted on August 24, 1999.
[3] Amended by Resolution No. 3496, as amended, adopted on November 12, 2002.

(the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, each of the resolutions, as amended, authorizing the issuance of the Outstanding Subordinate Lien Bonds (identified in the chart above) authorized the Port to issue revenue obligations having a prior lien on the revenues available to pay debt service on the Outstanding Subordinate Lien Bonds; and

WHEREAS, the Commission deems it advisable and in the best interest of the Port to establish a separate lien of revenue bonds of the Port that may hereafter be issued for any of its legal purposes under the provisions, terms and conditions of this resolution; and

WHEREAS, the principal of and interest on the bonds authorized by this resolution shall be payable solely from and shall constitute a lien and charge against Available Intermediate Lien Revenues (hereinafter defined);

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF SEATTLE, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such Intermediate Lien Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Intermediate Lien Parity Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds.

The ***Amount Due*** (for purposes of the Rate Covenant) in each fiscal year of the Port shall be equal to (a) Scheduled Debt Service, plus (b) amounts required to be deposited during

such fiscal year from Available Intermediate Lien Revenues into the Intermediate Lien Reserve Account plus (c) any other amounts due to any Credit Facility Issuer or any Liquidity Facility Issuer, but excluding from the foregoing (i) payments made or to be made from refunding debt and capitalized debt service or other money irrevocably (by Commission resolution) set aside for such payment and (ii) Intermediate Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative.

Annual Debt Service means the total amount of Debt Service for any series of Outstanding Intermediate Lien Parity Bonds in any fiscal year or Base Period.

Available Coverage Amount means the unrestricted balance in the Revenue Fund at the end of the two most recent fiscal years of the Port, whichever is lower. No amounts may be included in the Available Coverage Amount unless such amounts are legally available for payment of debt service on Intermediate Lien Parity Bonds.

Available Intermediate Lien Revenues mean the Gross Revenue of the Port after providing for the payments set forth in paragraphs First, Second, Third and Fourth of Section 2 of this resolution, excluding any Released Revenues.

Available Intermediate Lien Revenues as First Adjusted means Available Intermediate Lien Revenues increased (without duplication) by Prior Lien Debt Service Offsets identified by the Port in a certificate of the Designated Port Representative and subject to further adjustment to reflect the following:

(a) It is the intent of the Port that regularly scheduled net payments under derivative products (interest rate hedges) with respect to Port revenue obligations (regardless of lien position) be reflected in the calculation of debt service obligations with respect to those revenue obligations and not as adjustments to Gross Revenue or Operating Expenses; and

(b) Gross Revenue and Operating Expenses may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit) in order to more fairly reflect the Port's annual operating performance.

Available Intermediate Lien Revenues as Second Adjusted means Available Intermediate Lien Revenues as First Adjusted plus the Available Coverage Amount.

Balloon Maturity Bonds means any Intermediate Lien Parity Bonds that are so designated in the Series Resolution pursuant to which such Intermediate Lien Parity Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

Base Period means any consecutive 12-month period selected by the Designated Port Representative out of the 30-month period next preceding the date of issuance of an additional series of Intermediate Lien Parity Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Intermediate Lien Parity Bonds (including persons holding Intermediate Lien Parity Bonds through nominees, depositories or other intermediary).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this resolution applicable to the use of that term.

BMA Municipal Swap Index means the Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Bond Market

Association; *provided*, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then BMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated Port Representative.

Capital Appreciation Bonds means Intermediate Lien Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such Intermediate Lien Parity Bonds. If so provided in the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Intermediate Lien Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

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

Commission means the elected governing body of the Port, or any successor thereto as provided by law.

Consultant means at any time an independent consultant recognized in marine or aviation matters or an engineer or engineering firm or other expert appointed by the Port to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by Section 5 hereof, the term Consultant shall also include any independent public accounting firm appointed by the Port to make such calculation or to provide such certificate or the financial advisor appointed by the Port to make such calculation or to provide such certificate.

Costs of Construction means all costs paid or incurred by the Port in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Intermediate Lien Parity Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Intermediate Lien Parity Bonds from the proceeds thereof; paying or reimbursing the Port or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

A ***Credit Event*** occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) a Qualified Letter of Credit or Qualified Insurance no longer meets the requirements established therefor in the definition thereof.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations

of the Port, including but not limited to payment of the scheduled principal of and interest on Intermediate Lien Parity Bonds.

Credit Facility Issuer means the issuer of any Credit Facility.

Date of Commercial Operation means the date upon which any Facilities are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Port or, if used with reference to Facilities to be acquired, shall mean the date on which such acquisition is final.

Debt Service means, for any period of time and for the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 and for the purpose of calculating the Intermediate Lien Reserve Requirement,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance and that have not been associated with a Parity Derivative Product, the principal amount equal to the Accreted Value thereof maturing, converting or scheduled for redemption in such period, including the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds that have not been associated with a Parity Derivative Product, an amount equal to (1) the principal amount of such Intermediate Lien Parity Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such Intermediate Lien Parity Bonds, plus (3) all interest payable during such period on any such Intermediate Lien Parity Bonds Outstanding and, with respect to Intermediate

Lien Parity Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Intermediate Lien Parity Bonds on the date specified in the Series Resolution authorizing such Intermediate Lien Parity Bonds;

(c) with respect to all other series of Intermediate Lien Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Intermediate Lien Parity Bonds bearing variable rates of interest and that have not been associated with a Parity Derivative Product, an amount for any period equal to the amount which would be payable (1) as principal on such Intermediate Lien Parity Bonds during such period (computed on the assumption that the amount of Intermediate Lien Parity Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the BMA Municipal Swap Index, plus (B) 1.5%;

(d) With respect to Intermediate Lien Parity Bonds that bear variable rates of interest and have been associated with a Parity Derivative Product with fixed Port Parity Payments, an amount equal to:

(1) principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (c)(1) above, plus

(2) assumed interest equal to

(A) the fixed Port Parity Payments to be paid to a Reciprocal Payor, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Intermediate Lien Parity Bonds bear interest that is exempt from general federal income taxation interest on the associated Intermediate Lien Parity Bonds calculated at the average BMA Municipal Swap Index during the previous 12 months, <u>or</u> (ii) if the Intermediate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average one-month LIBOR during the 12-month period immediately preceding the date of calculation;

(e) With respect to Intermediate Lien Parity Bonds that bear variable rates of interest and have been associated with a Parity Derivative Product with variable Port Parity Payments, an amount equal to:

(1) principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (c)(1) above, plus

(2) assumed interest equal to

(A) the variable Port Parity Payments calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) (i) if the Intermediate Lien Parity Bonds bear interest that is exempt from general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average Municipal Swap Index during the previous 12 months, or (ii) if the Intermediate Lien Parity Bonds bear interest that is subject to general federal income taxation, interest on the associated Intermediate Lien Parity Bonds calculated at the average one-month LIBOR during the 12-month period immediately preceding the date of calculation; and

(f) With respect to any Fixed Rate Bonds that have been associated with a Parity Derivative Product, an amount equal to:

(1) the principal to be paid on such Intermediate Lien Parity Bonds calculated as set forth in (b)(1) and (b)(2) above, plus

(2) assumed interest equal to:

(A) the Port Parity Payment, calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12 months based on the rate formula for the Port Parity Payment set forth in the Parity Derivative Product, minus

(B) the Reciprocal Parity Payment to be paid to the Port; provided that if the Reciprocal Parity Payment is based on a variable rate then the Reciprocal Parity Payment shall be calculated by determining the average interest rate over the prior 12 months if the Parity Derivative Product was then in effect or that would have been paid during the prior 12

months based on the rate formula for the Reciprocal Parity Payment set forth in the Parity Derivative Product, plus

(C) the interest on the associated Fixed Rate Bonds calculated as set forth in (b)(3) above.

With respect to any Intermediate Lien Parity Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bonds. With respect to any series of Intermediate Lien Parity Bonds that is associated with a Parity Derivative Product with a notional amount that is less than the then Outstanding principal amount of such series of Intermediate Lien Parity Bonds, Debt Service shall be calculated separately for the portion of such Intermediate Lien Parity Bonds associated with the Parity Derivative Product and, without duplication, the portion not so associated.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any Intermediate Lien Parity Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of Intermediate Lien Parity Bonds set forth in Section 5 (and not for the purposes of calculating the Intermediate Lien Reserve Requirement), Debt Service also shall be net of Intermediate Lien Debt Service Offsets, subject to the conditions set forth in Section 5.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized herein or in another Series Resolution.

Designated Port Representative means the Chief Executive Officer of the Port, the Deputy Chief Executive Officer of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

Facilities means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter (for as long as any Intermediate Lien Parity Bonds of the Port shall be Outstanding) owned, operated, used, leased or managed by the Port.

First Lien Bonds means the Outstanding First Lien Bonds and any bonds issued by the Port in the future under a "Series Resolution", as defined in the First Lien Master Resolution, and pursuant to Section 7 of the First Lien Master Resolution, which provides that such bonds shall be on a parity of lien with other series of First Lien Bonds.

First Lien Master Resolution means Resolution No. 3059, as amended by Resolution No. 3214, Resolution No. 3241, and Resolution No. 3436 of the Commission, and as the same may be amended in the future in accordance with its terms.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Port Representative.

Fixed Rate Bonds means those Intermediate Lien Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Intermediate Lien Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in

the Series Resolution authorizing their issuance, Intermediate Lien Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of Intermediate Lien Parity Bonds simultaneously issued under a Series Resolution and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

Gross Revenue means all income and revenue derived by the Port from any source whatsoever except:

(a) the proceeds of any borrowing by the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds);

(b) income and revenue that may not legally be pledged for revenue bond debt service;

(c) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(d) payments made under Credit Facilities issued to pay or secure the payment of a particular series of obligations;

(e) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(f) income and revenue of the Port separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Port issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, *provided that* nothing in this subparagraph (f) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the Port from any income producing facility that shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and

(g) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the Port.

Notwithstanding the foregoing, the Port may elect to pledge the foregoing exceptions from Gross Revenue and/or any other receipts at any time as additional security for any one or more series of obligations and thereby include such exception and/or receipts in Gross Revenue for such series of obligations; but if and only to the extent that such receipts may legally be used to pay debt service on such series of obligations.

Intermediate Lien Bond Fund means the fund of that name established pursuant to Section 3 of this resolution.

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

Intermediate Lien Parity Bonds means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 3 hereof. The term ***Intermediate Lien Parity Bonds*** may include reimbursement obligations of the Port to the issuer of a Credit Facility.

Intermediate Lien Reserve Account means the account of that name established within the Intermediate Lien Bond Fund pursuant to Section 3 of this resolution.

Intermediate Lien Reserve Requirement means a dollar amount equal to average Annual Debt Service on all Outstanding Intermediate Lien Parity Bonds, determined and calculated as of

the date of issuance of each Series of Intermediate Lien Parity Bonds (and recalculated upon the issuance of a subsequent Series of Intermediate Lien Parity Bonds and also, at the Port's option, upon the payment of principal of Intermediate Lien Parity Bonds).

LIBOR means the rate offered for U.S. dollar deposits on the London Inter-Bank Market, or any comparable successor rate.

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of Intermediate Lien Parity Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Maximum Annual Debt Service means, with respect to any Outstanding series of Intermediate Lien Parity Bonds, the highest remaining Annual Debt Service for such series of Intermediate Lien Parity Bonds.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Port Representative.

Net Payments means, for a period of time and with respect to a Parity Derivative Product, the difference between Reciprocal Parity Payments and Port Parity Payments which may be reflected as a positive or negative number on the financial statements of the Port (i.e., the net amount to be received by or paid by the Port for a period of time as a result of netting Reciprocal Parity Payments and Port Parity Payments).

Net Revenues means Gross Revenue less any part thereof that must be used to pay Operating Expenses.

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

Original Issue Discount Bonds means Intermediate Lien Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

Other Derivative Product means a payment agreement entered into in connection with one or more series of Intermediate Lien Parity Bonds between the Port and a counterparty permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, which is not a Parity Derivative Product.

Outstanding, when used as of a particular time with reference to Intermediate Lien Parity Bonds, means all Intermediate Lien Parity Bonds delivered under a Series Resolution except those identified as no longer "Outstanding" under the terms established in the respective Series Resolution.

Outstanding First Lien Bonds means, collectively, the Port's outstanding Revenue Bonds, Series 1992A, issued pursuant to Resolution No. 3111, as amended; Revenue Bonds, Series 1994A and Revenue Bonds, Series 1994C issued pursuant to Resolution No. 3155, as amended, Revenue Bonds, Series 1996A and Series 1996B issued pursuant to Resolution No. 3215, as amended; Revenue Bonds, Series 1997A and Series 1997B issued pursuant to

Resolution No. 3242, as amended; and Revenue Refunding Bonds, Series 1998 issued pursuant to Resolution No. 3275, as amended; Revenue Bonds, Series 2000A and Series 2000B and Revenue Refunding Bonds, Series 2000D issued pursuant to Resolution No. 3430, as amended; Revenue Bonds, Series 2001A and Series 2001B and Revenue Refunding Bonds, Series 2001C issued pursuant to Resolution No. 3462, as amended; Revenue Refunding Bonds, Series 2001D issued pursuant to Resolution No. 3462, as amended, and Resolution No. 3467; and Revenue Bonds, Series 2003A and Series 2003B issued pursuant to Resolution No. 3509, as amended, and Revenue Refunding Bonds, 2004 (Taxable) issued pursuant to Resolution No. 3528, as amended.

Outstanding Subordinate Lien Bonds means, collectively, the Port's outstanding Subordinate Lien Revenue Bonds, Series 1997 issued pursuant to Resolution No. 3238, as amended by Resolution No. 3351, as amended, adopted on August 24, 1999; Subordinate Lien Refunding Revenue Bonds, 1998 issued pursuant to Resolution No. 3276, as amended by Resolution No. 3353, as amended, adopted on August 24, 1999; Subordinate Lien Revenue Bonds, Series 1999A and Series 1999B, issued pursuant to Resolution No. 3354, as amended; and Subordinate Lien Revenue Notes (Commercial Paper) issued pursuant to Resolution No. 3456, as amended; and Subordinate Lien Revenue Bonds, Series 2003C issued pursuant to Resolution No. 3510, as amended.

Parity Derivative Product means a written contract or agreement between the Port and a Reciprocal Payor permitted under Chapter 39.96 RCW, as amended from time to time, or any successor statute, obligating the Port to make Net Payments on a parity of lien with Intermediate Lien Parity Bonds.

Paying Agent shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution to act as paying agent for one or more series of Intermediate Lien Parity Bonds.

Permitted Prior Lien Bonds means and includes the First Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs First, Second, and Third of Section 2 of this resolution and having a lien on Net Revenues superior to the lien thereon of the Intermediate Lien Parity Bonds.

Port means the Port of Seattle, a municipal corporation of the State of Washington, as now or hereafter constituted, or the corporation, authority, board, body, commission, department or officer succeeding to the principal functions of the Port or to whom the powers vested in the Port shall be given by law.

Port Parity Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under a Parity Derivative Product and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Port Other Payment means any payment, other than a termination or other nonscheduled payment, required to be made by or on behalf of the Port under an Other Derivative Product and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

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

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies, the obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

Rate Covenant has the meaning given such term in Section 6(a) of this resolution.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Reciprocal Parity Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under a Parity Derivative Product by the Reciprocal Payor and which is determined according to a formula set forth in a Parity Derivative Product and calculated without regard to netting.

Reciprocal Other Payment means any payment, other than a termination or other nonscheduled payment, to be made to, or for the benefit of, the Port under an Other Derivative

Product by the Port's counterparty and which is determined according to a formula set forth in such Other Derivative Product and calculated without regard to netting.

Reciprocal Payor means any counterparty to a Parity Derivative Product that is obligated to make one or more Reciprocal Parity Payments thereunder and that satisfies then existing State law requirements for such counterparties.

Registered Owner means the person named as the registered owner of an Intermediate Lien Parity Bond in the bond register maintained by the Registrar for such Intermediate Lien Parity Bonds.

Registrar means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Commission or by a Series Resolution, to act as registrar for one or more series of Intermediate Lien Parity Bonds.

Released Revenues shall mean income or revenue of the Port previously included in Available Intermediate Lien Revenue in respect of which the following have been delivered by or to the Port:

(a) a certificate of the Designated Port Representative identifying the income or revenue to be removed from the definition of Available Intermediate Lien Revenue and certifying the Port is in compliance with all requirements of this resolution;

(b) a certificate of an independent certified public accountant to the effect that Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for each of the two audited fiscal years prior to the date of such certificate were equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(c) a certificate of a Consultant to the effect that based upon current knowledge of the operations of the Port, Available Intermediate Lien Revenues, excluding the income or revenues proposed to become Released Revenues, for the current fiscal year will be equal to at least 150% of Maximum Annual Debt Service on then Outstanding Intermediate Lien Parity Bonds;

(d) Rating Agency confirmation that the ratings then assigned to any Intermediate Lien Parity Bonds by such Rating Agency will not be reduced or withdrawn as a result of such withdrawal of Released Revenues; and

(e) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Available Intermediate Lien Revenues and from the pledge, charge and lien of this resolution will not in and of itself cause the interest on any Outstanding Intermediate Lien Parity Bond issued as tax-exempt securities to be included in gross income for purposes of federal income tax.

Repair and Renewal Fund means the special fund authorized to be created pursuant to Section 4(B) of the First Lien Master Resolution.

Reserved Lien Revenue Bonds means those revenue bonds and other revenue obligations issued or incurred by the Port payable from Gross Revenue and having liens on Net Revenues subordinate to that of the Intermediate Lien Parity Bonds and prior to the lien thereon of the Subordinate Lien Parity Bonds.

Revenue Fund means, collectively, the Port's general fund, airport development fund and any other fund established in the office of the Treasurer of the Port for the receipt of Gross Revenues.

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

Series Resolution means a resolution authorizing the issuance of a series of Intermediate Lien Parity Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Port Representative.

Special Facilities means particular facilities financed with the proceeds of Special Revenue Bonds.

Special Revenue Bonds means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Port issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured by the income and revenue from such facilities.

Subordinate Lien Parity Bonds means and includes the Outstanding Subordinate Lien Bonds and any other revenue bonds or revenue obligations that may be issued in the future at the discretion of the Port payable from Gross Revenues available after the payment of the amounts described in paragraphs First through Eighth of Section 2 of this resolution.

Tax Maximum means the maximum dollar amount permitted by the Internal Revenue Code of 1986, as amended, including applicable regulations thereunder, to be allocated to a bond

reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

Treasurer means the Chief Financial Officer of the Port, or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port

Representative or his or her designee, respectively, and all references herein to the Designated Port Representative shall be deemed to include references to his or her designee, as the case may be.

Section 2. Priority of Use of Gross Revenue. The Port's Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Port, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

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

Third, to make all payments required to be made into any reserve account(s) maintained for First Lien Bonds to secure the payment of any First Lien Bonds;

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

Fifth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Intermediate Lien Parity Bonds to pay the principal of and interest on Intermediate Lien Parity Bonds and, without duplication, to make Net Payments due

with respect to any Parity Derivative Product secured by a pledge of and lien on Available Intermediate Lien Revenues on an equal and ratable basis with Outstanding Intermediate Lien Parity Bonds;

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

Seventh, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Reserved Lien Revenue Bonds to pay the principal of and interest on Reserved Lien Revenue Bonds;

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

Ninth, to make payments necessary to be paid into any bond fund or debt service account created to pay the debt service on Subordinate Lien Parity Bonds, including, but not limited to the Subordinate Lien Bond Fund to pay the principal of and interest on Subordinate Lien Parity Bonds;

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

Eleventh, to make all payments required to be made into the Repair and Renewal Fund under the terms of the First Lien Master Resolution to maintain any required balance therein; and

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

Notwithstanding the foregoing, the obligations of the Port to make nonscheduled payments under a Parity Derivative Product (i.e., any termination payment or other fees) and/or make any payment pursuant to an Other Derivative Product may be payable from Gross Revenue available after Sixth above, as set forth in such Parity Derivative Product or Other Derivative Product.

Section 3. Authorization of Intermediate Lien Parity Bonds; Intermediate Lien Bond Fund; Intermediate Lien Reserve Account. Subject to Section 5 of this resolution, revenue bonds of the Port, unlimited in amount, to be known as the "Port of Seattle Intermediate Lien Revenue Bonds," are hereby authorized to be issued in series, and each such series may be issued from time to time pursuant to this resolution in such amounts and upon such terms and conditions as the Commission may from time to time deem to be necessary or advisable, for any purposes of the Port now or hereafter permitted by law.

The Intermediate Lien Parity Bonds and the lien thereof created and established hereunder shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account therein (herein created). The Intermediate Lien Parity Bonds shall be payable solely from and secured solely by Available Intermediate Lien Revenues available after providing for the payments specified in paragraph First through Fourth of Section 2 of this resolution; provided, however, that any series of Intermediate Lien Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Intermediate Lien Parity Bonds.

A special fund of the Port designated the "Port of Seattle Intermediate Lien Revenue Bond Fund" (the "Intermediate Lien Bond Fund") is hereby authorized to be created in the office of the Treasurer of the Port for the purpose of paying and securing the payment of Intermediate

Lien Parity Bonds. The Intermediate Lien Bond Fund shall be held separate and apart from all other funds and accounts of the Port and shall be a trust fund for the owners of Intermediate Lien Parity Bonds.

The Port hereby irrevocably obligates and binds itself for as long as any Intermediate Lien Parity Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Intermediate Lien Parity Bonds; and

(2) Such amounts with respect to Outstanding Intermediate Lien Parity Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Outstanding Intermediate Lien Parity Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Net Revenues superior to all other liens and charges of any kind or nature whatsoever except for the liens and charges thereon of Permitted Prior Lien Bonds and except for liens and charges equal in rank that may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Intermediate Lien Parity Bonds issued under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of this resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the Port or of the State of Washington, or of any political subdivision of the State of Washington.

An Intermediate Lien Reserve Account (the "Intermediate Lien Reserve Account") is hereby authorized to be created by the Treasurer of the Port within the Intermediate Lien Bond Fund for the further purpose of securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port shall make deposits therein as provided in this section so that the balance therein shall be at least equal to the Intermediate Lien Reserve Requirement.

The Intermediate Lien Reserve Requirement may be funded at the date of issuance of Intermediate Lien Parity Bonds or may be funded in equal monthly deposits over a period of time (not greater than three years) established in Series Resolution(s); provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a Series of Intermediate Lien Parity Bonds shall not be greater than the Tax Maximum. If the dollar amount required to be contributed at the time of issuance of a Series exceeds the Tax Maximum, then the amount required to be contributed shall be equal to the Tax Maximum; the Intermediate Lien Reserve Requirement shall be adjusted accordingly and remain in effect until the earlier of (i) at the Port's option, a payment of principal of Intermediate Lien Parity Bonds or (ii) the issuance of a subsequent Series of Intermediate Lien Parity Bonds (when the Intermediate Lien Reserve Requirement shall be re-calculated).

The Intermediate Lien Reserve Requirement shall be maintained by deposits of cash and/or qualified investments, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Designated Port Representative may decide to utilize Qualified Insurance or Qualified Letter(s) of Credit to satisfy all or a portion of the Intermediate Lien Reserve Requirement. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more agreements with issuers of Qualified Insurance or

Qualified Letters of Credit to effect the delivery of the appropriate instrument. To the extent that the Port obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Intermediate Lien Reserve Account, all or a portion of the money on hand in the Intermediate Lien Reserve Account shall be transferred to the fund or account specified by the Designated Port Representative. In computing the amount on hand in the Intermediate Lien Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued on a marked to market basis, at least once annually. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Intermediate Lien Reserve Account may be satisfied by the transfer of investments to such account. If a deficiency in the Intermediate Lien Reserve Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within a year thereof.

If the balance on hand in the Intermediate Lien Reserve Account is sufficient to satisfy the Intermediate Lien Reserve Requirement, amounts in excess of such Intermediate Lien Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account to pay the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds, the money in the Intermediate Lien Reserve Account may be used to pay such principal and interest. If the balance on deposit in the Intermediate Lien Reserve Account is at least equal to the Intermediate Lien Reserve Requirement, money in the Intermediate Lien

Reserve Account in excess of the Intermediate Lien Reserve Requirement may be transferred to the fund or account specified in writing by the Designated Port Representative.

If a deficiency in the Intermediate Lien Bond Fund shall occur, such deficiency shall be made up from the Intermediate Lien Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Intermediate Lien Reserve Account, in such amounts as will provide cash in the Intermediate Lien Reserve Account sufficient to make up any such deficiency with respect to the Intermediate Lien Parity Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the transfer of cash from the Intermediate Lien Reserve Account to the Intermediate Lien Bond Fund, the Port shall then draw from any Qualified Letter of Credit or Qualified Insurance then credited to the Intermediate Lien Reserve Account for the Intermediate Lien Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement may be made to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First through Fifth of Section 2 of this resolution. If the Port shall have failed to make any payment required to be made under such reimbursement agreement for Intermediate Lien Parity Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Intermediate Lien Parity Bonds shall be permitted, and no remedies that adversely affect Registered Owners of the Intermediate Lien Parity Bonds shall be permitted. Any deficiency created in the Intermediate Lien Reserve Account by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of

Credit or out of Available Intermediate Lien Revenues (or out of any other moneys on hand legally available for such purpose), in 12 equal monthly installments, after first making necessary provision for all payments required to be made into the Intermediate Lien Bond Fund within such year.

To the extent that the Port has obtained Qualified Insurance or a Qualified Letter of Credit to satisfy its obligations under this Section 3, amounts then available to be drawn under such Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Intermediate Lien Reserve Account by this Section 3 to the extent that such payments and credits are insured by the issuer of such Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. If a Credit Event occurs, the Intermediate Lien Reserve Requirement shall be satisfied (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three equal annual installments) after the occurrence of such Credit Event, out of Available Intermediate Lien Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all payments required to be made into the Intermediate Lien Bond Fund.

Section 4. Authorization of Series of Intermediate Lien Parity Bonds. The Port may issue hereunder from time to time one or more series of Intermediate Lien Parity Bonds by means of a Series Resolution for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of Intermediate Lien Parity Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Intermediate Lien Parity Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

(a) the authorized maximum principal amount, designation and series of such Intermediate Lien Parity Bonds;

(b) the general purpose or purposes for which such series of Intermediate Lien Parity Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Intermediate Lien Parity Bonds of such series;

(c) the maximum interest rate or rates on the Intermediate Lien Parity Bonds of such series (which may be a rate of zero) or, if the interest rate or rates shall be variable, the method for determining such interest rates;

(d) the circumstances, if any, under which the Intermediate Lien Parity Bonds of such series will be deemed to be no longer Outstanding;

(e) the currency or currencies in which the Intermediate Lien Parity Bonds of such series are payable;

(f) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Intermediate Lien Parity Bonds of such series;

(g) the Paying Agent or Paying Agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Intermediate Lien Parity Bonds of such series;

(i) the tender agent or tender agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(j) the remarketing agent or remarketing agents, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(k) the Registrar or Registrars, if any, for the Intermediate Lien Parity Bonds of such series and the duties and obligations thereof;

(l) the form or forms of the Intermediate Lien Parity Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Intermediate Lien Parity Bonds of such series;

(m) the terms and conditions, if any, for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the redemption of the Intermediate Lien Parity Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms under such terms and conditions approved by resolution of the Commission;

(n) the terms and conditions, if any, for the purchase of the Intermediate Lien Parity Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to fix the terms and conditions for the tender of the Intermediate Lien Parity Bonds of such series prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms under such terms and conditions approved by resolution of the Commission;

(o) the manner of sale of the Intermediate Lien Parity Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount

Intermediate Lien Parity Bonds; provided that the Series Resolution may authorize the Chief Executive Officer of the Port to establish the issue price of the Intermediate Lien Parity Bonds, including a premium or a discount, under such terms and conditions approved by resolution of the Commission;

(p) if so determined by the Port, the authorization of and any terms and conditions with respect to credit or liquidity support for the Intermediate Lien Parity Bonds of such series and the pledge or provision of moneys, assets or security other than Net Revenues to or for the payment of the Intermediate Lien Parity Bonds of such series or any portion thereof;

(q) a special fund or account to provide for the payment of the Intermediate Lien Parity Bonds of such series and, if so determined by the Port, any other special funds or accounts for the Intermediate Lien Parity Bonds of such series and the application of moneys or security therein;

(r) the amount, if any, to be deposited or credited to the Intermediate Lien Reserve Account; and

(s) any other provisions which the Port deems necessary or desirable in connection with the Intermediate Lien Parity Bonds of such series.

Section 5. Permitted Prior Lien Bonds; Conditions of Issuance of Intermediate Lien Parity Bonds.

(a) *Permitted Prior Lien Bonds*. As provided in the First Lien Master Resolution, the Port reserves the right to issue one or more series of First Lien Bonds by means of a "Series Resolution" (as such term is defined and required under the First Lien Master Resolution) for any purpose of the Port now or hereafter permitted by law, provided that the Port shall comply with the terms and conditions for the issuance of First Lien Bonds set forth in the

First Lien Master Resolution. In addition, the Port also reserves the right to issue obligations payable from Net Revenues available after payment of the amounts described in paragraphs First through Third of Section 2 of this resolution, and having lien(s) on such Net Revenues prior to the lien of the Intermediate Lien Parity Bonds and the Outstanding Subordinate Lien Bonds. Such obligations shall be subject to such terms, conditions and covenants set forth in their respective authorizing resolutions.

(b) *Future Intermediate Lien Parity Bonds - General Provisions*. All Intermediate Lien Parity Bonds authorized to be issued under Series Resolutions, upon fulfillment of the conditions of this resolution, shall be issued on a parity of lien with one another, having an equal lien and charge upon the Available Intermediate Lien Revenues of the Port.

The Port hereby further covenants and agrees with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding that it will not issue any Intermediate Lien Parity Bonds that constitute a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds, unless at the time of the issuance of such Intermediate Lien Parity Bonds the Port is not in default under this resolution, and the Port meets the conditions set forth in subsection (c) below or meets either of the conditions described in (1) or (2) below.

(1) Certificate Required. There shall have be delivered prior to or on the date of the issuance of the Intermediate Lien Parity Bonds, either

(A) a certificate prepared as provided below and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Consultant's certificate, prepared as provided below, stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period.

If Intermediate Lien Debt Service Offsets or Prior Lien Debt Service Offsets are or have been used in order to comply with Section 6(a)(1) or (2), then for the purposes of meeting the conditions of this Section 5, the Port shall, by resolution (which may be a Series Resolution), identify and irrevocably pledge the receipts that constitute such Intermediate Lien Debt Service Offset or Prior Lien Debt Service Offsets for a period not less than the duration of the Certificate Period.

The Designated Port Representative's certificate, described in (A) above shall be based upon the financial statements of the Port for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period.

In making the computations of projected Available Intermediate Lien Revenues for the purpose of certifying compliance with the conditions specified in (B) above, the Consultant shall use as a basis the Available Intermediate Lien Revenues for the Base Period corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. The Consultant shall make such adjustments to Available Intermediate Lien Revenues (including those described in establishing Available Intermediate

Lien Revenues as First Adjusted) in order to compute projected Available Intermediate Lien Revenues as he/she/it deems reasonable as set forth in writing to the Port.

Compliance with the coverage requirements of this Section 5 shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (b).

(2) No Certificate Required. A certificate shall not be required as a condition to the issuance of Intermediate Lien Parity Bonds:

(A) if the Intermediate Lien Parity Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c) of this section; or

(B) if the Intermediate Lien Parity Bonds are being issued to pay Costs of Construction of Facilities for which indebtedness has been issued previously and the principal amount of such indebtedness being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of indebtedness theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Designated Port Representative, stating that the scope, nature and purpose of such Facilities has not materially changed and that the net proceeds of such indebtedness being issued for completion purposes will be sufficient, together with other available funds of the Port, to complete such Facilities.

(c) *Intermediate Lien Parity Bonds For Refunding Purposes*. The Port may issue Intermediate Lien Parity Bonds for refunding purposes, as follows:

(1) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Intermediate Lien Parity Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of

Credit or Qualified Insurance, any termination amount with respect to an associated Parity Derivative Product or Other Derivative Product, and the expenses of issuing the Intermediate Lien Parity Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (b)(2) above. Such refunding Intermediate Lien Parity Bonds also may be issued without a certificate if:

(A) the latest maturity of the Intermediate Lien Parity Bonds to be issued is not later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) $25,000 or (ii) 5% of such Annual Debt Service on the Intermediate Lien Parity Bonds to be refunded; or

(B) the latest maturity of the Intermediate Lien Parity Bonds to be issued is later than the latest maturity of the Intermediate Lien Parity Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all Intermediate Lien Parity Bonds to be Outstanding after the issuance of the refunding Intermediate Lien Parity Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) Intermediate Lien Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any Permitted Prior Lien Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, any termination amount with respect to an associated derivative product, and the expenses of issuing the Intermediate Lien Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the

issuance of such Intermediate Lien Parity Bonds the Port must provide a certificate if such a certificate would be required by subsection (c)(1) of this section if the Permitted Prior Lien Bonds to be refunded were Intermediate Lien Parity Bonds. For the purposes of determining whether a certificate is required by subsection (c)(1) and for the purpose of preparing any such certificate, the debt service on the Permitted Prior Lien Bonds shall be calculated as if such Permitted Prior Lien Bonds were Intermediate Parity Lien Bonds.

(3) Intermediate Lien Parity Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any Permitted Prior Lien Indebtedness or Intermediate Lien Parity Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Available Intermediate Lien Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption,.

(d) *Liens Subordinate to Intermediate Lien Parity Bonds*. Nothing herein contained shall prevent the Port from issuing revenue bonds or other obligations (including any Other Derivative Product) which are a charge upon the Available Intermediate Lien Revenues junior or inferior to the payments required by this resolution to be made out of such Available Intermediate Lien Revenues to pay and secure the payment of any Intermediate Lien Parity Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to an Other Derivative Product or a Parity Derivative Product.

Section 6. Specific Covenants. The Port hereby makes the following covenants and agreements with the owners and holders of each of the Intermediate Lien Parity Bonds for as long as any of the same remain Outstanding.

(a) *Rate Covenant.* The Port will at all times establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses as long as any Intermediate Lien Parity Bonds are Outstanding that will produce in each fiscal year

(1) Available Intermediate Lien Revenues as First Adjusted at least equal to 110% of the Amount Due; and

(2) Available Intermediate Lien Revenues as Second Adjusted at least equal to 125% of the Amount Due.

Subsections (a)(1) and (2) are separate rather than cumulative calculations regarding the sufficiency of Available Intermediate Lien Revenues and are together to be considered as the Port's "Rate Covenant".

If the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien Revenues as Second Adjusted in any fiscal year are less than required to fulfill the Rate Covenant, then the Port will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Commission has taken the steps set forth in this paragraph and the Available Intermediate Lien Revenues as First Adjusted or if Available Intermediate Lien

Revenues as Second Adjusted in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default under this Section 6(a) during such fiscal year, unless the Port fails to meet the Rate Covenant for two consecutive fiscal years.

(b) *Payment of Intermediate Lien Parity Bonds.* The Port will duly and punctually pay or cause to be paid out of the Intermediate Lien Bond Fund the principal of and interest on the Intermediate Lien Parity Bonds at the times and places as provided in each Series Resolution and in said Intermediate Lien Parity Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Intermediate Lien Parity Bonds.

(c) *Maintenance and Operations.* The Port will at all times keep and maintain all of the Facilities in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) *Sale of Certain Facilities.* In the event any Facility or part thereof which contributes in some measure to the Gross Revenue is sold by the Port or is condemned pursuant to the power of eminent domain, the Port will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Facilities which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

(e) *Insurance of Facilities.* The Port will keep or arrange to keep all Facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(f) *Insurance Against Port Liability*. The Port will at all times keep or arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the Port against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Commission or the Designated Port Representative shall deem necessary.

(g) *Maintenance of Books and Records*. The Port will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. On or before 120 days after each fiscal year the Port will prepare or cause to be prepared an operating statement of all of the business of the Port for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, tax receipts, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the Port for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the Port pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Commission authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the main office of the Port and shall be open to inspection at any reasonable time by the owners of Intermediate Lien Parity Bonds.

(h) *Disposal of Income Properties*. In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of its Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Intermediate Lien Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Port maintains primary responsibility for the management and operation of the affected Facilities and provided further that all Available Intermediate Lien Revenue from such Facilities continues to be pledged to all Intermediate Lien Parity Bonds then Outstanding.

Section 7. Derivative Products. The Port hereby reserves the right to enter into Parity Derivative Products and Other Derivative Products. The Port may amend this resolution, within the limitations permitted in Sections 8 or 9, to accommodate new or modified definitions of Debt Service in connection with a Parity Derivative Product if the Parity Derivative Product includes Port Parity Payments or Reciprocal Parity Payments not then contemplated or otherwise addressed by the definition of Debt Service. If the Port enters into a Parity Derivative Product with respect to previously Outstanding Intermediate Lien Parity Bonds or Intermediate Lien Parity Bonds to be issued subsequent to the effective date of the Parity Derivative Product, the Port shall not be required to satisfy the conditions set forth in Section 5 of this resolution with respect to the Parity Derivative Product. Each Parity Derivative Product shall set forth the manner in which the Port Parity Payments and Reciprocal Parity Payments are to be calculated and a schedule of payment dates. This resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Parity Derivative Product; *provided, however*, that termination amounts under Derivative Parity Products must be subordinate to the lien of Intermediate Lien Parity Bonds.

Section 8. Amendments Without Bondowner Consent. This resolution may be amended or supplemented from time to time, without the consent of the Registered Owners by a resolution or resolutions amendatory or supplemental to this resolution adopted by the Commission for one or more of the following purposes:

(a) to add additional covenants of the Commission or to surrender any right or power herein conferred upon the Port; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Port contained in this resolution;

(b) to confirm as further assurance any pledge or provision for payment of the Intermediate Lien Parity Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Available Intermediate Lien Revenues or of any other moneys, securities or funds;

(c) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this resolution in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution, provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(d) to prescribe further limitations and restrictions upon the issuance of Intermediate Lien Parity Bonds and the incurring of indebtedness by the Port payable from the Available Intermediate Lien Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(e) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Bonds; or

(f) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; or

(g) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on any Intermediate Lien Parity Bonds as is deemed necessary by the Port; or

(h) to qualify this resolution under the Trust Indenture Act of 1939, as amended;

(i) for any purpose, if such amendment becomes effective only following a mandatory tender of all Intermediate Lien Parity Bonds for purchase; or

(j) to modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Intermediate Lien Parity Bondowners or that such modifications shall not take effect until all then Outstanding Intermediate Lien Parity Bonds are no longer Outstanding.

Notwithstanding anything in this Section 8 to the contrary, without the specific consent of the Registered Owners of each Intermediate Lien Parity Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall reduce the percentage of Intermediate Lien Parity Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any Intermediate Lien Parity Bond or Intermediate Lien Parity Bonds any preference over any other Intermediate

Lien Parity Bond or Intermediate Lien Parity Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Intermediate Lien Parity Bond, or reduce the principal amount or Accreted Value of any Intermediate Lien Parity Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Intermediate Lien Parity Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Intermediate Lien Parity Bond) without the specific consent of the Registered Owner of that Intermediate Lien Parity Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Intermediate Lien Parity Bonds without its written assent thereto.

Section 9. Amendments With Registered Owners' Consent. This resolution may be amended from time to time by a supplemental resolution approved by the Registered Owners of a majority in aggregate principal amount of the Intermediate Lien Parity Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Intermediate Lien Parity Bonds without the consent of the Registered Owners of a majority in aggregate principal amount of the Intermediate Lien Parity Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any Intermediate Lien Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any Intermediate Lien Parity Bonds, this Section 9 without the consent of the Registered Owners of all Outstanding Intermediate Lien Parity Bonds affected thereby. For the purpose of consenting to amendments under this Section 9 except for amendments that alter the interest rate on any Intermediate Lien

Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from such Credit Facility and that are then Outstanding.

Section 10. Resolution and Laws a Contract with Intermediate Lien Parity Bondowners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 53 of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Intermediate Lien Parity Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Intermediate Lien Parity Bond, and the obligations of the Port and its Commission under said laws and under this resolution and under any Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the Port shall be for the equal benefit, protection and security of the owners of any and all of the Intermediate Lien Parity Bonds.

Section 11. Defaults and Remedies. The Port hereby finds and determines that the failure or refusal of the Port or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the Facilities and the application of Gross Revenue and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a default under this resolution:

(a) The Port shall fail to make a payment of the principal of any Intermediate Lien Parity Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity; provided, that a failure to make a payment of the principal of a Series shall not constitute a payment default under any other Series not otherwise in default;

(b) The Port shall fail to make a payment of any installment of interest on any Intermediate Lien Parity Bonds when the same shall become due and payable; provided, that a failure to make payment of interest on a Series shall not constitute a payment default under any other Series not otherwise in default; or

(c) The Port shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the Port contained in this resolution, and such default shall have continued for a period of 90 days.

In determining whether a payment default has occurred or whether a payment on the Intermediate Lien Parity Bonds has been made under this resolution no effect shall be given to payments made under a Credit Facility that is a policy of municipal bond insurance or surety bond. Upon the occurrence and continuation of a default, a Credit Facility Issuer of a Credit Facility that is not a line of credit shall be entitled to waive any default or to exercise, on behalf of the owners of Intermediate Lien Parity Bonds insured by such Credit Facility Issuer, any of the remedies provided under this section and, for as long as such Credit Facility Issuer is not in default of its obligations under the Credit Facility, such Credit Facility Issuer shall be the only party entitled to waive any default or exercise the remedies provided under this section. There may not be any acceleration of the Intermediate Lien Parity Bonds, and a default under one Series of Intermediate Lien Parity Bonds shall not constitute a default under another Series of Intermediate Lien Parity Bonds not then in default.

Upon the occurrence of a default and so long as such default shall not have been remedied and subject to the foregoing paragraph, a Bondowners' Trustee may be appointed for

the Intermediate Lien Parity Bonds by the owners of a majority in principal amount of the Outstanding Intermediate Lien Parity Bonds of the series then in default by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the Port. Any Bondowners' Trustee appointed under the provisions of this Section 11 shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the Port. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount of the Intermediate Lien Parity Bonds Outstanding of the series then in default, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Intermediate Lien Parity Bonds for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may upon the happening of a default and during the continuation thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the Port, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners represented by such Trustee and all such rights of action upon or under any of the Intermediate Lien Parity Bonds may be brought by a Bondowners' Trustee or the provisions of this resolution may be enforced by a Bondowners' Trustee without the possession of any of said Intermediate Lien Parity Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Intermediate Lien Parity Bonds by purchase of such Intermediate Lien Parity Bonds shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Intermediate Lien Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Intermediate Lien Parity Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of said Intermediate Lien Parity Bonds, any plan of reorganization or adjustment affecting the said Intermediate Lien Parity Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the Port shall be a party.

Subject to the rights of a Credit Facility Issuer set forth in this section, no owner of any one or more of the Intermediate Lien Parity Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein

provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution or in the Intermediate Lien Parity Bonds shall affect or impair the obligation of the Port which is absolute and unconditional, to pay from Available Intermediate Lien Revenues the principal of and interest on said Intermediate Lien Parity Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Intermediate Lien Parity Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by a Bondowners' Trustee or by the owners of Intermediate Lien Parity Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such default shall cease to exist, and any default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 12. Moneys Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Intermediate Lien Parity Bonds, moneys or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Intermediate Lien Parity Bonds which remain unclaimed for one year after the date when such Intermediate Lien Parity Bonds are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by such Paying Agents at such date, or for one year after the date of deposit of such moneys if deposited with the Paying Agents after the date when such Intermediate Lien Parity Bonds become due and payable, shall be repaid by the Paying Agents to the Port free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Intermediate Lien Parity Bonds of the series payable from such moneys shall look only to the Port for the payment of such Intermediate Lien Parity Bonds.

Section 13. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Intermediate Lien Parity Bonds issued pursuant to the terms hereof.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting thereof, held this 14th day of June, 2005, and duly authenticated in open session by the signatures of the Commissioners present and voting in favor thereof.

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Seattle (the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3540, as amended (the "Resolution") is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 14th day of June, 2005, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of June, 2005.

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INTERMEDIATE LIEN
SERIES RESOLUTION

PORT OF SEATTLE

RESOLUTION NO. 3837

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed $950,000,000, for the purpose of financing or refinancing costs of Port projects and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: MAY 27, 2025

Prepared by:

K&L GATES LLP

PORT OF SEATTLE
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

RESOLUTION NO. 3837

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed $950,000,000, for the purpose of financing or refinancing costs of Port projects and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port of Seattle (the "Port"), a municipal corporation of the State of Washington, owns and operates a system of marine terminals and properties and Seattle-Tacoma International Airport; and

WHEREAS, the Port is authorized by RCW ch. 53.40 and ch. 39.46 to issue revenue bonds; and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission, adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the "First Lien Master Resolution"), each series being payable from the Net Revenues (as such term is defined in the First Lien Master Resolution); and

WHEREAS, the Port currently has outstanding four series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/2025)	Final Maturity Date
3619	07/16/2009	(B-2)	$ 22,000,326[1]	$ 55,506,801 [1]	05/01/2031
3721	08/02/2016	(B)	124,380,000	84,505,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	3,830,000	10/01/2032
3787	06/30/2021		43,015,000	18,625,000	09/01/2026

[1] Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of $38,109,210 through July 2, 2025.

(the "Outstanding First Lien Parity Bonds"); and

WHEREAS, the Port has authorized the issuance of intermediate lien revenue bonds having a lien on Net Revenues subordinate to the lien thereon of the Outstanding First Lien Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the "Intermediate Lien Master Resolution"); and

WHEREAS, the Port currently has outstanding eighteen series of intermediate lien revenue bonds pursuant to the Intermediate Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/2025)	Final Maturity Date
3709	08/06/2015	(C)	$226,275,000	$165,730,000	04/01/2040
3722	08/02/2016		99,095,000[1]	84,555,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	161,930,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	261,675,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	23,830,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	404,975,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	32,225,000	05/01/2028
3758	08/07/2019		457,390,000	406,220,000	04/01/2044
3786	06/30/2021	(A)	47,025,000	11,055,000	12/01/2030
3786	06/30/2021	(B)	148,765,000	127,790,000	06/01/2040
3786	06/30/2021	(C)	514,390,000	455,050,000	08/01/2046
3786	06/30/2021	(D)	41,395,000	36,460,000	08/01/2031
3801	08/11/2022	(A)	206,200,000	206,200,000	08/01/2033
3801	08/11/2022	(B)	585,930,000	551,615,000	08/01/2047
3801	08/11/2022	(C)	70,435,000	39,275,000	08/01/2032
3826	08/15/2024	(A)	168,975,000	158,955,000	03/01/2040
3826	08/15/2024	(B)	648,940,000	632,855,000	07/01/2049

[1] All or part of the Series 2016 Bonds may be refunded pursuant to this resolution.

(the "Outstanding Intermediate Lien Parity Bonds"); and

WHEREAS, the First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues and Available Intermediate Lien Revenues (as such terms are defined in the Intermediate Lien

Master Resolution) subordinate to the lien thereon of the Outstanding Intermediate Lien Parity Bonds; and

WHEREAS, the Port currently has outstanding two series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/25)	Final Maturity Date
3777	(CP)	$ 400,000,000	$120,000,000	06/01/2051
3598	06/17/2008	200,715,000	123,535,000	07/01/2033

(the "Outstanding Subordinate Lien Bonds"); and

WHEREAS, the Port has certain Outstanding Intermediate Lien Parity Bonds described on Exhibit A attached hereto (the "Refunding Candidates") that may be defeased and/or refunded, thereby saving on debt service, through the issuance of the Series 2025 Bonds (as hereinafter defined); and

WHEREAS, the Port wishes to finance or refinance certain capital improvements to aviation facilities (hereinafter defined as the "Projects") through the issuance of the Series 2025 Bonds; and

WHEREAS, the Intermediate Lien Master Resolution permits the Port to issue its revenue bonds having a lien on Available Intermediate Lien Revenues (as such term is defined in the Intermediate Lien Master Resolution) on a parity with the lien thereon of the Outstanding Intermediate Lien Parity Bonds upon compliance with certain conditions; and

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to RCW 53.40.030, the Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be defeased and/or

refunded, the interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are approved by resolution; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of certain Series 2025 Bonds as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2025 Bonds be sold pursuant to one or more negotiated sale(s) as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF SEATTLE, as follows:

Section 1. Definitions. Unless otherwise defined herein, the terms used in this series resolution, including the preamble hereto, that are defined in the Intermediate Lien Master Resolution shall have the meanings set forth in the Intermediate Lien Master Resolution. In addition, the following terms shall have the following meanings in this series resolution:

Acquired Obligations mean the noncallable Government Obligations acquired by the Port pursuant to Section 8(c) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

Bond Insurance Commitment means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, all or a portion of the Series 2025 Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2025 Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of the Series 2025 Bonds, pursuant to the Bond Insurance Commitment.

Bond Purchase Contract means each of the Bond Purchase Contract(s) for the Series 2025 Bonds of one or more series, providing for the purchase of the Series 2025 Bonds of such series by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 7 of this series resolution.

Bond Register means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2025 Bond or nominee of such owner and the principal amount and number of Series 2025 Bonds held by each owner or nominee.

Chief Financial Officer means the Chief Financial Officer of the Port, the Acting Chief Financial Officer or any successor to the functions of his/her office.

Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

Continuing Disclosure Undertaking means each undertaking for ongoing disclosure executed by the Port pursuant to Section 15 of this series resolution.

Costs of Issuance Agreement means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2025 Bonds.

Deputy Executive Director means the Deputy Executive Director of the Port, or any successor to the functions of his/her office.

Designated Port Representative, for purposes of this series resolution, means the Executive Director of the Port, the Deputy Executive Director or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2025 Bonds pursuant to Section 5 of this series resolution.

Escrow Agent means U.S. Bank Trust Company, National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

Escrow Agreement means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Refunding Bonds between the Port and the Escrow Agent to be executed in connection with the defeasance and/or refunding of some or all of the Refunded Bonds.

Executive Director means the Executive Director of the Port, or any successor to the functions of his/her office.

Federal Tax Certificate means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2025 Bonds issued on a federally tax-exempt basis.

First Lien Master Resolution means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

Government Obligations has the meaning given to such term in RCW Chapter 39.53, as amended from time to time.

Intermediate Lien Master Resolution means Resolution No. 3540, as amended, of the Commission adopted on June 14, 2005.

Letter of Representations means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Outstanding Intermediate Lien Parity Bonds mean the Port's outstanding intermediate lien revenue bonds identified in the recitals to this series resolution.

Outstanding Subordinate Lien Bonds mean the Port's outstanding subordinate lien revenue bonds identified in the recitals to this series resolution.

Project Bonds mean the Series 2025 Bonds issued for the purpose of funding all or part of the Projects, capitalizing interest, funding the Series 2025 Reserve Account Deposit and paying all or a portion of allocable costs of issuance.

Projects mean the capital projects listed in Exhibit B hereto.

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2025 Bonds is due and payable.

Refunded Bonds mean the Refunding Candidates that are designated by the Executive Director pursuant to authority delegated by Section 2 and Section 7 of this series resolution.

Refunding Bonds means the Series 2025 Bonds issued for the purpose of defeasing and/or refunding the Refunded Bonds.

Refunding Candidates mean the outstanding revenue bonds of the Port as described on Exhibit A.

Registered Owner means the person named as the registered owner of a Series 2025 Bond in the Bond Register.

Registrar means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2025 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2025 Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

Rule means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Series 2025 Bonds mean the Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2025, or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 2 of this series resolution.

Series 2025 Reserve Account Deposit means the amount, if any, that is required to be added to the reserve account balances in the Intermediate Lien Reserve Account to satisfy the

Intermediate Lien Reserve Requirement and that is identified in a closing certificate or certificates of the Port.

Subordinate Lien Bond Resolutions mean, collectively, Resolution No. 3238, as amended; Resolution No. 3456, as amended, and as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

Surety Bond means the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2025 Bonds for the purpose of satisfying the Series 2025 Reserve Account Deposit. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer means any issuer(s) of the Surety Bond(s).

Underwriters mean, collectively, Morgan Stanley & Co. LLC, Backstrom McCarley Berry & Co. LLC, Barclays Capital Inc., Goldman Sachs & Co. LLC, Jefferies LLC, and Siebert Williams Shank & Co.

Rules of Interpretation. In this series resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this series resolution, refer to this series resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before the date of this series resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this series resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this series resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

<u>Section 2</u>. <u>Plan of Finance; Authorization of Series 2025 Bonds</u>.

(a) *Plan of Finance*. The Port intends to undertake improvements to its airport facilities at the locations described on <u>Exhibit B</u> (the "Projects") attached hereto and incorporated by this reference herein. A portion of the costs of the Projects are expected to be paid, refinanced or reimbursed with the proceeds of the Project Bonds.

The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance and/or refunding depending on market conditions. The final selection of the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or refunded by the Refunding Bonds shall be made by the Executive Director pursuant to the authority granted in Section 7 of this series resolution.

(b) *Authorization of Series 2025 Bonds*. The Port shall issue bonds in one or more series (the "Series 2025 Bonds") consisting of the Project Bonds and the Refunding Bonds, if any. The proceeds of the Project Bonds shall be used for the purpose of providing part of the funds necessary to (i) pay or to reimburse the Port for all or a portion of the costs of the Projects; (ii) at the option of the Designated Port Representative, capitalize interest on all or a portion of the Series 2025 Bonds; (iii) make a Series 2025 Reserve Account Deposit or purchase a Surety Bond therefor, if required; and (iv) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Project Bonds. The proceeds of the Refunding Bonds, if any, shall be used for the purpose of providing the funds necessary to (i) defease and/or refund the Refunded Bonds; and (ii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Refunding Bonds.

(c) *Maximum Principal Amount.* The aggregate principal amount of the Series 2025 Bonds to be issued under this series resolution shall not exceed $950,000,000. The aggregate principal amount of the Project Bonds and the aggregate principal amount of Refunding Bonds shall be determined by the Executive Director, pursuant to the authority granted in Section 7 of this series resolution.

Section 3. Series 2025 Bond Details.

(a) *Series 2025 Bonds*. The Series 2025 Bonds shall be issued in one or more series, shall be designated as "Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2025," with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of $5,000 each or any integral multiple of $5,000 within a series and maturity. The Series 2025 Bonds of each series

shall bear interest from their date of delivery to the Underwriters until the Series 2025 Bonds bearing such interest have been paid or their payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract for each series and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Limited Obligations.* The Series 2025 Bonds shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account created under the Intermediate Lien Master Resolution and shall be payable and secured as provided in the Intermediate Lien Master Resolution and this series resolution. The Series 2025 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 4. Redemption and Purchase.

(a) *Optional Redemption*. The Series 2025 Bonds of one or more series and maturities may be subject to optional redemption on the dates, at the prices and under the terms relating to such series set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Mandatory Redemption.* The Series 2025 Bonds of one or more series and maturities may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(c) *Purchase of Series 2025 Bonds*. The Port reserves the right to use at any time the proceeds of refunding bonds, any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the First Lien Master Resolution, including the payments required by paragraphs First through Eleventh of the priority for use of Gross Revenue set forth in the Intermediate Lien Master Resolution, and/or any other legally available funds to purchase any of the Series 2025 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative. Any Series 2025 Bonds so purchased shall be cancelled if delivered to the Registrar. If any Series 2025 Bonds so purchased are term bonds, the Port may allocate the principal amount of the purchased Series 2025 Bonds to the principal amortization schedule of those term bonds.

(d) *Selection of Series 2025 Bonds for Redemption or Purchase.* If Series 2025 Bonds are designated for optional redemption or purchase pursuant to Section 4(c), the series, maturities, and interest rates of such Series 2025 Bonds shall be selected by the Port. In the event that Series 2025 Bonds are designated for redemption or purchase pursuant to Section 4(c), the Port may designate which sinking fund installments or portions thereof, are to be reduced as allocated to such redemption or purchase. If any Series 2025 Bonds to be redeemed (optional, mandatory, or pursuant to Section 4(c) hereof) are then held in book-entry-only form, the selection of such Series 2025 Bonds within a series, maturity, and interest rate to be redeemed within a maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2025 Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2025 Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2025 Bonds having the same maturity date and interest rate within a series, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed within the series, maturity, and interest rate shall be selected by lot (or in such other random manner determined by the Registrar) in increments of $5,000, provided that the Port may allocate the principal amount of the Series 2025 Bonds so redeemed to the principal amortization scheduled of those term bonds. In the case of a Series 2025 Bond within a series, maturity, and interest rate

of a denomination greater than $5,000, the Port and Registrar shall treat each Series 2025 Bond of the applicable series, maturity and interest rate as representing such number of separate Series 2025 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2025 Bonds of the applicable series, maturity, and interest rate by $5,000. In the event that only a portion of the principal amount of a Series 2025 Bond is redeemed, upon surrender of such Series 2025 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2025 Bond or, at the option of the Registered Owner, a Series 2025 Bond of like series, maturity, and interest rate in any of the denominations herein authorized. Notwithstanding the foregoing, the manner of selection of Series 2025 Bonds issued on a federally taxable basis for redemption may be set forth in the Bond Purchase Contract relating to such series and as approved by the Designated Port Representative.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2025 Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Series 2025 Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2025 Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2025 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2025 Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2025 Bonds of a series are to be redeemed, the identification by series, maturity, and interest rate (and, in the case of partial redemption, the principal amounts) of the Series 2025 Bonds to be redeemed, (4) whether, in the case of optional redemption, the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2025 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2025 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2025 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2025 Bonds, (6) that the Series 2025 Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2025 Bonds being redeemed, (8) the dated date of the Series 2025 Bonds being redeemed, (9) the rate of interest for each Series 2025 Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2025 Bonds being redeemed.

Upon the payment of the redemption price of Series 2025 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number

identifying, by issue, series and maturity, the Series 2025 Bonds being redeemed with the proceeds of such check or other transfer, or in the case of a payment to DTC shall be accompanied by an informational communication evidencing the CUSIP and related informational details with respect to each security being paid by wire transfer.

(f) *Effect of Redemption*. Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2025 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2025 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2025 Bonds then from and after the date fixed for redemption for such Series 2025 Bond or portion thereof, interest on each such Series 2025 Bond shall cease to accrue and such Series 2025 Bond or portion thereof shall cease to be outstanding.

(g) *Amendment of Notice Provisions*. The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

(h) *Exchange of Series 2025 Bonds.* Nothing herein shall prevent the Port from negotiating an exchange of a validly delivered Series 2025 Bond by the owner thereof for a different validly delivered Port bond. Any such exchange shall be described in a subsequent authorizing resolution.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Bond Register*. The Port hereby specifies and adopts the system of registration and transfer for the Series 2025 Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2025 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2025 Bonds (the "Registrar"). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2025 Bonds (the "Bond Register"), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC (or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2025 Bonds transferred or exchanged in accordance with the provisions of such Series 2025 Bonds and this series resolution and to carry out all of the Registrar's powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2025 Bonds.

(b) *Registered Ownership*. Except as provided in the last sentence of Section 5(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2025 Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2025 Bond shall be

made only as described in subsection (h) of this Section 5, but the transfer of such Series 2025 Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 5 shall be valid and shall satisfy the liability of the Port upon such Series 2025 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations*. The Series 2025 Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2025 Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2025 Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2025 Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC or any successor or alternate depository), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2025 Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2025 Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2025 Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the

Series 2025 Bonds and so long as the Bond Insurer is not in default under its Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository*.

(1) The Series 2025 Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2025 Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2025 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2) below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2025 Bonds, together with a written request on behalf of the Port, issue a single new Series 2025 Bond for each series and

maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2025 Bonds of any series that the Series 2025 Bonds of that series be provided in certificated form, the ownership of such Series 2025 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2025 Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2025 Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2025 Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2025 Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2025 Bonds; Change in Denominations*. The transfer of any Series 2025 Bond may be registered and any Series 2025 Bond may be exchanged, but no transfer of any Series 2025 Bond shall be valid unless the Series 2025 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2025 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2025 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2025 Bond (or Series 2025 Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2025 Bond, in exchange for such surrendered and canceled Series 2025 Bond. Any Series 2025 Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2025 Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2025 Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2025 Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2025 Bonds, after the mailing of notice of the call for redemption of such Series 2025 Bonds.

(f) *Registrar's Ownership of Series 2025 Bonds*. The Registrar may become the Registered Owner of any Series 2025 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2025 Bonds.

(g) *Registration Covenant*. The Port covenants that, until all Series 2025 Bonds issued on a federally tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2025 Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. The principal of, premium, if any, and interest on the Series 2025 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2025 Bonds shall be calculated on the basis of a 360-day year and twelve

30-day months. For so long as all Series 2025 Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2025 Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2025 Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2025 Bonds shall be payable by check upon presentation and surrender of such Series 2025 Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least $1,000,000 aggregate principal amount of Series 2025 Bonds of a series, interest on such Series 2025 Bonds will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

<u>Section 6</u>. <u>Pledge of Available Intermediate Lien Revenues; Series 2025 Reserve Account Deposit</u>.

(a) *Pledge of Available Intermediate Lien Revenue.* Pursuant to the Intermediate Lien Master Resolution, the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account have been created for the purpose of paying and securing the payment of the principal of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port hereby irrevocably obligates and binds itself for as long as any Series 2025 Bonds remain outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Series 2025 Bonds; and

(2) Such amounts with respect to Series 2025 Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Series 2025 Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for (i) Operating Expenses, (ii) liens and charges thereon of Permitted Prior Lien Bonds, and (iii) liens and charges equal in rank that have or may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Outstanding Intermediate Lien Parity Bonds and any Intermediate Lien Parity Bonds issued in the future under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of the Intermediate Lien Master Resolution.

(b) *Reserve Account Deposit.* The Series 2025 Reserve Account Deposit shall be deposited in the Intermediate Lien Reserve Account (or shall be satisfied through the issuance of one or more Surety Bonds) on the date of issuance of the Series 2025 Bonds. Together with existing reserve account balances in the Intermediate Lien Reserve Account, the Series 2025 Reserve Account Deposit shall be at least sufficient to meet the Intermediate Lien Reserve Requirement.

The Designated Port Representative may decide to utilize one or more Surety Bonds to satisfy the Series 2025 Reserve Account Deposit; provided that each Surety Bond meets the

qualifications for Qualified Insurance. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Section 7. Designation of Refunded Bonds; Sale of Series 2025 Bonds.

(a) *Designation of Refunded Bonds*. As outlined in Section 2 and Section 9 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be defeased and/or refunded with the proceeds of the Series 2025 Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” in the Bond Purchase Contract if and to the extent that the criteria set forth in subsection (b) are met.

(b) *Series 2025 Bond Sale*. The Series 2025 Bonds shall be sold at one or more negotiated sale(s) to the Underwriters pursuant to the terms of the applicable Bond Purchase Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2025 Bonds and to execute one or more Bond Purchase Contracts, with such terms (including the designation of the Refunded Bonds and the Series 2025 Reserve Account Deposit) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Intermediate Lien Master Resolution. The Commission has been advised by the Port’s municipal advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2025 Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2025 Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2025 Bonds does not exceed the maximum principal amount set forth in Section 2, and (B) so long as the true interest cost for the Series 2025 Bonds of a series issued on a federally tax-exempt basis does not exceed 6.5% per annum, and so long as the true interest cost for the Series 2025 Bonds of a series issued on a federally taxable basis does not exceed 7.0% per annum.

In designating the Refunded Bonds, determining the number of series, final series designations, the date of sale, tax status of each series, interest rates, prices, maturity dates, aggregate principal amount, principal amount of each maturity, redemption rights or provisions of the Series 2025 Bonds for approval and the Series 2025 Reserve Account Deposit, the Designated Port Representative, in consultation with Port staff and the Port's municipal advisor, shall take into account those factors that, in his or her judgment, will result in the most favorable interest cost on the Series 2025 Bonds of a series, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2025 Bonds. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, the number of series, final series designations, the date of sale, tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amount of each maturity and redemption rights set forth

therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2025 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on May 27, 2026. If a Bond Purchase Contract for the Series 2025 Bonds of a series has not been executed by May 27, 2026, the authorization for the issuance of the Series 2025 Bonds of that series shall be rescinded, and the Series 2025 Bonds shall not be issued nor their sale approved unless the Series 2025 Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2025 Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2025 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port, including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2025 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2025 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2025 Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2025 Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of the Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent verification agent, financial advisory services, independent consultant, and other expenses customarily incurred in connection with the issuance and sale of bonds.

The Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the final official statement(s) (and to approve, deem final and deliver any preliminary official statement) and any supplement thereto relating to the issuance and sale of the Series 2025 Bonds and the distribution of the Series 2025 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 8. Application of Series 2025 Bond Proceeds.

(a) *Application of Project Bond Proceeds*. The proceeds of the Project Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium) shall be applied as follows:

(1) An amount(s), if any, specified by the Designated Port Representative shall be deposited into one or more capitalized interest accounts (hereinafter authorized to be created);

(2) An amount specified by the Designated Port Representative as required to pay the Series 2025 Reserve Account Deposit shall be deposited into the Intermediate Lien Reserve Account; and

(3) An amount specified by the Designated Port Representative shall be deposited into one or more capital project accounts and used to pay costs of issuance and, together with other available moneys, to pay costs of the Projects.

If interest on the Project Bonds is to be capitalized, the Treasurer of the Port is hereby authorized and directed to create one or more capitalized interest accounts for the purpose of holding certain Project Bond proceeds and interest earnings thereon to be used and disbursed to pay interest on the Series 2025 Bonds through the date or dates specified by the Designated Port Representative.

The Treasurer shall invest the net proceeds of the Project Bonds in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, may be used for Port purposes or transferred to the Intermediate Lien Bond Fund for the uses and purposes therein provided.

The Port shall maintain books and records regarding the use and investment of proceeds of Series 2025 Bonds issued on a federally tax-exempt basis in order to maintain compliance with its obligations under its Federal Tax Certificate.

(b) *Application of Refunding Bond Proceeds*. The net proceeds of the Refunding Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the Intermediate Lien Reserve Requirement), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds and/or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(c) *Defeasance of Refunded Bonds*. Subject to and in accordance with the resolution authorizing the issuance of the Refunded Bonds, the net proceeds of the Refunding Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem Refunded Bonds and/or to purchase the noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States specified by the Designated Port Representative (the "Acquired Obligations") and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolution authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price (the principal amount plus any premium required) on the date fixed for redemption of the Refunded Bonds. Subject to compliance with all conditions set forth in the resolution authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

(d) *Acquired Obligations.* The Acquired Obligations, if any, shall be payable in such amounts and at such times that, together with any necessary beginning cash balance, will be sufficient to provide for the payment of:

(1) the interest on the Refunded Bonds as such becomes due on and before the dates fixed for redemption of the Refunded Bonds; and

(2) the price of redemption of the Refunded Bonds on the date fixed for redemption of the Refunded Bonds.

(e) *Authorizing Appointment of Escrow Agent and Verification Agent.* The Commission hereby authorizes and directs the Designated Port Representative (if the Designated

Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

<u>Section 9</u>. <u>Redemption of Refunded Bonds</u>. The Commission hereby calls the callable Refunded Bonds for redemption on the redemption date specified by the Designated Port Representative in accordance with the provisions of the resolution authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their maturity dates.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Refunding Bonds and if a notice of redemption has been disseminated, such notice may be revoked at the option of the Designated Port Representative.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Refunding Bonds.

If so appointed, the Escrow Agent shall be authorized and directed to provide for the giving of irrevocable notice of the redemption of those Refunded Bonds designated in the Escrow Agreement in accordance with the terms of the resolution authorizing the issuance of such Refunded Bonds and as described in the Escrow Agreement. The Treasurer is authorized and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of irrevocable notice therefor. The costs of mailing of such notice shall be an expense of the Port.

The Port or the Escrow Agent, if any, on behalf of the Port, shall be authorized and directed to pay to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 8(d) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Refunding Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

Section 10. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Series 2025 Bonds issued on a federally tax-exempt basis, and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2025 Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to such Series 2025 Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification.* The Series 2025 Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 11. Lost, Stolen, Mutilated or Destroyed Series 2025 Bonds. In case any Series 2025 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2025 Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection

therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2025 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2025 Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 12. Form of Series 2025 Bonds and Registration Certificate. The Series 2025 Bonds shall be in substantially the following form:

[DTC HEADING]

UNITED STATES OF AMERICA

NO. ______ $____________

STATE OF WASHINGTON
PORT OF SEATTLE
INTERMEDIATE LIEN REVENUE [AND] [REFUNDING] BOND,
SERIES 2025[A][B][C]
[(Non-AMT)][(Private Activity - AMT)][(Taxable)]

Maturity Date: ________, _____ CUSIP No. _______
Interest Rate:
Registered Owner: Cede & Co.
Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Intermediate Lien Bond Fund" (the "Intermediate Lien Bond Fund") created by Resolution No. 3540, as amended (the "Intermediate Lien Master Resolution" and together with Resolution No. 3837, hereinafter collectively referred to as the "Bond Resolution"), the Principal Amount indicated above and to pay interest thereon from the Intermediate Lien Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each __________ and __________ beginning on __________ 1, 20___. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal, premium, if any, and interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the Port to The Depository Trust Company ("DTC") (or its successor or alternate depository) or other registered owner. Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of $__________, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to [pay or reimburse costs of capital improvement projects][to defease and/or refund certain outstanding Port revenue bonds]. [Simultaneously herewith, the Port is issuing [two] other series of revenue bonds: its Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2025[A][B][C] [(Non-AMT)] [(Private Activity - AMT)] [(Taxable)] in the principal amount of $___________], and Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2025[A][B][C] [(Non-AMT)] [(Private Activity - AMT)] [(Taxable)], in the principal amount of $[___________].

The bonds of this issue maturing on and after ________ 1, ____ shall be subject to optional redemption in advance of their scheduled maturity on and after ____________ in whole or in part on any date at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on _______ 1, ___ shall be redeemed by the Port on _______ 1 of the following years in the following principal amounts at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	$

* Final Maturity]

[The bonds of this series are [not] private activity bonds.] The bonds of this series are not "qualified tax-exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. [The Port has taken no action to cause the interest on this bond to be exempt from general federal income taxation.]

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside and pay into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account from Available Intermediate Lien Revenues or money in the Revenue Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund and Account, all within the times provided by said Bond Resolution.

The amounts pledged to be paid out of Gross Revenue into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the payment of Operating Expenses of the Port and subject further to the liens thereof of the Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of any Net Payments due pursuant to any Parity Derivative Product, any Outstanding Intermediate Lien Parity Bonds and any revenue bonds of the Port hereafter issued on a parity with the Outstanding Intermediate Lien Parity Bonds and the bonds of this issue.

The Port has further bound itself to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Intermediate Lien Revenues in an amount equal to or greater than the Rate Covenant defined in the Intermediate Lien Master Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the ____ day of __________, 2025.

PORT OF SEATTLE

By ______________/s/________________
President, Port Commission

ATTEST:
___________/s/________________
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _______________

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2025[A][B][C] [(Non-AMT)] [(Private Activity - AMT)][(Taxable)] of the Port of Seattle, dated _____________, 2025.

WASHINGTON STATE FISCAL AGENT, as Registrar

By ______________________________________
Authorized Signer

* * * * * * * *

In the event any Series 2025 Bonds are no longer in fully immobilized form, the form of such Series 2025 Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 13. Execution. The Series 2025 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 2025 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2025 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2025 Bonds shall cease to be such officer or officers of the Port before the Series 2025 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2025 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2025 Bond may also be signed and attested on behalf of the Port by such persons as on the actual date of execution of such Series 2025 Bond shall be the proper officers of the Port although on the original date of such Series 2025 Bond any such person shall not have been such officer.

Section 14. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally

guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2025 Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment such Series 2025 Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2025 Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Intermediate Lien Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds so provided for and such Series 2025 Bonds shall then cease to be entitled to any lien, benefit or security of the Intermediate Lien Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2025 Bonds shall no longer be deemed to be outstanding hereunder, under the Intermediate Lien Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2025 Bonds to the Registered Owners of the Series 2025 Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution.

Section 15. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 16. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2025 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5(b) of the Intermediate Lien Master Resolution, as follows:

First: The Port is not in default of its covenant under Section 5 of the Intermediate Lien Master Resolution; and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2025 Bonds, the Port will meet the conditions set forth in Section 5(c) of the Intermediate Lien Master Resolution and/or will deliver either:

(A) a certificate prepared as provided in the Intermediate Lien Master Resolution and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then outstanding and then proposed to be issued; or

(B) a Consultant's certificate, prepared as provided in the Intermediate Lien Master Resolution and stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each

year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then outstanding and then proposed to be issued.

The limitations contained in the conditions provided in Section 5(b) of the Intermediate Lien Master Resolution having been complied with, the payments required herein to be made out of the Available Intermediate Lien Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds shall constitute a lien and charge upon such a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds.

Section 18. Resolution and Laws a Contract with the Series 2025 Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2025 Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2025 Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2025 Bonds set forth shall be for the equal benefit of the owners of the Series 2025 Bonds.

Section 19. Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Intermediate Lien Parity Bonds.

Section 20. Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at duly noticed meeting thereof, held this _____ day of _______, 2025, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

____

____

____

____

____

Commissioners

EXHIBIT A

REFUNDING CANDIDATES

Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2016 (Non-AMT)[1]

Maturity Dates (February 1)	Principal Amounts	Interest Rates
2027	$ 16,045,000	5.00%
2028	16,865,000	5.00
2029	17,735,000	5.00
2030	18,645,000	5.00

[1] Callable at any time on and after February 1, 2026, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

EXHIBIT B

PROJECTS

Runway, apron and safety areas construction, repairs and improvements; airfield infrastructure construction, repairs and upgrades; noise mitigation; property acquisition, Airport Terminal and parking garage construction, modification, repairs, improvements including equipment acquisition; roadway and ground transportation improvements; airport support systems and services improvements; planning work relating to future facilities on or near the Airport; property acquisitions for Airport expansion adjacent or near to the Airport and other airport improvements that are functionally related to the airfield, air terminal and Airport property improvements described above at Seattle-Tacoma International Airport, 17801 Pacific Highway South, Seatac, WA 98158, which is owned and operated by the Port.

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Seattle (the "Port"), DO HEREBY CERTIFY:

1. That the attached resolution numbered 3837 (the "Resolution"), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 27th day of May, 2025, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of May, 2025.

____
Secretary

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APPENDIX H

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 Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT) (the "2025A Bonds"), Intermediate Lien Revenue Bonds, Series 2025B (AMT) (the "2025B Bonds"), and Intermediate Lien Revenue Bonds, Series 2025C (Taxable) (the "2025C Bonds," and together with the 2025A Bonds and 2025B Bonds, the "Series 2025 Bonds"). The Port covenants and agrees as follows:

For purposes of the Port's undertaking (the "undertaking") pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule"), "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bond, including persons holding Series 2025 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, 2026 for the fiscal year ending December 31, 2025, 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, to the extent such information or data is not included in the Port's financial statements provided under subsection (A), including historical financial information and operating data of the type provided in the final Official Statement for the Series 2025 Bonds dated August 6, 2025 under the headings "OUTSTANDING PORT INDEBTEDNESS" (e.g. outstanding principal amounts), "THE AIRPORT," "OTHER PORT BUSINESSES," "PORT FINANCIAL MATTERS" and in Appendix D under the heading "Tax Levy Rates, Records and Procedures" The Port also will provide the following Seaport Alliance historical operating data: information regarding container facility leases of the type provided in "Table 11: Container Facility Leases" and information regarding annual container volumes of the type provided in "Table 12: Container Volumes for Seaport Alliance."

Any or all of the listed items may be included by specific reference to other documents, including official statements of debt issues of the Port, or of any related entity, that have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Port shall identify clearly each document so included by reference.

(b) *Listed Events*. The Port agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2025 Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Bonds, or other material events affecting the tax status of the Series 2025 Bonds;

7. Modifications to the rights of Series 2025 Bond owners, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Series 2025 Bonds, if material;

11. Rating changes;

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

13. The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the Port, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Port, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Port, any of which reflect financial difficulties.

Solely for purposes of information, but without intending to modify the Port's undertaking, with respect to the notice regarding property securing the repayment of the Series 2025 Bonds, that there is no property securing the repayment of the Series 2025 Bonds.

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[*] For the purposes of the event identified in (b)(12), the event is considered to occur when any of the following occur: there is an appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(c) *Financial Obligation*. The term "financial obligation" means (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Obligated Person*. The term "Obligated Person" means the Port and any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2025 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

(e) *Notice Upon Failure to Provide Financial Data*. The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (a) above on or prior to the Submission Date.

(f) *Format for Filings with the MSRB*. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(g) *Termination/Modification*. The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Series 2025 Bonds. The undertaking, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the undertaking, or any such provision, have been repealed retroactively or otherwise do not apply to the Series 2025 Bonds; and (2) notifies the MSRB of such opinion and the cancellation of the undertaking. The Port may amend the undertaking and any provision of the undertaking may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (a)(1), (a)(2) or (b) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an Obligated Person with respect to the Series 2025 Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Series 2025 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 Resolution.

(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 Resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of an event.

Dated this 21st day of August, 2025.

PORT OF SEATTLE

By: ___________________________________
Designated Port Representative

APPENDIX I

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

The following table includes historical and current population figures for King County, Pierce County and Snohomish County (collectively, the "Seattle Metropolitan Area"), the two largest cities in King County, the unincorporated areas of King County, and the State.

TABLE I-1
POPULATION[(1)]

Year	Washington	King County	Pierce County	Snohomish County	City of Seattle	City of Bellevue	Unincorporated King County
2024	8,035,700	2,378,100	952,600	867,100	797,700	155,000	249,575
2023	7,951,150	2,347,800	946,300	859,800	779,200	154,600	249,060
2022	7,864,400	2,317,700	937,400	847,300	762,500	153,900	248,160
2021	7,766,975	2,287,050	928,200	837,800	742,400	152,600	247,385
2020	7,707,047	2,269,675	921,130	827,957	737,015	151,854	246,266

(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, King County, the State, and the United States.

TABLE I-2
PER CAPITA INCOME

	2023[(1)]	2022	2021	2020	2019
Seattle Metropolitan Area[(2)]	$ 99,339	$ 92,291	$ 89,358	$ 81,697	$ 76,784
King County	122,235	113,317	109,827	98,830	93,612
State of Washington	80,930	75,673	73,651	67,643	63,431
United States	69,810	66,244	64,460	59,123	55,567

(1) Most recent data available.
(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 I-3
RESIDENTIAL BUILDING PERMIT VALUES[1]
KING COUNTY

	New Single Family Units		New Multi-Family Units		
Year	Number	Value	Number	Value	Total Value
2025[2]	431	$ 208,815,689	626	$ 116,793,261	$ 325,608,950
2024	2,343	1,142,941,377	8,212	1,558,055,207	2,700,996,584
2023	2,238	1,125,326,291	8,363	1,378,995,889	2,504,322,180
2022	2,801	1,205,252,419	16,029	2,571,765,404	3,777,017,823
2021	3,251	1,257,561,067	16,298	2,657,702,046	3,915,263,113

(1) Estimates with imputation.
(2) Through February 2025.
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 I-4
TAXABLE RETAIL SALES

Year	King County	Pierce County	Snohomish County	City of Seattle
2024[1]	$ 65,095,306,749	$ 17,968,993,216	$ 16,388,449,036	$ 25,385,154,827
2023	88,080,125,666	23,419,751,044	22,081,191,379	34,696,583,976
2022	86,667,372,188	23,881,668,344	21,704,357,054	33,660,750,206
2021	78,440,949,141	22,863,160,384	20,277,789,997	30,047,705,303
2020	66,955,895,952	19,407,955,285	17,079,322,746	25,904,879,115

(1) Preliminary, through the third quarter. For comparison purposes, taxable retail sales through the third quarter for King County, Pierce County, Snohomish County and the City of Seattle were $65,725,607,667, $17,379,825,537, $16,386,762,702 and $25,939,776,993, respectively.
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 I-5
MAJOR EMPLOYERS

Employer	Full-Time Employees in the State
Amazon.com Inc.	87,000
The Boeing Co.	66,800
Microsoft Corp.	55,100
Joint Base Lewis-McChord	54,000
University of Washington Seattle	53,300
Providence	46,000
Navy Region Northwest	37,000
Walmart Inc.	22,700
Costco Wholesale Corp.	21,500
Kroger Co.(1)	21,000
MultiCare Health System	20,700
Albertsons Cos. dba Safeway, Haggen, Albertsons	20,000
Virginia Mason Franciscan Health	18,000
Alaska Air Group Inc.	11,400
Seattle Children's	10,200
Starbucks Coffee Co.	10,000
Meta Platforms	8,000
Kaiser Permanente	7,500
Washington State University	7,300
Google Inc.	7,000
T-Mobile US Inc.	6,600
Nordstrom Inc.	6,500
Seattle Public Schools	6,300
Fred Hutchinson Cancer Center(2)	6,200
Pacific Northwest National Laboratory(3)	6,100

(1) Kroger owns grocery store chains Fred Meyer Stores and QFC.
(2) Fred Hutchinson Cancer Research Center and Seattle Cancer Care Alliance merged to form Fred Hutchinson Cancer Center in April 2022.
(3) Managed and operated by Battelle for the Department of Energy.
Source: Puget Sound Business Journal, Book of Lists, June 14, 2024 publication (figures are rounded).

TABLE I-6
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
SEATTLE METROPOLITAN STATISICAL AREA
(KING, SNOHOMISH AND PIERCE COUNTIES)
(NOT SEASONALLY ADJUSTED)

	2025(1)	2024	2023	2022	2021
Civilian Labor Force	2,365,230	2,328,565	2,306,624	2,243,288	2,162,112
Total Employment	2,265,636	2,231,075	2,213,664	2,158,861	2,054,497
Total Unemployment	99,594	97,490	92,960	84,427	107,615
Percent of Labor Force	4.2%	4.2%	4.0%	3.8%	5.0%

(1) Preliminary average through February 2025.
Source: Washington State Employment Security Department.

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

	2025[1]	2024	2023	2022	2021
Civilian Labor Force	4,055,691	4,060,112	4,032,421	3,969,142	3,882,688
Total Employment	3,858,622	3,878,215	3,862,949	3,807,293	3,680,971
Total Unemployment	197,069	181,897	169,472	161,849	201,717
Percent of Labor Force	4.9%	4.5%	4.2%	4.1%	5.2%

(1) Preliminary average through February 2025.
Source: Washington State Employment Security Department.

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

	2024[2]	2023	2022	2021	2020
Civilian Labor Force[3]	672,440	668,472	657,150	644,856	643,051
Total Employment[3]	645,395	644,165	633,179	610,336	591,254
Total Unemployment[3]	27,044	24,308	23,972	34,522	51,798
Percent of Labor Force	4.05%	3.65%	3.63%	5.35%	8.08%

(1) Data extracted on March 31, 2025.
(2) Through the fourth quarter.
(3) Numbers in thousands.
Source: U.S. Department of Labor Bureau of Labor Statistics.

TABLE I-9
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
SEATTLE-BELLEVUE METROPOLITAN DIVISION
(NOT SEASONALLY ADJUSTED)

NAICS INDUSTRY[1]	**2025[2]**	**2024**	**2023**	**2022**	**2021**
TOTAL NONFARM	1,485,200	1,489,967	1,479,225	1,470,183	1,401,075
Total Private	1,296,700	1,302,892	1,306,300	1,304,017	1,231,258
Goods Producing	159,550	166,042	170,975	170,258	165,767
Mining and Logging	400	408	467	492	500
Construction	68,000	73,075	77,175	78,783	77,533
Manufacturing	91,150	92,558	93,333	90,983	87,733
Service Providing	1,325,650	1,323,925	1,308,250	1,299,925	1,235,308
Trade, Transportation, and Utilities	227,150	228,658	231,092	230,192	227,183
Information	132,350	130,325	134,900	141,183	134,125
Financial Activities	73,800	73,692	74,183	75,425	73,358
Professional and Business Services	311,750	313,642	314,208	322,550	295,233
Private Education and Health Services	206,350	201,192	194,458	188,708	183,400
Leisure and Hospitality	134,750	138,533	135,558	125,425	104,317
Other Services	48,700	48,692	48,775	48,233	45,992
Government	188,500	187,075	172,925	166,167	169,817
Workers in Labor/Management Disputes	0	0	0	0	0

(1) "NAICS" means the "North American Industry Classification System," which is the standard used by federal statistical agencies in classifying entity establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
(2) Annual average through February 2025.
Source: Washington State Employment Security Department.

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Port of Seattle • Intermediate Lien Revenue Bonds, Series 2025A (Non-AMT), Series 2025B (AMT) and Series 2025C (Taxable)

Port of Seattle

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